



New Jersey Infrastructure Bank

Financing New Jersey's Water Quality & Transportation Future

Annual Report SFY2019



North Wildwood City Utility Reconstruction. SFY2019 Loan: \$16,500,000.



Phil Murphy, Governor
State of New Jersey

NEW JERSEY INFRASTRUCTURE BANK

Quick Facts: Program Year SFY2019

The I-Bank (f/k/a NJEIT) jointly administers two financing programs, the NJ Water Bank (with DEP) and the newly created NJ Transportation Bank (with DOT).

WATER BANK PROGRAM

TOTAL LOANS

As of June 30, 2019, the Program has issued more than **\$7.18 billion** in long-term Water Bank loans since its inception in 1986. The Program has an additional **\$850.1 million** in outstanding short-term Water Bank construction loans and **\$124.9 million** in outstanding disaster (SAIL) loans related to Superstorm Sandy.

TOTAL PROJECTS

Approximately **1,350** long-term loans have been issued to fund clean water, drinking water, green infrastructure, land acquisitions, remediation and redevelopment projects. In addition, **137** short-term construction loans and disaster loans are outstanding as of SFY2019 year-end which will be rolled into long-term loans upon construction completion.

TOTAL SAVINGS

The Program has saved taxpayers and ratepayers more than **\$2.59 billion** through lower interest charges and principal forgiveness loans.

CURRENT WATER BANK LONG-TERM RATES

Blended interest rates as low as **0.93%** for the Series 2018A-2 Green Bonds issued in November of 2018 and **0.64%** for the Series 2019A-1 Green Bonds issued in May of 2019.

TOTAL JOBS CREATED¹

Since its inception, the Program has created over **135,000** direct construction jobs.

TRANSPORTATION BANK PROGRAM

TOTAL LOANS

The Transportation Bank finished its first full year of operations with **7** loans closed under its Short-Term Loan Program totaling **\$30,597,550**. An additional **\$10,455,000** of funds were allocated to one project which will close a loan in SFY2020.

¹ According to the White House Council of Economic Advisors estimates: 20 direct construction job-years per \$1M spent up through 2011; and 12 direct construction job-years per \$1M spent from 2012 on.

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Delaware Raritan Canal
Photo Courtesy of the New Jersey Water Supply Authority

MISSION STATEMENT

The New Jersey Infrastructure Bank is an independent State Financing Authority responsible for providing and administering low-interest rate loans to qualified municipalities, counties, regional authorities and water purveyors in New Jersey for the purpose of financing local transportation and water quality related infrastructure projects. The I-Bank's mission is to finance projects that enhance ground and surface water resources, ensure the safety of drinking water supplies, protect public health, reduce roadway congestion, improve highway safety and contribute to New Jersey's role as a critical channel for commerce.

BOARD OF DIRECTORS AND EXECUTIVE STAFF

PUBLIC MEMBERS



Bob Briant, Jr.
Vice-Chairman



Roger Ellis
Treasurer



Mark Longo
Secretary

EX-OFFICIO MEMBERS



Catherine R. McCabe
Commissioner
New Jersey Department of
Environmental Protection



Diane Gutierrez-Scaccetti
Commissioner
New Jersey
Department of Transportation

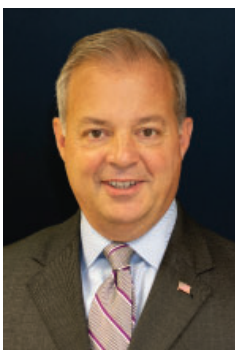


Lt. Governor Sheila Oliver
Commissioner
New Jersey
Department of Community Affairs



Elizabeth Maher Muoio
State Treasurer
New Jersey
Department of Treasury

SENIOR STAFF



David Zimmer
Executive Director



Judy Karp
Assistant Director
& Legal and
Compliance Officer



Lauren Kaltman
Chief Financial Officer



Leigh Peterson
Chief Operating Officer
Water Program

MESSAGE FROM THE ACTING-CHAIR AND EXECUTIVE DIRECTOR

To: The Honorable Phil Murphy, Governor of the State of New Jersey
The Honorable Members of the New Jersey State Legislature

NJIB SFY2019

"DANCE TO THE MUSIC" (SLY & THE FAMILY STONE)

TRANSPORTATION

"BORN TO RUN" (BRUCE SPRINGSTEEN)

SFY2019 was an extraordinary year for the New Jersey Infrastructure Bank (I-Bank) as it built upon the success of previous year. Working jointly with the NJ Department of Transportation (DOT), the I-Bank issued its first Transportation Bank loan in December, successfully standing up the Transportation Bank program within eight months of receiving its first installment of appropriated funds. Living up to its new name, the I-Bank completed implementing the **NJ Transportation Bank** during SFY2019, developing protocols and policies and increasing awareness to a new assembly of applicants, engineers and project types. The Transportation Bank committed \$41,052,550 or roughly 95% of the funds appropriated to the I-Bank (after expenses) through SFY2019 consisting of \$30,597,550 for financing eight transportation projects and \$10,455,000 in allocation of funds for one additional project awaiting loan closing. The I-Bank successfully reached its goals, and reinforced its long-standing reputation by implementing this new financing program and fulfilling its statutory obligation to the State's constituents in an efficient and timely manner.

WATER

"I'M IN LOVE AGAIN" (FATS DOMINO)

In addition to these new responsibilities, the I-Bank's nationally recognized Environmental Infrastructure Financing Program had another strong year. As it has done for the past thirty-two years, the I-Bank partnered with the NJ Department of Environmental Protection (DEP) to co-administer the **NJ Water Bank** financing program. In SFY2019, the Water Bank funded environmental infrastructure projects totaling \$429.0 million. In doing so, the Water Bank facilitated the creation of an estimated 5,150 direct construction jobs, and demonstrated once again, the importance of the I-Bank to both the State's environment and economy.

LONG-TERM FINANCING

"GREEN RIVER" (CCR)

The I-Bank issues Environmental, Social and Governance municipal bonds (ESG) twice each year, as part of the Water Bank's financing initiative, to leverage the Water Bank financing program. Issuing two separate bond series to fund the Water Bank offers participating communities more opportunities to lock in interest rates upon construction completion by converting their I-Bank short-term construction loans to long-term Water Bank financing. Further, offering long-term financing at construction completion for the exact cost of a project eliminates both the need for supplemental funding if borrowers have cost overruns, and many post-issuance compliance costs for borrowers and the Program that could arise, such as those related to the IRS Code.

In SFY2019, the I-Bank issued two new bond series totaling \$29.86 million to partially fund \$120 million of construction expenses for 33 environmental projects. The I-Bank also issued two refunding bond series totaling \$8.485 million which provided debt service savings to 5 borrowers. The I-Bank continued to participate in the growing ESG market by issuing all four of its SFY2019 Bond Series as Green Bonds. To date, the I-Bank has issued fourteen Green Bond Series totaling \$275.9 million and expects to continue to issue its bonds as Green Bonds for the foreseeable future.

TECHNOLOGY

"JUST LIKE STARTING OVER" (JOHN LENNON)

The I-Bank, in its ongoing mission to provide better service, continues to invest in its proprietary application systems to facilitate the "rolling" loan applications submission processes. The I-Bank began laying the foundation for a new on-line platform for Transportation projects comparable to the Water Bank's **H₂LOans** platform, named "NJ-Moves." **NJ-Moves** is expected to have similar functionality as **H₂LOans**, allowing borrowers to submit information via a web portal and program staff to perform project reviews online. As with **H₂LOans**, this functionality will result in increased efficiency of workflow and greater communication between all parties, diminishing review times and significantly reducing the cost of the project review and approval process.

The I-Bank launched a new investor relations platform, "BondLink", as an addition to its existing website. BondLink, which is readily available by link from the home page of the I-Bank website, is designed to enhance transparency and disclosure for investors and ultimately attract more investors to the I-Bank's bonds. The investor site includes more than 3,000 pages of data and documents on the I-Bank's financing program and outstanding portfolio. This strategic approach to investor relations will save investors time by delivering information through one, easy-to-use external, digital platform that is familiar to many investors and help differentiate us from other infrastructure bond issuers in the marketplace.

INNOVATION

"CHANGES" (DAVID BOWIE)

The I-Bank and the DEP have a well-deserved reputation for innovation given the new financing tools, cost-efficiency initiatives and the broadening of loan products offered through the Water Bank to increase the amount of loans the Program makes and the base of borrowers that it serves. Innovative loan products include those that are developed to target specific needs such as the following:

Asset Management – As part of the State's focus on encouraging proactive, efficient management of local and regional water systems, the Water Bank provided grant-like funding in SFY2019 of up to \$100,000 to small Drinking Water and Clean Water systems for the development and implementation of a strategic asset management plan. This funding initiative was designed to promote best practices and encourage timely capital investments by those systems that often lack the resources to do so. Since offering the first Asset Management Principal Forgiveness Loan, the Water Bank has financed 9 asset management plans totaling \$995,064 to small systems to assist with proactive, strategic capital planning.

Lead Line Replacement – The need to mitigate lead contamination in drinking water is a critical issue throughout the nation's water systems, particularly in older communities. Up to \$30 million in principal forgiveness was made available by the DEP through the Water Bank in SFY2019 for the Lead Service Line Replacement Program for communities with a median household income less than that of their county to address systems exceeding the lead action level. These projects were eligible for financing at 90% principal forgiveness with the remaining 10% provided via a zero-percent loan from the DEP.

ON-GOING CHALLENGES

"AIN'T NO STOPPIN US NOW" (MCFADDEN & WHITEHEAD)

The Water and Transportation Banks each face daily challenges, both logistic and financial, in carrying out their mission. For the Water Bank, one of the largest on-going challenges is a consequence of the success in recent years of the Drinking Water Program which has resulted in limited financing capacity for projects seeking program funds. To address this challenge, the DEP modified the Program's ranking methodology, as well as the process by which it allocates funds, to ensure those projects that meet the priorities of the Administration and which are ready to proceed to construction are the projects that receive the funding allocations (n.b. for those interested, a copy of the DEP's ranking methodology and prioritization system can be found in the DEP's amended Intended Use Plan (IUP) for SFY2019 posted at <https://www.nj.gov/dep/dwq/cwpl.htm>). For the Transportation Bank, the biggest challenge continues to be the development and implementation of processes that efficiently manage the program's technical review requirements. To offer a successful program, the I-Bank must create loan products that are relatively cheap versus market alternatives, but also provide processes that are efficient, timely and uncomplicated. Accordingly, the I-Bank is planning for an ad-hoc Engineering Advisory Committee to provide feedback and guidance on Transportation Bank processes and procedures to ensure the program stays attractive and relevant. The I-Bank expects that the Committee will be formed and operational in the early part of SFY2020.

LOOKING FORWARD

"DON'T STOP" (FLEETWOOD MAC)

The I-Bank will continue to seek out opportunities and creative solutions in SFY2020 including the possibility of tapping into new federal loan programs that lever both financing programs to provide a greater amount of funds for more borrowers and projects, all while minimizing the cost of those funds.

With your continued support, the I-Bank will persevere in its ongoing commitment to innovate, create and serve New Jersey's water and transportation systems and its citizenry with the professionalism that has long been its hallmark and produce the success to which you and the Program's participants have become accustomed.

Respectfully,



Robert Briant, Jr.
Acting Chairman



David E. Zimmer, CFA
Executive Director

EXECUTIVE DIRECTOR'S CERTIFICATION PURSUANT TO E.O. No. 37

In accordance with Executive Order No. 37, the New Jersey I-Bank's SFY2019 Annual Report also serves as the comprehensive report of the Authority's operations. This report highlights the significant action of the Authority for the fiscal year, including the degree of success the I-Bank has had in promoting the State's economic growth strategies and other policies.

The report of independent auditors, CliftonLarsonAllen, LLP (CLA) is included in the Annual Report and completes the I-Bank's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

I, David E. Zimmer, certify that during SFY2019, the Authority has, to the best of my knowledge, followed all of the Authority's standards, procedures and internal controls.

I further certify that the financial information provided to the auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge, fairly represents the financial condition and operational results of the Authority for the fiscal year in question.

A handwritten signature in blue ink, reading "David E. Zimmer". The signature is stylized with a large, looping "D" and "Z".

David E. Zimmer
Executive Director

CFO's CERTIFICATION

I, Lauren S. Kaltman, certify that the financial information provided to the auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge, fairly represents the financial condition and operational results of the I-Bank for SFY2019.

A handwritten signature in blue ink, reading "Lauren S. Kaltman". The signature is stylized with a large, looping "L" and "K".

Lauren S. Kaltman
Chief Financial Officer

NEW JERSEY WATER BANK



New Jersey Water Supply Spillway



Pennington Borough Water Main Replacement. **SFY2019 Loan: \$631,180.**

NJ WATER BANK: FINANCIAL OFFERINGS IN SFY2019

New Jersey enjoys a national reputation as a leader in innovative and effective environmental protection and financing strategies. The I-Bank, through its associated [H₂LOans](#) web-based loan review system, has been a critical facilitator of this success. Each SFY2019 program listed below provided low interest loans through a combination of Federal Clean Water (CW) or Drinking Water (DW) State Revolving Funds (SRF) and State Funds through the DEP, I-Bank Bond Proceeds, and/or I-Bank available funds.

SHORT-TERM FINANCING OFFERINGS

The Water Bank offered temporary financing opportunities through the Short-Term Construction Loan Program (CLP), and the SAIL Disaster Relief Loan Program, described below. In the past fiscal year, the I-Bank issued 78 short-term construction loans totaling \$427.2 million to operable segment projects.

Construction Loans

The base construction loan provided short-term financing at 0% interest for the planning, design and construction of projects in advance of long-term funds. The I-Bank issued short-term loans for a period not to exceed three full fiscal years. Short-term loan terms for loans issued during the planning stage of a

project, which included project planning and engineering design, allowed for up to two additional years. P&D loans are financed with the expectation that the plans will result in an eligible capital improvement project financed through the Water Bank Program. By allowing the I-Bank to make temporary loans to borrowers covering 100% of a typical project's construction period, the Water Bank Program only converts the actual project costs incurred during the short-term loan phase into long-term loans upon completion of construction. Short-term loans for P&D for long-term control plans for CSO communities were eligible for a ten-year term with portions of principal repayments beginning at the end of the third year. All Borrowers benefit from the quick turnaround time from submission of reimbursement requests to cash disbursement. Construction loans minimize the total cost of financing and post-loan closing administrative and compliance requirements for both the borrowers and the Water Bank.

SAIL - Disaster Relief Program

The SAIL Program continued to address impacts from Superstorm Sandy with the six SAIL loans made in prior State Fiscal Years continuing to finance the completion of construction for those projects The

I-Bank worked closely with NJOEM and FEMA on behalf of borrowers to secure reimbursement and maintain compliance with the Stafford Act. Program borrowers benefit from I-Bank involvement in compliance issues resulting in the reimbursement of 90% of all submitted costs, the full, maximum allowable percentage under FEMA's reimbursement cap for Superstorm Sandy. The time of reimbursement from FEMA for the 61 requests for reimbursement submitted by the I-Bank for Superstorm Sandy projects has averaged an impressive 40 calendar days.

LONG-TERM FINANCING OFFERINGS

Base Water Program

The SFY2019 Base Clean Water and Drinking Water Programs originally offered 75% in a DEP 0% interest loan and 25% in an I-Bank Loan, producing a blended interest rate equal to 25% of the I-Bank's AAA/Aaa market rate. In December 2018, the DEP amended the Drinking Water Program terms to be 50% DEP interest free funds and 50% I-Bank market rate funds. Additionally, the program offered set-aside funds for certain projects that qualified for principal forgiveness, including Asset Management Plan (AMP) development which was eligible for as much as 100% principal forgiveness. Other set-asides included

NJ WATER BANK: FINANCIAL OFFERINGS (continued)

the Barnegat Bay Watershed, Combined Sewer Overflow (CSO) Abatement, and Green CSO which were all eligible for as much as 50% principal forgiveness. Superstorm Sandy Relief projects were eligible for 19% principal forgiveness.

SPECIAL INITIATIVES

NANO Loan Program

The Water Bank maintained its NANO Loan Program (NLP) which is available to Small Drinking Water Systems (SDWS) serving populations of up to 10,000. The NLP encourages the participation of SDWSs in the Water Bank to complete critical repairs and invest in necessary upgrades by greatly reducing the costs of the projects. The NLP provided \$4 million in subsidized loans to eligible systems by offering a loan package up to \$1 million per recipient that consists of a 50% principal forgiveness loan, a 25% DEP loan at 0% interest and a 25% I-Bank market-rate loan. For costs in excess of the \$1 million cap, the NLP offered additional financing at 50% DEP interest-free and 50% I-Bank market rate for publicly owned systems, and 25% DEP interest-free financing and 75% I-Bank market rate for private-

ly-owned systems. The NLP waives many program administrative and underwriting fees, as SDWSs often lack the resources of larger systems. These projects are selected based on priority ranked order. In addition, the NLP prioritizes projects that have secured federal/non-profit grants to be leveraged with SRF funding.

Barnegat Bay

In a continuation of the Barnegat Bay initiative, the SFY2019 Financing Program offered principal forgiveness funds for up to \$2 million of the eligible costs of stormwater projects that facilitate the removal of pollutants from entering the Barnegat Bay. Little Egg Harbor Township took advantage of this funding with a \$4,050,329 loan featuring \$2 million in principal forgiveness. Howell Township financed a \$12,076,776 project qualifying for principal forgiveness through this incentive and received \$2 million in principal forgiveness. Since the inception of this initiative, the State has made available over \$74 million (\$38 million in principal forgiveness loans and \$36 million in low-interest cost loans) for stormwater improvement in Barnegat Bay.

Combined Sewer Overflow (CSO) Green Abatement

\$2 million in principal forgiveness funds were available for up to 50% of the allowable project costs for CSO abatement projects with a focus on utilizing green practices, such as green roofs, rain gardens, porous pavement, and other activities that maintain and restore natural hydrology through infiltration, evapotranspiration, usage, or harvesting stormwater. 100% DEP interest-free financing was available for green project costs in excess of \$2 million.

Combined Sewer Overflow (CSO) Abatement

\$5 million in principal forgiveness funds were available for up to 50% of the allowable project costs for CSO abatement projects not utilizing green practices. 100% DEP interest-free financing was available for CSO abatement costs in excess of \$5 million.



Cape May City Well Replacement. **SFY2019 Loan: \$1,687,303.**

NJ WATER BANK PROJECTS: ELIGIBLE ACTIVITIES

The following is a list of eligible environmental projects which the I-Bank and the DEP partner to jointly finance. While the list is inclusive, it is not meant to be exhaustive.

DRINKING WATER

Eligible projects address federal safe drinking water health standards, including replacement, source development and rehabilitation, treatment to comply with primary and secondary drinking water standards, storage to prevent contamination from entering the water system and transmission lines/distribution systems to prevent contamination or to improve pressure to safe levels.

CLEAN WATER

Wastewater - Most project costs associated with sewage collection, treatment or disposal are eligible for financing, including correction of inflow/infiltration problems, sludge management and combined sewer overflows.

Stormwater - A wide variety of stormwater/non-point source pollution projects

including construction, expansion or replacement of stormwater management systems, construction or expansion of basins, replacement of storm drains, rehabilitation of tidal gates and extension of outfall points.

Runoff Control - Projects such as manure/feedlot management, stream and lake bank stabilization, lake dredging, and restoration and salt dome construction are eligible for financing.

Equipment Purchases - Equipment such as street sweepers, sewer flushing and cleaning equipment, dump trucks, crawler loaders, skimmer boats, aquatic weed harvesters and outfall netting may be financed under the Program.

Landfill Construction and Closure;

Publicly Owned - Sealing an old landfill or constructing a new cell to prevent, reduce or control leachate, its storage and/or treatment are eligible for financing. Other activities include capping systems, liners, leachate collection systems, treatment systems, sewer

connections, barge shelters, containment booms, litter fences, gas collection and treatment systems, monitoring wells and reclamation or reduction activities.

Brownfield Remediation - Remediation of abandoned and contaminated industrial sites if a local or county government assumes the repayment obligation for the loan. The Program will finance the removal of contaminated soil, site-capping and the installation of stormwater controls.

Open Space Land Acquisition - Preserving open land that maintains or enhances the quality of surface or ground including stream headwaters and corridors, wetlands, and aquifer recharge areas. Financing for land is compatible with the Green Acres Program, the Garden State Preservation Trust, and Open Space programs financed by local and county Open Space taxes. The Program will partner with these alternative financing Programs to develop an optimized funding package for borrowers.



NJ American Water Flood Gate Replacement and Stabilization. **SFY2019 Loan: \$27,201,503.**

NJ WATER BANK PROJECTS: ELIGIBLE ACTIVITIES (continued)



Northwest Bergen County Utilities Authority Wastewater Treatment Plant Improvements. **SFY2019 Loan: \$2,278,998.**

Septic Systems - Failing septic systems can contaminate ground water and surface water, creating a public health hazard. While many individual septic systems are privately owned, situations involving numerous system failures may be eligible for funding. In such cases, a governing body or utilities authority may establish a Septic Management District to apply for financing for planning and corrective measure costs. Eligible projects include the purchase and installation of traditional or alternative septic systems (to replace failing systems), rehabilitation of an existing system or construction of community systems.

Green Projects - Green projects consist of clean water and drinking water projects that implement green infrastructure and water or energy efficiency improvements (e.g. those that reduce greenhouse gas

emissions). Green infrastructure includes such practices as replacing existing pavement with porous pavement, utilizing bio-retention, constructing green roofs, creating rain gardens, and other practices that mimic natural hydrology and increase effective perviousness.

Security Monitoring - Projects designed to improve security at qualified wastewater and drinking water facilities, are also eligible for financing including but not limited to fencing, lighting, motion detectors, cameras, secure doors, and alternative auxiliary power sources.

CONTINUED INITIATIVES

Asset Management - The Water Resources Reform and Development Act (WRRDA) requires the recipient of a Water Bank loan for a project that involves the repair, replacement, or expansion of a

clean water treatment facility to develop and implement a Fiscal Sustainability Program (FSP) wherein the borrower will: (1) inventory and evaluate the condition of critical assets, (2) certify that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan, and (3) present a plan for maintaining and repairing or replacing as necessary, the treatment works and funding such activities. The categorization of system assets along with a financial plan that lays out the methods, scheduling and financing of the strategic upkeep and replacement of such assets are essential elements off an Asset Management Plan (AMP). The DEP has developed guidance to assist borrowers with the development and implementation of an AMP. (see www.nj.gov/dep/assetmanagement/amplan.html).

NJ WATER BANK PROGRAM BENEFITS: \$AVINGS, CASH-FLOW, ADMINISTRATIVE



Tuckerton Borough Heron Road Water Main Replacement. **SFY2019 Loan: \$810,860.**

For over 33 years, the NJ Water Bank's low interest rate loans have funded projects that protected the environment, saved taxpayers \$2.6 billion through lower interest costs, and created over 135,000 direct construction jobs, adding vital economic activity to the State.

DOLLAR SAVINGS BENEFITS

Pool Bond Issue - By consolidating a group of borrowers into a pooled bond issue, small and lower-rated borrowers have better access to the high-quality debt market providing these borrowers with a lower interest rate. In addition, aggregating many projects into one bond issue reduces the relative financing costs for all participants.

Minimized Financing Costs - Borrowers receive partial financing from the State as zero interest loans and the balance at the I-Bank's AAA interest rate. Also, each borrower pays a minimal cost of issuance (COI) fee fixed at 10 bps on their par amount. Together, these two features, dramatically minimize each borrower's cost when compared to self-financed bond deals.

5% Down Payment Waiver - Water Bank applicants are not required to make a 5% down payment and are permitted to have the I-Bank submit a bond approval request to the Director of DLGS at the Department of Community Affairs on their behalf.

Earnings Credits - Earnings on investments from unutilized bond proceeds

and loan repayments, including monies in the Project and Revenue Fund accounts are distributed to borrowers as credits toward their debt service payments.

No Bond Insurance Required - The I-Bank's financial structure saves borrowers the expense of purchasing costly bond insurance.

No Front-loading Requirement - The Water Bank Program provides for level debt service throughout the life of the loan, smoothing borrowers' cash flows. In contrast, Local Government Units issuing their own general obligation debt are required by State Law to "front load" their repayment schedule. This results in debt service payments that are larger in the early years of the loan and grow smaller over time.

On Target funding - Since construction funding is provided through the Short-Term Construction Loan program prior to being converted to a Long-Term loan, excess proceeds are eliminated thereby reducing debt service to its accurate cost.

Refunding - The I-Bank continually monitors market conditions to assess when interest rates meet the I-Bank's savings threshold for refunding prior bonds. All realized net savings (totaling approximately \$149 million to-date) are passed on to borrowers.

Debt Service Reserve Fund - Many borrowers are relieved of their obligation to commit a portion of loan funds to debt service reserve fund due to the Program's Master Program collateral structure.

CASH FLOW BENEFITS

Construction Loans - Construction Loans allow borrowers to defer interest cost repayments until after construction completion.

Generous Allowable Costs - Eligible project costs, including planning and design, engineering, legal fees and curb-to-curb right-of-way restoration may be financed through the program. An eligible project's reserve capacity costs, such as excess project capacity may be financed through an I-Bank only loan.

Flexible Term - Projects may be financed for the lesser of the asset's certified useful life or 30 years (new longer term beginning in SFY2018). Borrowers who prefer not to have a 30-year obligation may choose shorter loan terms.

ADMINISTRATIVE BENEFITS

Easy Reporting - The I-Bank manages federal IRS arbitrage rebate requirements, relieving borrowers of the cost and administration of this obligation. Due to the I-Bank's large value of outstanding bonds, no single borrower is a material obligated entity so are not required to fulfill SEC secondary disclosure or reporting requirements. Additional reporting requirements, including those for EPA are handled or managed by the I-Bank. This minimizes borrowers' need for and expense of additional administrative staff.

Timely Decisions - The DEP prioritizes permit applications for projects seeking financing from the Water Bank.

SUMMARY OF WATER BANK LOAN PRODUCTION BY STATE FISCAL YEAR FOR LAST 5 YEARS

ST SFY	Short-Term Loans (Operable Segment)		Long-Term Loans (Increase/Decrease \$ operable segment)		Total
2019	\$	427,201,501	\$	1,826,655	\$ 429,028,156
2018	\$	423,897,035	\$	14,695,599	\$ 438,592,634
2017	\$	451,439,225	\$	47,147,545	\$ 498,586,770
2016	\$	160,072,272	\$	75,665,591	\$ 235,737,863
2015	\$	102,939,676	\$	185,742,897	\$ 288,682,573
Total	\$	1,565,549,709	\$	325,078,287	\$ 1,890,627,996



City of Newark Lead Service Line Replacement Program Ground Breaking Ceremony. **SFY2019 Loan: \$12,000,000.**
From left to right: Newark resident, Kristin Burks-Mullings, Newark Mayor, Ras J. Baraka and DEP Commissioner, Catherine McCabe.

NJIB History

Total Water and
Transportation Loans
issued: \$8.186B

Estimated long-
term borrower
savings: \$2.59B

2018

Mission expanded to include Transportation Loans

Changed name to NJ Infrastructure Bank (**NJIB**)

Issued first Transportation Loan (Camden County \$2.5M)

2017

Issued first Water Bank Asset Management Loan

2015

Issued first Green Bond Series

Issued first multi-year short-term Construction Loan

2014

Issued first SAIL Disaster Relief Program Loan

2013

Introduced electronic loan review platform (**H₂Loans**)

2004

Issued first Short-Term Construction Loan

1997

Expanded mission to include Drinking Water

Changed name to Environmental Infrastructure Trust (**NJEIT**)

1995

Introduced MPTA bond collateral structure

1987

Issued first Water Loan (CCMUA \$182M)

1986

Opened doors

1985

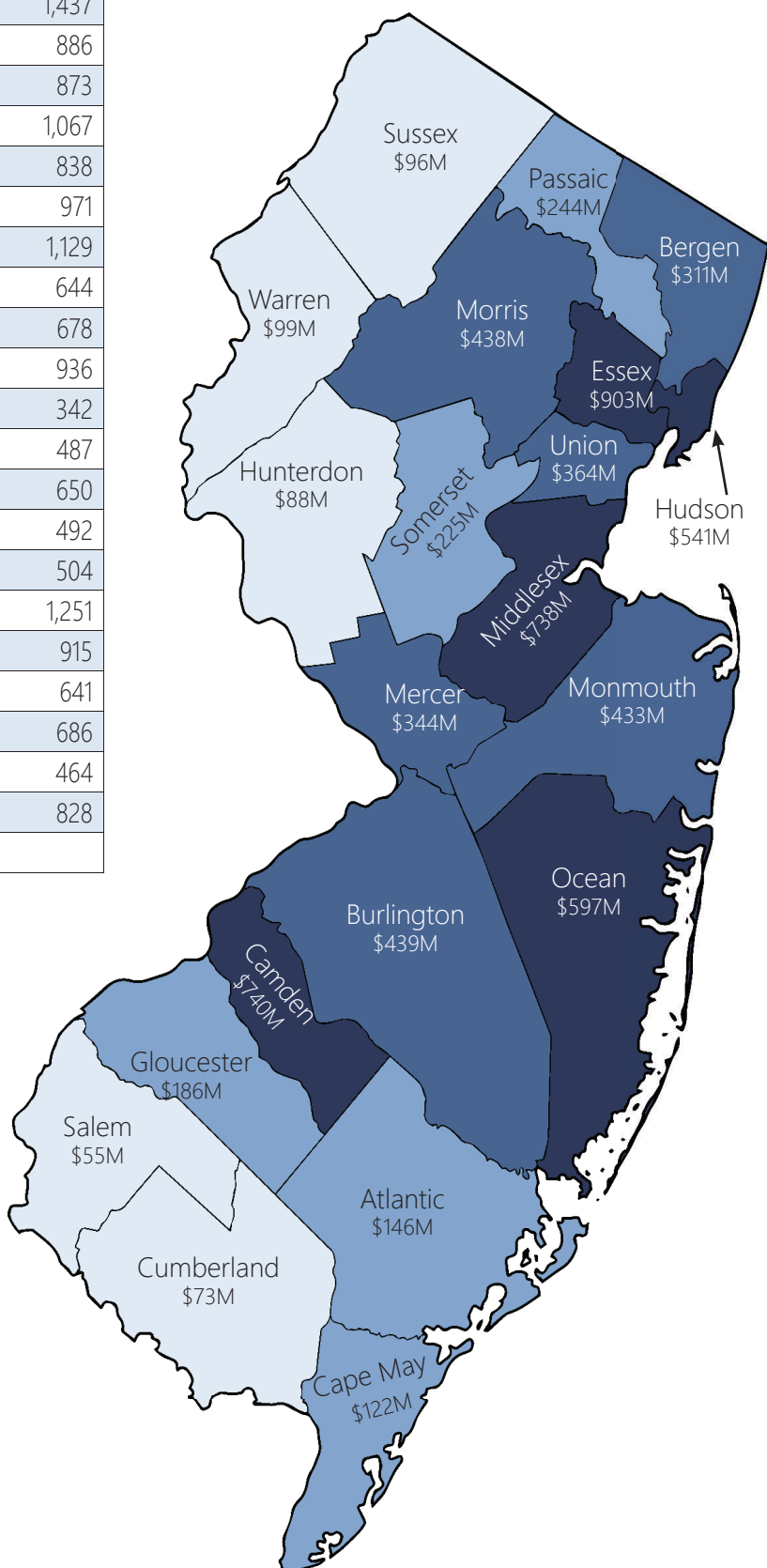
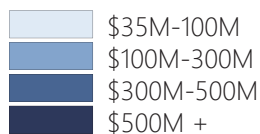
Incorporated as Waste Water Treatment Trust (**WWTT**) by NJ Legislature

NJ WATER BANK LOAN HISTORY: SFY1987-2019 BY COUNTY

County	Total of Loans	Per Capita*
Atlantic	\$ 146,313,846	\$ 1,437
Bergen	\$ 311,473,356	\$ 886
Burlington	\$ 438,956,025	\$ 873
Camden	\$ 740,240,401	\$ 1,067
Cape May	\$ 121,710,885	\$ 838
Cumberland	\$ 72,754,679	\$ 971
Essex	\$ 902,516,417	\$ 1,129
Gloucester	\$ 185,825,593	\$ 644
Hudson	\$ 540,563,425	\$ 678
Hunterdon	\$ 88,050,630	\$ 936
Mercer	\$ 343,782,723	\$ 342
Middlesex	\$ 738,326,777	\$ 487
Monmouth	\$ 432,919,179	\$ 650
Morris	\$ 437,790,413	\$ 492
Ocean	\$ 597,464,962	\$ 504
Passaic	\$ 243,962,260	\$ 1,251
Salem	\$ 54,720,632	\$ 915
Somerset	\$ 225,186,959	\$ 641
Sussex	\$ 95,679,095	\$ 686
Union	\$ 363,671,532	\$ 464
Warren	\$ 99,404,683	\$ 828
Total	\$ 7,181,314,471	

*2010 CENSUS DATA

LEGEND:



NJ WATER BANK **LONG-TERM** LOANS: CLOSED IN SFY2019

BY BORROWER WITHIN SERIES

Borrower Names	Total Original Loan	Program Saving	Series Year	Series
Bordentown City	\$ 682,544	\$ 221,192	2018	A-2
Burlington City	\$ 1,068,750	\$ 541,448	2018	A-2
Cinnaminson SA	\$ 743,077	\$ 244,361	2018	A-2
Gloucester County UA	\$ 41,240,478	\$ 20,695,995	2018	A-2
Jersey City MUA	\$ 6,476,242	\$ 3,431,822	2018	A-2
Mantua Twp. MUA	\$ 2,684,329	\$ 864,348	2018	A-2
Newark City	\$ 5,958,417	\$ 5,737,270	2018	A-2
North Hudson SA	\$ 1,191,089	\$ 595,997	2018	A-2
Northwest Bergen County UA	\$ 2,269,248	\$ 732,151	2018	A-2
Passaic Valley SC	\$ 907,481	\$ 284,797	2018	A-2
Pennington Borough	\$ 628,385	\$ 599,978	2018	A-2
Red Bank Borough	\$ 1,724,360	\$ 556,649	2018	A-2
Rockaway Valley RSA	\$ 1,691,385	\$ 846,447	2018	A-2
Atlantic County UA	\$ 241,250	\$ 61,194	2019	DL
Atlantic County UA	\$ 3,891,300	\$ 2,020,175	2019	DL
Atlantic County UA	\$ 289,913	\$ 95,926	2019	A-1
Atlantic County UA	\$ 3,404,675	\$ 694,883	2019	A-1
Bayshore RSA	\$ 3,488,467	\$ 689,062	2019	A-1
Bellmawr Borough	\$ 899,009	\$ 754,201	2019	A-1
Burlington Twp.	\$ 709,767	\$ 147,805	2019	A-1
Gloucester City	\$ 875,270	\$ 182,062	2019	A-1
Gloucester City	\$ 534,019	\$ 111,159	2019	A-1
Kearny MUA	\$ 1,455,871	\$ 273,489	2019	A-1
Long Beach Twp.	\$ 1,239,208	\$ 913,491	2019	A-1
Middlesex County UA	\$ 16,199,822	\$ 3,304,771	2019	A-1
Old Bridge MUA	\$ 2,826,091	\$ 576,539	2019	A-1
Perth Amboy City	\$ 358,986	\$ 241,190	2019	A-1
Perth Amboy City	\$ 1,387,474	\$ 285,401	2019	A-1
Rockaway Valley RSA	\$ 2,277,214	\$ 746,265	2019	A-1
Somerset Raritan Valley SA	\$ 11,295,665	\$ 3,699,518	2019	A-1
Somerville Borough	\$ 3,384,514	\$ 505,976	2019	A-1
Tuckerton Borough	\$ 1,325,141	\$ 432,963	2019	A-1
Tuckerton Borough	\$ 808,145	\$ 677,596	2019	A-1
Total	\$ 124,157,586	\$ 51,766,120		

NJ WATER BANK OUTSTANDING **SHORT-TERM** LOANS:

AT SFY2019 YEAR-END

Issue Year	Borrower	Program	Loan Amount
2017	Passaic Valley SC ¹	SAIL	\$ 3,402,331
2017	Middlesex County UA	SAIL	\$ 87,953,113
2018	Passaic Valley SC ¹	SAIL	\$ 1,580,000
2018	Passaic Valley SC ¹	SAIL	\$ 31,995,000
Total SAIL Loans			\$ 124,930,444
Issue Year	Borrower	Program	Loan Amount
2016	Elizabeth City	BASE	\$ 3,155,738
2016	Plumsted Twp	BASE	\$ 17,078,746
2017	Aberdeen Twp	BASE	\$ 1,305,099
2017	Aberdeen Twp	BASE	\$ 7,498,712
2017	Elizabeth City	BASE	\$ 6,500,000
2017	Hoboken City	BASE	\$ 66,902,264
2017	Jackson Twp MUA	BASE	\$ 6,978,160
2017	Netcong Borough	BASE	\$ 729,584
2017	Netcong Borough	BASE	\$ 262,308
2017	Newark City	BASE	\$ 12,650,000
2017	North Hudson SA	BASE	\$ 17,060,030
2017	North Hudson SA	BASE	\$ 2,316,573
2017	North Hudson SA (LTCP)	BASE	\$ 3,675,301
2017	North Jersey District WSC	BASE	\$ 9,854,439
2017	North Jersey District WSC	BASE	\$ 1,647,922
2017	North Jersey District WSC	BASE	\$ 476,927
2017	Ocean Twp SA	BASE	\$ 522,805
2017	Ocean Twp SA	BASE	\$ 1,133,971
2017	Passaic Valley SC	BASE	\$ 2,928,050
2017	Passaic Valley SC (LTCP)	BASE	\$ 8,000,000
2017	Roxbury Twp	BASE	\$ 6,098,986
2017	Stony Brook RSA	BASE	\$ 3,868,630
2018	Berkeley Twp MUA	BASE	\$ 1,799,146
2018	Bradley Beach Borough	BASE	\$ 1,952,123
2018	Bradley Beach Borough	BASE	\$ 389,614
2018	Brick Twp MUA	BASE	\$ 1,375,000
2018	Camden County MUA	BASE	\$ 76,164,967
2018	Camden County MUA (CSO)	BASE	\$ 2,641,264
2018	Cumberland County	BASE	\$ 1,000,000
2018	Emerson Borough	BASE	\$ 99,966
2018	Hoboken City	BASE	\$ 7,200,000
2018	Hoboken City (CSO)	BASE	\$ 4,335,696
2018	Jackson Twp MUA	BASE	\$ 6,312,365
2018	Jackson Twp MUA	BASE	\$ 15,603,769

¹ Loan amounts shown represent the total project costs as reviewed and certified by the DEP. Passaic Valley SC has only been authorized for costs related to the non-FEMA (local share) of these SAIL Program financed projects.

NJ WATER BANK OUTSTANDING SHORT-TERM LOANS

(CONTINUED)

Issue Year	Borrower	Program	Loan Amount
2018	Jersey City MUA	BASE	\$ 1,488,384
2018	Jersey City MUA (CSO)	BASE	\$ 33,128,166
2018	Manchester Twp	BASE	\$ 1,399,860
2018	Montclair Twp	BASE	\$ 1,124,408
2018	Netcong Borough	BASE	\$ 834,093
2018	NJ American Water Company	BASE	\$ 7,413,000
2018	NJ American Water Company	BASE	\$ 13,948,660
2018	NJ Water Supply Auth	BASE	\$ 49,548,569
2018	North Bergen MUA	BASE	\$ 19,892,394
2018	North Haledon Borough	BASE	\$ 99,966
2018	Passaic Valley SC	BASE	\$ 649,880
2018	Passaic Valley SC (CSO)	BASE	\$ 7,772,364
2018	Passaic Valley SC (CSO)	BASE	\$ 19,618,381
2018	Passaic Valley SC (CSO)	BASE	\$ 3,776,639
2018	Point Pleasant Beach Borough	BASE	\$ 2,995,000
2018	Rahway Valley SA	BASE	\$ 4,210,947
2018	Rahway Valley SA	BASE	\$ 2,356,560
2018	Rockaway Valley RSA	BASE	\$ 7,483,999
2018	Ship Bottom Borough	BASE	\$ 3,384,166
2018	Ship Bottom Borough	BASE	\$ 3,016,378
2018	Stafford Twp	BASE	\$ 1,489,357
2019	Allentown Borough	BASE	\$ 500,000
2019	Brick Twp MUA	BASE	\$ 860,669
2019	Brick Twp MUA	BASE	\$ 5,278,297
2019	Brick Twp MUA	BASE	\$ 3,000,000
2019	Camden County MUA	BASE	\$ 2,005,428
2019	Camden County MUA	BASE	\$ 4,200,000
2019	Camden County MUA	BASE	\$ 10,226,713
2019	Camden County MUA	BASE	\$ 3,785,476
2019	Camden County MUA (CSO)	BASE	\$ 7,260,546
2019	Chatham Borough (JM)	BASE	\$ 165,137
2019	Clinton Town	BASE	\$ 719,969
2019	Cranford Twp	BASE	\$ 2,578,383
2019	East Greenwich Twp	BASE	\$ 310,000
2019	Elizabeth City	BASE	\$ 5,320,111
2019	Evesham MUA	BASE	\$ 1,915,662
2019	Franklin Twp SA	BASE	\$ 1,746,857
2019	Glen Ridge Borough	BASE	\$ 1,856,145
2019	Gloucester County IA	BASE	\$ 5,100,000
2019	Hamburg Borough	BASE	\$ 85,000
2019	Hampton Borough	BASE	\$ 930,445
2019	Hardyston MUA	BASE	\$ 84,840
2019	High Bridge Borough	BASE	\$ 100,000
2019	Hopatcong Borough	BASE	\$ 100,000
2019	Howell Twp	BASE	\$ 12,076,776
2019	Jersey City MUA	BASE	\$ 3,116,740

NJ WATER BANK OUTSTANDING SHORT-TERM LOANS

(CONTINUED)

Issue Year	Borrower	Program	Loan Amount
2019	Jersey City MUA	BASE	\$ 2,286,447
2019	Jersey City MUA	BASE	\$ 9,255,147
2019	Jersey City MUA	BASE	\$ 5,280,963
2019	Kearny Town	BASE	\$ 14,090,909
2019	Lakewood Twp MUA	BASE	\$ 1,440,000
2019	Little Egg Harbor MUA	BASE	\$ 3,320,000
2019	Little Egg Harbor Twp	BASE	\$ 4,050,329
2019	Long Beach Twp	BASE	\$ 9,541,057
2019	Lower Twp MUA	BASE	\$ 3,112,198
2019	Madison Borough (JM)	BASE	\$ 288,535
2019	Manchester Twp	BASE	\$ 2,614,425
2019	Middlesex Borough	BASE	\$ 1,381,868
2019	Middlesex County UA	BASE	\$ 10,118,868
2019	Middlesex Water Company	BASE	\$ 43,474,714
2019	Middlesex Water Company	BASE	\$ 8,656,747
2019	Milltown Borough	BASE	\$ 1,450,000
2019	Monmouth County BOA	BASE	\$ 1,641,447
2019	Montclair Twp	BASE	\$ 829,000
2019	Mt Arlington Borough	BASE	\$ 159,456
2019	Mt Arlington Borough	BASE	\$ 165,836
2019	National Park Borough	BASE	\$ 1,495,000
2019	Newark City	BASE	\$ 4,698,840
2019	Newark City	BASE	\$ 12,296,528
2019	Newark City	BASE	\$ 12,746,105
2019	NJ Water Supply Auth	BASE	\$ 15,224,595
2019	North Brunswick Twp	BASE	\$ 5,427,000
2019	North Hudson SA	BASE	\$ 17,500,000
2019	Northwest Bergen CUA	BASE	\$ 6,516,744
2019	Northwest Bergen CUA	BASE	\$ 3,900,000
2019	Northwest Bergen CUA	BASE	\$ 1,090,836
2019	Northwest Bergen CUA	BASE	\$ 101,000
2019	Ocean County UA	BASE	\$ 2,604,099
2019	Ocean County UA	BASE	\$ 6,813,604
2019	Ocean County UA	BASE	\$ 668,003
2019	Ocean Twp SA	BASE	\$ 3,500,000
2019	Old Bridge MUA	BASE	\$ 3,290,000
2019	Paulsboro Borough	BASE	\$ 2,209,814
2019	Paulsboro Borough	BASE	\$ 635,400
2019	Perth Amboy City	BASE	\$ 350,000
2019	Perth Amboy City (LTCP)	BASE	\$ 665,156
2019	Point Pleasant Beach Borough	BASE	\$ 1,540,650
2019	Raritan Twp MUA	BASE	\$ 3,904,852
2019	Rockaway Valley RSA	BASE	\$ 738,042
2019	Rutgers, The State University of NJ	BASE	\$ 365,822
2019	Somerset Raritan Valley SA	BASE	\$ 33,000,000
2019	Toms River MUA	BASE	\$ 387,427

NJ WATER BANK OUTSTANDING **SHORT-TERM** LOANS

(CONTINUED)

Issue Year	Borrower	Program	Loan Amount
2019	Vernon Twp	BASE	\$ 100,000
2019	Wall Twp	BASE	\$ 1,291,525
2019	Wall Twp	BASE	\$ 2,900,000
2019	Warren Twp SA	BASE	\$ 1,805,202
2019	West Deptford Twp	BASE	\$ 1,384,468
2019	Western Monmouth UA	BASE	\$ 6,480,000
2019	Western Monmouth UA	BASE	\$ 12,843,750
Total Construction Loans			\$ 850,104,928
Total SAIL and Construction Loans			\$ 975,035,372



Middlesex Water Company Water Main, Booster Pump Station and Meter Replacement. **SFY2019 Loan: \$6,430,255.**

NJ WATER BANK **LONG-TERM** LOAN HISTORY: SFY1987-2019

BY BORROWER

Borrower Names	Total Original Loans	Program Savings (Est.)
2117 Mt. Ephraim, Inc., Nancy-Lee	\$ 397,969	\$ 132,711
Aberdeen Twp	\$ 1,242,527	\$ 282,746
Allamuchy Twp.	\$ 7,494,437	\$ 2,273,016
Aqua New Jersey, Inc.	\$ 9,423,411	\$ 4,563,458
Asbury Park City	\$ 25,055,578	\$ 8,562,368
Atlantic City MUA	\$ 13,123,435	\$ 7,229,435
Atlantic County UA	\$ 58,249,793	\$ 24,082,802
Atlantic Highlands Borough	\$ 1,917,275	\$ 447,322
Atlantic Highlands-Highlands RSA	\$ 872,692	\$ 293,471
Avalon Borough	\$ 1,118,240	\$ 215,614
Barnegat Twp.	\$ 3,382,601	\$ 1,000,794
Barrington Borough	\$ 1,019,712	\$ 281,964
Bayonne LRA	\$ 35,772,049	\$ 14,221,634
Bayonne LRA (MUA)	\$ 1,796,017	\$ 672,387
Bayonne MUA	\$ 28,844,005	\$ 13,830,109
Bayshore RSA	\$ 71,015,301	\$ 26,617,940
Bayview Water Co.	\$ 1,600,000	\$ 485,388
Beach Haven Borough	\$ 8,987,445	\$ 5,012,439
Beachwood Borough (BB)	\$ 4,614,128	\$ 1,891,719
Bellmawr Borough	\$ 14,007,749	\$ 4,859,272
Belmar Borough	\$ 982,903	\$ 273,012
Bergen County	\$ 7,383,149	\$ 1,605,543
Bergen County IA (ENCAP)	\$ 211,321,814	0
Bergen County UA	\$ 133,837,295	\$ 59,270,753
Bergen County UA (Edgewater)	\$ 1,683,537	\$ 574,975
Bergenfield Borough	\$ 1,130,000	\$ 366,774
Berkeley Heights Twp.	\$ 15,036,610	\$ 5,977,848
Berkeley Twp.	\$ 3,140,003	\$ 985,294
Berkeley Twp. MUA	\$ 8,087,680	\$ 3,765,141
Berkeley Twp. SA	\$ 24,262,252	\$ 8,937,108
Berlin Borough	\$ 4,823,632	\$ 1,398,701
Bernardsville Borough	\$ 6,824,630	\$ 3,190,531
Bethlehem Twp.	\$ 987,100	\$ 362,530
Beverly SA	\$ 371,996	\$ 83,962
Bloomingtondale Borough	\$ 516,255	\$ 378,278
Boonton Town	\$ 3,492,315	\$ 869,141
Bordentown City	\$ 4,037,899	\$ 1,051,751
Bordentown SA	\$ 5,155,639	\$ 2,525,435
Bound Brook Borough	\$ 148,161	\$ 18,294
Brick Twp.	\$ 2,573,862	\$ 744,384
Brick Twp. MUA	\$ 31,807,430	\$ 9,309,438
Bridgeton City	\$ 10,158,187	\$ 5,678,982
Bridgewater Twp.	\$ 1,770,319	\$ 514,995
Brielle Borough	\$ 4,979,048	\$ 1,043,051
Brigantine City	\$ 12,718,667	\$ 3,644,386
Brookwood Musconetcong River POA	\$ 1,039,200	\$ 291,174

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2019

(CONTINUED)

Borrower Names	Total Original Loans	Program Savings (Est.)
Buena Borough MUA	\$ 1,683,486	\$ 543,331
Burlington City	\$ 21,148,893	\$ 8,569,156
Burlington County	\$ 4,646,774	\$ 1,145,668
Burlington County/BCF	\$ 89,521,293	\$ 27,710,715
Burlington Twp.	\$ 14,759,041	\$ 4,190,724
Byram Homeowners Assoc	\$ 569,085	\$ 109,784
Byram Twp.	\$ 1,802,284	\$ 626,706
Caldwell Borough	\$ 37,538,360	\$ 15,488,554
Califon Borough	\$ 1,343,949	\$ 234,254
Camden City	\$ 117,694,742	\$ 46,516,537
Camden County MUA	\$ 482,485,405	\$ 224,587,852
Cape May City	\$ 3,765,097	\$ 1,265,433
Cape May County MUA	\$ 51,280,891	\$ 20,633,735
Cape May Point Borough	\$ 161,766	\$ 18,145
Carneys Point Twp.	\$ 502,733	\$ 149,279
Carneys Point Twp. SA	\$ 6,510,000	\$ 3,569,568
Carteret Borough	\$ 17,139,480	\$ 8,972,881
Carteret Redevelopment Agency	\$ 38,472,833	\$ 11,370,104
Cedar Glen Homes, Inc.	\$ 846,401	\$ 225,054
Cedar Glen West, Inc.	\$ 432,666	\$ 82,089
Cedar Grove Twp.	\$ 9,123,321	\$ 4,168,090
Chatham Borough	\$ 8,569,545	\$ 3,916,254
Chatham Borough (JM)	\$ 2,091,901	\$ 1,092,641
Chatham Twp.	\$ 7,257,264	\$ 1,761,228
Cherry Hill Twp.	\$ 6,142,348	\$ 2,444,109
Chester Borough	\$ 1,394,451	\$ 473,604
Chesterfield Twp.	\$ 5,622,510	\$ 1,575,109
Cinnaminson SA	\$ 16,652,802	\$ 4,107,411
Clayton Borough	\$ 2,785,750	\$ 982,916
Clementon Borough	\$ 1,195,000	\$ 482,568
Cliffside Park Borough	\$ 1,105,000	\$ 192,618
Clifton City	\$ 4,576,000	\$ 1,407,574
Clinton Town	\$ 14,782,832	\$ 4,631,273
Clinton Twp.	\$ 264,000	\$ 87,631
Clinton Twp. SA	\$ 2,085,074	\$ 679,348
Collingswood Borough	\$ 4,263,827	\$ 1,319,167
Consumers NJ Water Co	\$ 3,473,961	\$ 1,207,113
Continental Communities LLC	\$ 1,956,690	\$ 583,827
Continental Communities LLC (Colonial Estates)	\$ 999,999	\$ 219,549
Cranford Twp.	\$ 8,351,638	\$ 2,605,472
Cumberland County IA	\$ 10,158,515	\$ 2,495,304
Cumberland County UA	\$ 7,899,790	\$ 1,998,336
Delanco Twp. SA	\$ 1,076,866	\$ 305,253
Delran SA	\$ 13,694,636	\$ 4,436,390
Delran Twp.	\$ 1,949,550	\$ 434,696
Denville Twp.	\$ 18,205,604	\$ 7,964,589

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2019

(CONTINUED)

Borrower Names	Total Original Loans	Program Savings (Est.)
Deptford Twp. MUA	\$ 5,726,491	\$ 1,682,110
Dover Town	\$ 822,669	\$ 226,046
Dumont Borough	\$ 7,062,000	\$ 2,080,689
Dunellen Borough	\$ 1,845,475	\$ 528,290
East Brookwood Estates POA	\$ 1,357,000	\$ 375,231
East Newark Borough	\$ 579,562	\$ 213,166
East Orange City	\$ 19,720,209	\$ 9,947,717
East Orange City (JM)	\$ 421,219	\$ 176,536
East Rutherford Borough	\$ 896,793	\$ 123,271
East Windsor MUA	\$ 52,527,046	\$ 18,252,728
East Windsor Twp.	\$ 868,172	\$ 335,793
Eatontown SA	\$ 4,400,336	\$ 1,313,176
Edgewater Borough	\$ 3,803,741	\$ 1,466,553
Edgewater MUA	\$ 1,771,496	\$ 599,021
Edgewater Park SA	\$ 3,242,377	\$ 834,857
Edison Twp.	\$ 3,299,256	\$ 933,293
Egg Harbor Twp. MUA	\$ 2,028,012	\$ 347,426
Elizabeth City	\$ 58,326,005	\$ 29,366,917
Elizabeth City (JM)	\$ 16,496,154	\$ 8,020,106
Elmer Borough	\$ 580,000	\$ 446,838
Elmwood Park Borough	\$ 8,874,766	\$ 2,543,693
Essex County UA	\$ 2,135,414	\$ 666,943
Evesham MUA	\$ 19,399,575	\$ 5,882,352
Evesham Twp.	\$ 2,643,250	\$ 1,162,792
Ewing Lawrence SA	\$ 46,611,576	\$ 14,500,576
Ewing Twp.	\$ 4,236,765	\$ 1,507,523
Fanwood Borough	\$ 1,362,256	\$ 305,540
Flemington Borough	\$ 4,774,751	\$ 1,487,578
Florence Twp.	\$ 20,837,659	\$ 5,598,946
Florham Park SA	\$ 3,554,134	\$ 947,441
Fort Lee Borough	\$ 6,952,250	\$ 1,972,327
Franklin Borough	\$ 550,000	\$ 181,572
Franklin Twp.	\$ 3,495,733	\$ 952,739
Franklin Twp. SA	\$ 39,991,486	\$ 13,950,380
Free Acres Assoc. Inc.	\$ 1,097,428	\$ 317,340
Frenchtown Borough	\$ 8,724,110	\$ 3,394,106
Galloway Twp.	\$ 2,384,284	\$ 684,241
Garfield City	\$ 6,122,693	\$ 1,652,201
Gibbsboro Borough	\$ 2,097,711	\$ 743,375
Glen Ridge Borough	\$ 7,246,895	\$ 2,166,336
Gloucester City	\$ 20,177,099	\$ 6,755,413
Gloucester County IA	\$ 13,913,146	\$ 2,839,087
Gloucester County UA	\$ 89,491,284	\$ 35,792,285
Gloucester Twp	\$ 5,487,649	\$ 1,167,288
Gloucester Twp. MUA	\$ 13,756,528	\$ 4,076,640
Great Gorge Terrace Condo Assoc. Inc.	\$ 846,930	\$ 796,011

NJ WATER BANK **LONG-TERM** LOAN HISTORY: SFY1987-2019

(CONTINUED)

Borrower Names	Total Original Loans	Program Savings (Est.)
Hackensack City	\$ 10,085,245	\$ 4,379,438
Hackettstown MUA	\$ 12,154,566	\$ 4,796,442
Haddon Twp.	\$ 6,387,500	\$ 2,226,093
Hainesport Twp.	\$ 13,711,900	\$ 3,896,590
Haledon Borough	\$ 1,538,000	\$ 594,308
Hamburg Borough	\$ 1,286,000	\$ 487,433
Hamilton Twp.	\$ 5,945,429	\$ 2,320,911
Hamilton Twp. MUA	\$ 6,543,167	\$ 1,751,814
Hammonton Town	\$ 28,868,026	\$ 9,199,490
Hanover SA	\$ 31,928,758	\$ 11,747,921
Harrington Park Borough	\$ 348,576	\$ 19,652
Harrison Town	\$ 5,622,704	\$ 1,827,665
Harrison Twp.	\$ 6,810,754	\$ 1,856,534
Harvey Cedars Borough	\$ 1,676,634	\$ 494,971
Hawthorne Borough	\$ 9,272,567	\$ 3,014,608
High Bridge Borough	\$ 926,941	\$ 367,233
Highlands Borough	\$ 2,098,450	\$ 491,566
Hightstown Borough	\$ 9,527,377	\$ 3,560,905
Hillsborough Twp.	\$ 7,082,919	\$ 2,146,781
Hillside Twp. (JM)	\$ 1,989,311	\$ 962,640
Hoboken City	\$ 14,814,918	\$ 6,480,899
Holmdel Twp.	\$ 5,902,119	\$ 2,018,779
Hopatcong Borough	\$ 28,179,248	\$ 6,903,587
Howell Twp.	\$ 577,334	\$ 577,334
Hudson County IA (Bayonne Crossing)	\$ 18,726,295	\$ 8,616,505
Hudson County IA (Harrison Advance)	\$ 16,816,913	\$ 5,296,802
Independence MUA	\$ 262,000	\$ 209,394
Irvington Twp. (JM)	\$ 5,576,177	\$ 2,771,510
Island Heights Borough	\$ 5,129,500	\$ 1,853,582
Jackson Twp.	\$ 1,166,859	\$ 983,650
Jackson Twp. MUA	\$ 19,783,109	\$ 5,613,489
Jefferson Twp.	\$ 1,387,350	\$ 414,472
Jefferson Twp./Mountain Shores POA	\$ 647,816	\$ 763,165
Jersey City MUA	\$ 128,314,406	\$ 45,136,840
Keansburg Borough	\$ 5,790,422	\$ 3,147,321
Kearny MUA	\$ 12,802,824	\$ 4,456,359
Kearny Town	\$ 14,388,498	\$ 5,005,436
Lake Tamarack Water Co	\$ 151,020	\$ 45,919
Lakewood Twp. MUA	\$ 28,032,021	\$ 8,427,416
Lambertville MUA	\$ 7,422,000	\$ 5,789,007
Lambertville SA	\$ 3,182,679	\$ 896,231
Lavallette Borough	\$ 2,765,423	\$ 1,339,708
Lawrence Twp.	\$ 1,175,095	\$ 336,574
Lebanon Twp.	\$ 1,106,401	\$ 424,955
Leonia Borough	\$ 770,607	\$ 241,746
Linden City	\$ 17,530,919	\$ 4,271,544

NJ WATER BANK **LONG-TERM** LOAN HISTORY: SFY1987-2019

(CONTINUED)

Borrower Names	Total Original Loans	Program Savings (Est.)
Linden Roselle SA	\$ 23,804,320	\$ 7,701,296
Linwood City	\$ 1,990,931	\$ 350,586
Little Egg Harbor MUA	\$ 5,462,487	\$ 2,103,434
Livingston Twp.	\$ 17,209,276	\$ 8,669,443
Lodi Borough	\$ 140,650	\$ 20,213
Logan Twp. MUA	\$ 2,975,000	\$ 991,125
Long Beach Twp.	\$ 39,688,747	\$ 14,818,638
Long Branch SA	\$ 42,793,640	\$ 19,747,085
Long Hill Twp.	\$ 16,726,597	\$ 6,246,775
Longport Borough	\$ 3,883,629	\$ 1,340,093
Lopatcong Twp.	\$ 200,000	\$ 14,171
Lower Twp. MUA	\$ 5,134,300	\$ 2,433,854
Lumberton Twp.	\$ 2,072,303	\$ 600,715
Lyndhurst Twp.	\$ 13,267,776	\$ 3,780,390
Madison Borough	\$ 11,274,267	\$ 5,608,891
Madison Borough (JM)	\$ 3,495,906	\$ 1,759,548
Magnolia Borough	\$ 1,828,287	\$ 558,008
Manasquan Borough	\$ 16,558,128	\$ 5,125,150
Manchester Twp.	\$ 3,507,498	\$ 1,263,019
Manchester UA	\$ 9,556,772	\$ 5,139,650
Mantua Twp. MUA	\$ 6,681,352	\$ 2,215,231
Manville Borough	\$ 6,731,831	\$ 2,865,644
Maple Shade Twp.	\$ 37,072,255	\$ 12,879,446
Maplewood Twp.	\$ 394,262	\$ 138,026
Margate City	\$ 937,449	\$ 273,180
Marlboro Twp.	\$ 18,849,693	\$ 5,967,291
Matawan Borough	\$ 8,930,224	\$ 2,222,917
Maywood Borough	\$ 845,977	\$ 334,029
Medford Twp.	\$ 24,214,127	\$ 9,744,370
Mendham Twp	\$ 3,715,324	\$ 1,500,964
Mercer County	\$ 991,599	\$ 285,869
Mercer County IA (Twin Rivers)	\$ 2,157,252	\$ 660,775
Merchantville Borough	\$ 3,195,523	\$ 948,095
Merchantville-Pennsauken WC	\$ 9,589,558	\$ 2,617,392
Middle Twp.	\$ 347,597	\$ 101,488
Middlesex Borough	\$ 1,694,828	\$ 477,886
Middlesex County UA	\$ 371,489,280	\$ 103,132,743
Middlesex Water Co	\$ 78,923,954	\$ 28,061,211
Middletown Twp. SA	\$ 21,293,423	\$ 7,240,729
Midland Park Borough	\$ 518,020	\$ 181,137
Millburn Twp.	\$ 2,076,373	\$ 601,380
Milltown Borough	\$ 19,413,571	\$ 6,878,071
Millville City	\$ 32,759,189	\$ 11,627,763
Mine Hill Twp.	\$ 1,804,557	\$ 591,471
Monmouth County Bayshore Outfall Auth	\$ 1,818,952	\$ 519,935
Monmouth County IA	\$ 1,350,828	\$ 150,421

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2019

(CONTINUED)

Borrower Names	Total Original Loans	Program Savings (Est.)
Monroe Twp.	\$ 2,835,280	\$ 1,066,275
Montclair State University	\$ 2,628,290	\$ 670,937
Montclair Twp.	\$ 8,358,318	\$ 2,528,709
Montgomery Twp.	\$ 32,216,019	\$ 14,726,153
Montville Twp.	\$ 4,201,069	\$ 1,309,396
Montville Twp. MUA	\$ 6,647,108	\$ 2,870,066
Moonachie Borough PA	\$ 407,701	\$ 58,686
Morris Twp.	\$ 40,763,641	\$ 17,398,799
Morristown Town	\$ 56,186,196	\$ 27,385,312
Mt Arlington Borough	\$ 9,938,480	\$ 2,765,285
Mt Holly MUA	\$ 26,287,025	\$ 7,932,920
Mt Laurel Twp. MUA	\$ 55,857,723	\$ 19,186,275
Mt Olive Twp.	\$ 29,640,514	\$ 8,491,629
Musconetcong SA	\$ 26,649,160	\$ 7,625,836
National Park Borough	\$ 899,530	\$ 200,328
Neptune Twp.	\$ 1,281,375	\$ 389,746
New Brunswick City	\$ 37,676,776	\$ 13,750,743
New Milford Borough	\$ 1,191,250	\$ 451,463
New Providence Borough	\$ 6,280,000	\$ 2,601,600
Newark City	\$ 218,151,396	\$ 99,702,043
Newark City (JM)	\$ 3,416,026	\$ 1,696,082
Newfield Borough	\$ 1,102,010	\$ 739,673
Newton Town	\$ 12,722,306	\$ 6,074,977
NJ American Water	\$ 185,959,131	\$ 68,186,600
NJ American Water-Mt Holly Water Co	\$ 13,189,909	\$ 3,751,916
NJ American Water-Pennsgrove Water Supply Co	\$ 2,219,940	\$ 759,746
NJ American Water-Shorelands Water Co	\$ 5,630,000	\$ 1,998,233
NJ American Water-South Jersey Water Supply Co	\$ 371,098	\$ 124,928
NJ City University	\$ 16,535,929	\$ 3,990,877
NJ Sports & Expo Auth	\$ 744,201	\$ 161,302
NJ Water Supply Auth	\$ 20,888,455	\$ 7,224,958
North Arlington Borough	\$ 507,322	\$ 181,978
North Bergen MUA	\$ 60,746,756	\$ 27,592,484
North Brunswick Twp.	\$ 19,791,186	\$ 5,957,615
North Hudson SA	\$ 169,693,868	\$ 68,684,919
North Jersey District Water SC	\$ 23,993,241	\$ 7,497,127
North Plainfield Borough	\$ 2,154,442	\$ 726,496
North Wildwood City	\$ 22,158,427	\$ 11,432,628
Northwest Bergen County UA	\$ 42,687,539	\$ 13,000,921
Norwood Borough	\$ 1,036,850	\$ 424,083
Nutley Twp.	\$ 5,542,148	\$ 1,618,135
Oaklyn Borough	\$ 1,298,868	\$ 406,492
Ocean County	\$ 9,177,848	\$ 7,355,683
Ocean County (BB)	\$ 653,154	\$ 413,227
Ocean County UA	\$ 266,434,168	\$ 83,760,905
Ocean Gate Borough	\$ 1,837,217	\$ 1,195,295

NJ WATER BANK **LONG-TERM** LOAN HISTORY: SFY1987-2019

(CONTINUED)

Borrower Names	Total Original Loans	Program Savings (Est.)
Ocean Twp.	\$ 17,697,545	\$ 6,938,811
Ocean Twp. SA	\$ 29,182,920	\$ 8,793,505
Oceanport Borough	\$ 23,149,779	\$ 7,668,901
Old Bridge MUA	\$ 65,671,422	\$ 19,060,210
Old Bridge Twp.	\$ 9,148,278	\$ 3,056,727
Old Tappan Borough	\$ 12,773,936	\$ 4,290,912
Oradell Borough	\$ 4,146,949	\$ 1,033,159
Orange Twp. City	\$ 11,595,473	\$ 3,599,555
Palmyra Borough	\$ 3,526,750	\$ 791,108
Paramus Borough	\$ 1,661,330	\$ 623,550
Parsippany-Troy Hills Twp.	\$ 25,862,149	\$ 12,700,171
Passaic Valley SC	\$ 232,329,845	\$ 86,122,982
Passaic Valley WC	\$ 115,781,544	\$ 45,797,124
Paterson City	\$ 25,375,227	\$ 11,169,554
Pemberton Twp	\$ 1,872,559	\$ 971,967
Pennington Borough	\$ 1,446,190	\$ 1,376,656
Pennsauken SA	\$ 929,000	\$ 268,184
Pennsville Twp	\$ 6,456,745	\$ 1,892,962
Pequannock River Basin RSA	\$ 14,528,718	\$ 6,811,186
Pequannock, Lincoln Park & Fairfield SA	\$ 51,338,604	\$ 23,184,163
Perth Amboy City	\$ 18,519,620	\$ 6,018,964
Phillipsburg Town	\$ 39,027,801	\$ 18,554,286
Pine Hill Borough	\$ 606,289	\$ 175,125
Pine Hill Borough MUA	\$ 5,169,653	\$ 1,439,501
Plainfield Area RSA	\$ 8,009,080	\$ 2,797,063
Pleasantville City	\$ 1,121,841	\$ 438,794
Point Pleasant Beach Borough	\$ 2,522,812	\$ 929,451
Point Pleasant Borough	\$ 1,638,485	\$ 1,187,949
Pompton Lakes Borough MUA	\$ 16,605,641	\$ 8,063,077
Princeton (Borough & Township)	\$ 31,212,157	\$ 12,524,371
Rahway City	\$ 17,581,401	\$ 5,209,852
Rahway Valley SA	\$ 191,626,523	\$ 55,350,942
Ramsey Borough	\$ 1,999,175	\$ 548,502
Randolph Twp.	\$ 13,533,063	\$ 5,910,164
Raritan Twp. MUA	\$ 17,517,052	\$ 7,386,471
Readington Twp.	\$ 2,415,097	\$ 744,471
Red Bank Borough	\$ 4,444,587	\$ 2,772,840
Ridgefield Borough	\$ 990,000	\$ 338,196
Ridgefield Park Village	\$ 2,133,780	\$ 760,004
Ridgewood Village	\$ 18,932,172	\$ 5,769,461
River Edge Borough	\$ 566,627	\$ 204,876
Riverside SA	\$ 6,692,743	\$ 1,918,086
Riverside Water Reclamation Auth	\$ 1,589,040	\$ 440,387
Robbinsville Twp. (Washington Twp.)	\$ 1,360,000	\$ 393,950
Rockaway Valley RSA	\$ 24,226,383	\$ 10,500,567
Roosevelt Borough	\$ 1,339,588	\$ 310,227

NJ WATER BANK **LONG-TERM** LOAN HISTORY: SFY1987-2019

(CONTINUED)

Borrower Names	Total Original Loans	Program Savings (Est.)
Roselle Borough	\$ 1,943,011	\$ 751,180
Rosemont Water Co	\$ 120,782	\$ 31,238
Roxbury Twp.	\$ 34,388,746	\$ 17,254,855
Runnemede Borough	\$ 2,047,000	\$ 712,446
Runnemede Borough SA	\$ 1,572,106	\$ 503,452
Saddle Brook Twp.	\$ 3,320,674	\$ 926,658
Saddle River Borough	\$ 2,094,855	\$ 571,220
Salem City	\$ 12,963,001	\$ 9,623,825
Salem County IA	\$ 7,565,088	\$ 1,862,649
Sayreville Borough	\$ 34,555,000	\$ 11,324,708
Sea Girt Borough	\$ 5,941,102	\$ 1,939,728
Seaside Park Borough	\$ 12,426,409	\$ 4,253,379
Secaucus MUA	\$ 3,049,345	\$ 2,250,472
Secaucus Town	\$ 3,325,000	\$ 1,242,021
Ship Bottom Borough	\$ 3,834,455	\$ 1,324,659
Somerdale Borough	\$ 830,528	\$ 252,911
Somers Point City	\$ 2,875,000	\$ 731,948
Somerset Raritan Valley SA	\$ 69,432,460	\$ 22,987,599
Somerville Borough	\$ 3,384,514	\$ 505,976
South Hackensack Twp.	\$ 1,441,280	\$ 486,097
South Monmouth RSA	\$ 8,743,971	\$ 2,731,100
South Orange Twp. (JM)	\$ 879,905	\$ 532,203
South River Borough	\$ 6,112,500	\$ 2,076,804
Southeast Monmouth MUA	\$ 16,121,774	\$ 5,324,976
Stafford MUA	\$ 4,368,651	\$ 1,482,345
Stafford Twp.	\$ 39,341,193	\$ 12,500,942
Stanhope Borough	\$ 2,197,250	\$ 991,182
Stillwater Twp. Water District #1	\$ 475,833	\$ 378,475
Stockton Borough	\$ 1,566,599	\$ 490,437
Stone Harbor Borough	\$ 17,072,956	\$ 5,122,506
Stony Brook RSA	\$ 26,267,375	\$ 12,602,338
Sussex Borough	\$ 1,707,400	\$ 660,457
Sussex County MUA	\$ 20,026,056	\$ 3,530,886
Swedesboro Boro	\$ 95,589	\$ 13,070
Tewksbury Twp.	\$ 413,961	\$ 134,285
Toms River MUA	\$ 14,412,242	\$ 6,159,334
Toms River Twp.	\$ 730,146	\$ 730,146
Toms River Twp. (Dover Twp.)	\$ 754,766	\$ 210,272
Trenton City	\$ 151,151,919	\$ 55,645,205
Tuckerton Borough	\$ 8,000,501	\$ 3,451,758
Two Rivers Water Reclamation Auth (NE Monmouth)	\$ 49,357,977	\$ 16,033,765
Union Beach Borough	\$ 600,000	\$ 203,174
Union Twp.	\$ 184,330	\$ 21,813
Union Twp. (JM)	\$ 3,159,054	\$ 1,301,495
Valley View Healthcare & Rehab Center	\$ 24,252	\$ 5,124
Ventnor City	\$ 6,819,407	\$ 2,608,306

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2019

(CONTINUED)

Borrower Names	Total Original Loans	Program Savings (Est.)
Verona Twp.	\$ 22,863,811	\$ 10,727,200
Village of Lake Glenwood, Inc	\$ 811,765	\$ 987,158
Vineland City	\$ 10,178,998	\$ 5,443,452
Voorhees Twp.	\$ 6,349,596	\$ 2,372,128
Waldwick Borough	\$ 2,951,564	\$ 844,409
Wall Twp.	\$ 6,966,095	\$ 1,904,860
Wanaque Valley RSA	\$ 8,950,838	\$ 4,001,716
Warren County (Pequest River) MUA	\$ 11,707,882	\$ 2,509,374
Warren County MUA	\$ 6,354,515	\$ 1,796,585
Warren Twp. SA	\$ 10,134,131	\$ 3,747,243
Washington Borough	\$ 17,233,521	\$ 5,490,118
Washington Twp. MUA	\$ 21,630,787	\$ 6,562,282
Watchung Borough	\$ 3,458,390	\$ 1,003,477
Waterford Twp. MUA	\$ 5,454,244	\$ 1,502,817
Wayne Twp.	\$ 14,759,658	\$ 6,146,266
Weehawken Twp.	\$ 8,734,336	\$ 1,970,689
West Deptford Twp.	\$ 16,999,696	\$ 4,792,714
West Milford MUA	\$ 11,327,665	\$ 6,075,740
West Orange Twp.	\$ 2,447,091	\$ 848,286
West Orange Twp. (JM)	\$ 3,987,399	\$ 1,973,944
West Windsor Twp.	\$ 3,269,984	\$ 945,484
Western Monmouth UA	\$ 14,433,978	\$ 4,190,696
Westville Borough	\$ 2,353,160	\$ 640,180
Westwood Borough	\$ 6,030,781	\$ 1,491,150
Wharton Borough	\$ 465,596	\$ 133,835
Wildwood City	\$ 3,741,500	\$ 987,446
Wildwood Crest Borough	\$ 16,930,111	\$ 6,805,469
Willingboro MUA	\$ 26,921,531	\$ 13,509,548
Willingboro Twp.	\$ 1,187,400	\$ 467,151
Winslow Twp.	\$ 13,550,864	\$ 4,475,293
Wonder Lakes Properties, Inc.	\$ 141,202	\$ 16,997
Woodbridge Twp.	\$ 884,595	\$ 206,658
Woodbury City	\$ 9,154,723	\$ 2,880,042
Woodbury Heights Borough	\$ 941,910	\$ 323,244
Woodland Park Borough (West Paterson Borough)	\$ 5,183,430	\$ 1,929,352
Woodstown SA	\$ 6,379,625	\$ 2,126,292
Total	\$ 7,181,314,471	\$ 2,594,586,108

2019 CASE STUDY: Jersey City MUA Green Infrastructure Project



Jersey City Municipal Utilities Authority Green Infrastructure Project. **SFY2019 Loan: \$6,677,630.**

Introduction:

Rainy days in Jersey City, NJ use to require middle school students at PS-5 to line up at the building's threshold, to jump over or wade through large puddles and risk a day of soaked shoes and sneakers until a group of curious eighth graders decided they wanted change. They engaged their science teacher, Mr. Albert Padilla, to discuss possible solutions.

The ensuing conversations led to class research projects involving rainfall and the utilization of green infrastructure to address the flooding issues associated with stormwater run-off. Once the class developed their project concept, Mr. Padilla reached out to the Rutgers Cooperative Extension Water Resources Program (Rutgers Coop), which sent representatives to evaluate the situation at the school. Rutgers Coop validated the data compiled by the students, which not

only provided the students with a greater understanding of stormwater runoff and water infrastructure but gave them confidence of their project's legitimacy. The students recognized that PS-5 wasn't the only building in Jersey City that regularly flooded and that their research and strategy might benefit other areas as well. As a public policy and governance assignment, the students attended a City Council meeting and pitched their green infrastructure mitigation plans to Jersey City's elected officials.

The Jersey City Municipal Utilities Authority (JCMUA), as the public utility responsible for combined sewer treatment and stormwater management in the city, and with its administration building and main parking area abutting PS-5, became involved in the mitigation project. Within 1 ½ years, JCMUA initiated a project to capture, store and redirect

rainfall in the area. The students of PS-5 not only served as the catalyst to solve a problem in their community, but they learned a great deal about civics, and how to prevent and contain stormwater runoff. According to Mr. Padilla, "The students wanted to create a project that exemplified urban sustainability and could eventually reshape urban landscapes. Besides the environmental education, they learned very important lessons that they have a voice and the ability to be the change they want to see around them."

The Project: The JCMUA Green Infrastructure (GI) Project is designed to manage stormwater runoff from impervious areas to reduce pressure on Jersey City's combined sewer system (CSS). The project includes the grounds of PS-5 and the JCMUA's Administration building. Approximately 8,540 square feet of porous asphalt parking spaces were installed to intercept, treat and



Jersey City Municipal Utilities Authority Green Infrastructure Project. **SFY2019 Loan: \$6,677,630.**

filter stormwater runoff to promote groundwater recharge. A rain garden was installed in front of the PS-5 school building to capture stormwater runoff from the adjacent parking lot. Additionally, three rain gardens totaling 1,200 square feet were installed to intercept, treat and filter stormwater runoff from portions of the roadway. The project included the installation of emergency generators at the East and West Side pump stations, as well as their connection to the electrical systems, concrete foundations, storm drains, water mains and hydrants, paving and removal of oil storage tanks.

The JCMUA's GI project is designed primarily to manage small flows (i.e., up to a two-year storm event) with selected structures designed to handle larger storms as a means of reducing local flooding during heavier rain events. The project's aim is to increase infiltration and precipitation capture, thereby decreasing runoff volume during a storm, and preventing negative downstream impacts to the CSS. The project's stormwater infiltration system is designed to penetrate the subsoil in a manner that prevents adverse effects to adjacent structures due to groundwater mounding. The seasonal high-water table of the area is at least 3 feet below the bottom of all surrounding structures, thereby

mitigating any impact to the structures. The project's infiltration systems are designed to capture and absorb runoff so that no standing water is visible after 24 hours.

A major highlight of this project was the collaboration of separate, unaffiliated parties uniting to reduce area flooding, increase resiliency against future extreme weather events and improve the quality of life for many residents. The long-established partnership between the JCMUA, the DEP and the I-Bank facilitated the planning and financing of the project, and resulted in a creative strategy that addressed Combined Sewer Overflow issues. The financing cost savings are estimated to equal over half of the total project cost. By diverting and reducing additional flows into the CSS, JCMUA is now better able to maintain uninterrupted conveyance of wastewater to the treatment plant, minimizing the potential for the backup of sewage into local waterways, benefiting public health and the environment.

The GI project was funded with approximately \$6.6 million in loans from the NJ Water Bank. The project qualified for combined principal forgiveness (equivalent to a grant) totaling \$1,328,974 as it not only addressed damage from Superstorm Sandy and

improved resilience for future storms, but it also addressed Jersey City's CSO issues by utilizing green infrastructure. Including the interest cost savings, total savings for this project is estimated to be \$3.4 million over the 20-year term of the loan, or 51% of the total project cost.

This project demonstrates how community action at the youngest age level in cooperation with multiple state and local government agencies can benefit rate-payers and their community for years to come. In this project, a number of groups came together to support the JCMUA's initiative to proactively prepare for extreme weather events by investing in state-of-the-art resiliency measures. According to Jersey City Mayor Steven Fulop, "This is a smart project. For very little money, we have diverted water from our combined sewer system with green engineering techniques and qualified for principal forgiveness in the process. The result is reduced stormwater overflow, improved resiliency and savings of over 50% in the long run. This project is an excellent example of our commitment to better manage our wastewater, improve resiliency in case of future storms and reduce risks to public health and the environment. This project accomplished all that at an affordable price that will save our rate

payers money over time.”

History of the JCMUA: The JCMUA began operations in 1949 as the Jersey City Sewerage Authority (JCSA) with two sewage treatment plants; the first, on the shore of the Hackensack River and the second, adjacent to the Liberty Science Center. In 1990, when more rigorous rules of the USEPA required large upgrades, the JCSA,

using a \$21 million grant from the USEPA, converted its two treatment plants to pumping stations and began pumping wastewater under the Newark Bay to the Passaic Valley Sewerage Commission (PVSC) in Newark for treatment. In 1998, the Sewerage Authority took over responsibility for drinking water services from a department within city government and the entity was renamed the Jersey

City Municipal Utilities Authority. Today the JCMUA pumps approximately 50 million gallons of wastewater per day to PVSC through a 72-inch pipe and twenty-one combined sewer overflow points throughout the city keep raw wastewater from discharging into the rivers.



Jersey City Municipal Utilities Authority Green Infrastructure Project. **SFY2019 Loan: \$6,677,630.**

NEW JERSEY TRANSPORTATION BANK



Route 295/42/I-76, Direct Connect, Camden County

NJ TRANSPORTATION BANK: CLOSED LOANS IN SFY2019

INTRODUCTION

The I-Bank, working in partnership with the NJ Department of Transportation (DOT), has developed and administers the NJ Transportation Bank financing program with a mission to make low-interest rate loans to qualified counties, municipalities, and regional transportation authorities, for the purpose of financing transportation infrastructure projects. These projects enhance safety, improve quality of life and help meet travel and commerce demands. The Program offers funding separate and distinct from other available State grant funds allowing local government units to move forward with their transportation projects when such projects are ready.

ELIGIBLE PROJECTS

Transportation Bank loans are available for capital projects for public highways, approach roadways and other necessary land-side improvements, ramps, signal systems, roadbeds, transit lanes or rights of way, pedestrian walkways and bridges connecting to passenger stations and servicing facilities, bridges, and grade crossings.

ELIGIBLE BORROWERS

Eligible borrowers are local government units defined as county, municipality, municipal, county or regional transportation authority, or any other political subdivision of the State authorized to construct, operate, and maintain public highways or Transportation projects.

Identification of a project on the Transportation Infrastructure Project Priority List (TIPPL) is a prerequisite to program financing. Once an application is submitted, projects are placed on the ensuing year's TIPPL upon DOT's preliminary project ranking. To ensure the Transportation Bank's limited appropriations are utilized quickly and efficiently, projects are allocated funds only when a project's sponsor represents that construction award will meet the ensuing year's Construction Readiness standards (12 months out). Applicants must also demonstrate an ability to satisfy loan repayment obligations by meeting the requirements of the Transportation

Bank's credit worthiness standards, which include an investment grade rated municipal or county general obligation pledge. The Transportation Handbook, published on the I-Bank website, provides details for project sponsors and their consultants of the requirements of the Transportation Bank's application process.

OVERVIEW OF THE PROGRAM

The Transportation Bank provides borrowers with short-term loan funds to pay for engineering, legal, and construction costs. Upon project completion, the Transportation Bank terms out the short-term construction loan with long-term financing for a term that matches the certified useful life of the project, but in no case in excess of 31 years. The Transportation Bank will leverage its State appropriated funds with private market funds to enable the program to offer a greater amount of below market rate financing to a greater number of qualified, in-need projects. State appropriated funds are offered long-term at a 0% interest rate. Private market funds are offered at the I-Bank's low-rate cost of funds.

SFY2019 LOAN SPECIFICS

Within the Financing Program's first eight months of operations the Transportation Bank issued its first short-term loan to Camden County (fittingly, a recipient of the I-Bank's first Water Bank loan thirty years earlier). By the end of its first full fiscal year of operation, the I-Bank, working in conjunction with the DOT, closed on a total of seven loans to finance eight projects:

- Camden County – Westfield Avenue Road Milling project (\$2,500,000);
- Burlington County – Centerton Road Bridge Demolition (\$3,325,000);
- City of Orange Township – Roadway Improvement project (\$9,910,000);
- Somerdale Borough's Reconstruction of Evergreen Ave. and Reconstruction of Gloucester and Ava Aves. (\$2,053,550);
- Cape May County – Avalon Boulevard (County Road 601) over Ingrams

Thoroughfare Deck Rehabilitation (\$10,100,000);

- Essex County – Replacement of the New Dutch Lane Bridge over Deep-avaal Brook, Fairfield, NJ (\$2,250,000); and
- Little Silver Borough – Branch Avenue Sidewalks (\$459,000).

These loans were funded with State appropriations for SFY2018 and SFY2019. The Transportation Bank is structured so that repayment monies from these loans will be re-lent to future project sponsors for transportation projects within the Transportation Bank.

ALLOWABLE PROJECT COSTS

Eligible costs include: construction expenses, rights of way acquisition, and project management costs including engineering, legal counsel, financial advisor, and permitting fees.

PROJECT FINANCING

Short-term Construction Loans (Construction Loans) are issued to applicants upon the approval of contracts (engineering, construction and/or construction management). Each of the eight Transportation projects financed through the Transportation Bank in SFY2019 received an initial Construction Loan. Loan funds are disbursed to a borrower upon submission by the borrower of incurred vendor and contractor invoices. Construction Loan interest rates are targeted to be approximately 50% of the I-Bank's cost of short-term funds and are only charged on funds drawn, thereby providing the most cost-efficient process for borrowers. In SFY2019, the interest rate on the Construction Loan program was set at 1.5%. In SFY2020, this rate will be reset quarterly as directed by the I-Bank's Board. Debt service repayments generally commence after construction completion. Upon conversion to a long-term loan, interest rates are fixed typically at 50% of the Transportation Bank's long-term borrowing rate.

NJ TRANSPORTATION BANK: BENEFITS, ELIGIBILITY, ALLOWABLE PROJECT COSTS AND FUNDING SOURCES



Little Silver Sidewalks. **SFY2019 Loan: \$459,045.**

ADVANTAGES OF TRANSPORTATION FUNDING

Program participants realize significant benefits and cost-saving measures through the following program features:

Generous Allowable Costs – Associated project costs may be financed through the program based upon costs incurred, including environmental planning, if applicable, engineering design, project management, and other professional fees necessary to finance the project.

Upfront Cash – Through the Transportation Bank's short-term Construction Loan Program (CLP), funds are available upon certification of the project's engineering contract through construction completion. The CLP is a "cost-incurred" payment program. Borrowers need not pay vendor costs in advance of the submission of requisitions for receipt of CLP funds. Funds are disbursed through an expedited requisition approval process upon receipt of invoices and supporting back-up documentation relieving borrowers from utilizing cash-on-hand or costly working capital lines to pay contractors and vendors up front.

Deferred Debt Service Cash Payments During Construction – During construc-

tion, borrowers' payment of principal, interest and fees on their short-term CLP loans are generally deferred until construction completion. Short-term CLP loan obligations are refinanced and capitalized through the long-term loan financing program.

Interest Cost Savings During Construction – Interest is only charged on amounts that have been requisitioned at a rate set quarterly that is approximately 50% of the I-Bank's cost of short-term funds.

Interest Cost Savings During Long-Term Financing – The current financing program funds long-term loans at an interest rate equal to 50% of the I-Bank's market AAA rated cost of funds. This lower cost of funds results in a grant-like program with interest savings of approximately 20-35% (after fees) of the total long-term loan amount for a project having a useful life of 31 years when compared to the cost of an AAA-rated borrower financing the project independently.

Efficient Long-Term Lending – Aggregating the financing of many projects into one larger bond issue reduces financing and underwriting costs for borrowers.

Flexible Long-Term Loan Maturity – Shorter amortization schedules are available for borrowers who wish to minimize the repayment period of their loan.

Level Debt Service/No Front-Loading Requirement – The Transportation Bank Financing Program provides for level debt service throughout the life of the loan normalizing annual payments for budgetary purposes. In contrast, when issuing their own general obligation debt, local government units are required to "front load" their debt service schedule, resulting in larger debt service payments in the early years of the loan and declining over time.

Minimized Financing Costs – Borrowers are charged a one-time 2% administrative fee for the review of project applications and disbursement of funds, a one-time fee of 0.10% for the cost of issuance (COI) for long-term bond deals, and an annual 0.15% loan servicing fee on the original loan amount to process long-term loan repayments.

Refunding & Reporting Management – The I-Bank evaluates and coordinates all refunding opportunities and administers all Federal Bond compliance matters (SEC reporting, IRS arbitrage calculations, etc.).

NJ TRANSPORTATION BANK: SFY2019 TRANSPORTATION FINANCING PROGRAM LEGISLATIVE REPORTS

Pursuant to the I-Bank's Enabling Act, the DOT and the I-Bank are required to publish annual legislative reports in January and May respectively. These two reports outline the Transportation Infrastructure Bank ("Transportation Bank") program requirements for the ensuing fiscal year and provide important financing administrative guidance to the public respectively. The Transportation Infrastructure Bank Priority System and the Transportation Infrastructure Project Priority List ("January Report") include project and applicant

eligibility requirements, the system and methodology for prioritizing projects for funding and the initial list of projects eligible for funding in the upcoming fiscal year. The Financial Plan ("May Report") identifies the process by which Transportation Bank projects will be funded in the upcoming fiscal year including, but not limited to, the loan terms and conditions, interest rates, fees, and loan closing prerequisites.

SFY2019 was the Transportation Bank's first full year of operations to finance proj-

ects. The initial legislative reports, filed toward the end of SFY2018, established the terms and conditions for project financing for SFY2019. By the end of SFY2019, the I-Bank had financed eight projects, and appropriated funds for a ninth project which was awaiting loan closing. As of the end of SFY2019 the Project Priority List consisted of the above-mentioned nine projects, as well as an additional three projects which were ranked in priority order, awaiting financing in the subsequent fiscal year.

NJ TRANSPORTATION BANK: SFY2019 PROJECT PRIORITY LIST SUMMARY

Asset Category	Amount
Bridge Assets	\$ 15,675,000
Road Assets	\$ 26,830,000
Multimodal	\$ 1,479,000
Total	\$ 43,984,000



Camden County Westfield Avenue, CR 610 Project. **SFY2019 Loan: \$2,500,000.**

Ribbon Cutting for Camden County Westfield Avenue Project. From left to right: Kevin Becica, Camden County Engineer, David Zimmer, Executive Director, NJ I-Bank, Diane Gutierrez-Scaccetti, Commissioner of the NJ DOT, Louis Cappelli, Jr., Camden County Freeholder, Jack Killion, Mayor of Pennsauken Township, Betsy McBride, Township Committee Member.

NJ TRANSPORTATION BANK: APPLICATION PROCESS

The Transportation Bank, which accepted its first application in SFY2019, developed and implemented an application process that was informed by the best features of both the I-Bank's long-successful and much larger sister program for water projects and the DOT's SAGE system. To initiate a program application, an applicant identifies an Authorized Official who creates and owns a Transportation Bank account and who designates an Authorized Representative to act as the project manager for a particular project. The Authorized Representative in turn

designates the project's engineering, legal and financial consultants for the project as Collaborators, giving each the authority to work on specific but limited components of the application.

At the end of SFY2019, the I-Bank began to work on developing and transforming the Transportation Bank's application process into a web-based portal to manage the submission of loan application data electronically. The new portal, to be named **NJ-Moves** is expected to debut in SFY2020 and will

reduce the effort and time needed for the submission and processing of information for Transportation Bank financing. The platform will be modeled after the NJ Water Bank's successful web-based platform, **H₂LOans**. **NJ-Moves** will provide Borrowers an efficient and streamlined process for data input that eliminates duplication efforts and minimizes input errors. Stay tuned as the I-Bank and DOT partnership continues to build out the Transportation Bank's application process in SFY2020.

2019 CASE STUDY: CITY OF ORANGE TOWNSHIP PAVING PROJECT

The Project: The City of Orange Township (Orange Township) closed on a \$9.9 million Transportation Bank construction loan in early 2019 to improve more than 6.63 miles on 31 different roadways. The roadway improvements include paving, utility upgrades, street tree planting, and driveway, sidewalk, and curb rehabilitation. Safety upgrades include intersection improvements, high-visibility crosswalks, bicycle-safe grates, and ADA-compliant curb ramps. It is estimated that the Township will save \$2.67 million or 27% of the project's cost by borrowing through the Transportation Bank for the 30-year certified life as opposed to borrowing independently.

History of Orange Township/

Project Need: Orange Township is

approximately 2.2 square miles in size and surrounded by the municipalities of East, South, and West Oranges. As early as 1705, Orange Township was connected to the greater metropolitan area situated on the Mt. Pleasant Turnpike, the main road from Newark to Morristown, and ultimately to Easton, Pennsylvania making it a busy thoroughfare for travelers. Given its strategic location, the Township, a small, densely populated, centrally located municipality, continues to be an attractive site for residential and commercial development with a highly efficient transportation network that links train, bus, and regional highway access. The Township's current road paving project, which is being financed by the I-Bank, is a part of the Township's improvement program.

Project Benefits: Orange Township's transportation infrastructure is integral to its commerce and economic vitality. The project presents an exciting opportunity for Orange Township and is a critical part of the Township administration's larger initiative to revitalize local infrastructure. Attention to its transportation infrastructure will increase traffic efficiency and improve safety conditions. As a result, this project is expected to facilitate the attraction of new businesses and expansion of the housing market as well as improve the quality of life for its residents and businesses. Financing this project through the I-Bank's low-rate Transportation Bank Program is an example of infrastructure improvements that benefit the entire community, in the most cost-efficient manner.



City of Orange Various Street Paving Project. **SFY2019 Loan: \$9,910,001.**



Cape May County Avalon Boulevard (C.R. 601) over Ingrams Thoroughfare Deck Rehabilitation. **SFY2019 Loan: \$10,100,000.**

COMPLIANCE AND INTERNAL CONTROLS - SFY2019

The I-Bank has policies and procedures in place that govern expenditures, financial reporting and procurement. Recognizing the extensive responsibility as an issuer of bonds and steward of public monies, the I-Bank has developed these policies and procedures to ensure compliance with the requirements of both federal and state laws and regulations as well as its own enabling act and bond resolutions.

Financial controls in place include, but are not limited to, the following policies:

Investment Policy: A comprehensive policy setting forth the investment and operational policies for the management of the investment activities of the I-Bank to ensure that such policies are consistent with the overall financial needs, prudent management and compliance with state and federal laws. The Investment Policy was amended in SFY2018 to include the Transportation Infrastructure Financing Program funds under the same investment standard.

Credit Worthiness Policy: As a lender of funds, the I-Bank maintains minimum credit worthiness standards which applicants must meet to receive an I-Bank Loan. These credit worthiness standards help to ensure that publicly issued I-Bank bonds maintain a AAA/AAA/Aaa credit rating from each of the three nationally recognized rating agencies. The Credit Worthiness Policy was amended in SFY2019 to incorporate the name change to the I-Bank and also to establish creditworthiness requirements specific to each individual financing program within the I-Bank.

Procurement Policy: The I-Bank Procurement Policy adheres to the requirements of the New Jersey Local Public Contracts Law committing the I-Bank to the principals of a fair and open bidding process. The Procurement Policy was amended in SFY2018 to incorporate the name change, and adjust the threshold dollar amount of purchases authorized by the Executive Director, to account for the projected increase in required vendor services.

Managing Contract Spending Caps: The I-Bank maintains vigilance with its outside contracts through its management of operating fund disbursements.

Trust Operating Bank Account Procedures: The I-Bank's "TOBA" policy strictly regulates signatory authority for checks and counter signing requirements.

In 2019, in conjunction with its outside Internal Controls Audit firm, Cohn Reznick, LLP, the I-Bank concluded Phase III of the extensive assessment of its internal control processes whereby existing policies were refined, process gaps, weaknesses and opportunities for improvement were identified, and all levels of the internal control structure of the I-Bank were evaluated. The execution of the Audit Plan (Phase IV) will take place during SFY2020.

APPENDIX INDEPENDENT AUDITOR'S REPORT

New Jersey Infrastructure Bank

(A Component Unit of the State of New Jersey)

Financial Report
June 30, 2019

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**New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)**

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018**

On January 16, 2018, pursuant to Public Law 2016, Chapter 56 the New Jersey Environmental Infrastructure Trust's name was changed to the New Jersey Infrastructure Bank (I-Bank) and its statutory authority expanded to include a financing program for local transportation projects. The I-Bank currently is structured organizationally as two distinct operating departments: (i) one department, in conjunction with the New Jersey Department of Environmental Protection (NJ DEP) for the purpose of operating its environmental infrastructure financing programs, which programs are referred to collectively as the New Jersey Water Bank (Water Bank), and (ii) a second department, in conjunction with the New Jersey Department of Transportation (NJ DOT), for the purpose of operating its transportation infrastructure financing program, which program is referred to as the New Jersey Transportation Bank (Transportation Bank).

The I-Bank is not (i) a "bank" or "savings bank" within the meaning of the New Jersey Banking Act of 1948, or (ii) a "national banking association" or a "federal savings bank" within the meaning of the National Bank Act. Further, the I-Bank is not subject to the general supervision of the New Jersey Department of Banking and Insurance or the Office of the Comptroller of the Currency (United States Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept "deposits" within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.

This section of the annual financial report of the I-Bank presents management's discussion and analysis of the financial performance of each financing program within the I-Bank during the fiscal years ended June 30, 2019 and 2018 relative to each other. Please read this section in conjunction with the I-Bank's financial statements and accompanying notes.

Overview of the financial statements: This financial report consists of two parts, the Management's Discussion and Analysis (this section) and the basic financial statements, including notes. The I-Bank is a state financing entity. The accounting policies of the I-Bank conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds.

The I-Bank's financial statements report information about the I-Bank using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the I-Bank's short-term and long-term lending activities. The statements of net position includes all of the I-Bank's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the accounts payable (liabilities). The statements of revenues, expenses and changes in net position includes all of the current year's revenues and expenses. The statements of cash flows is the final required financial statement. The primary purpose of these statement is to provide information about the I-Bank's cash receipts, cash payments and the net changes in cash positions resulting from operations, investing and non-capital financing activities and answers such questions as sources of cash and uses of cash during the reporting period.

The following analysis is segregated into its two separate financing programs administered by the I-Bank in conjunction with the NJ DEP and the NJ DOT; namely the Water Bank and the Transportation Bank.

**New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)**

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018**

Water Bank

Financial highlights for the year ended June 30, 2019:

- Assets increased by \$61,171,920 or 11.81%
 - Cash and investments (excluding earmarked but, as of yet, undisbursed project funds) decreased by \$69,170,550 or (20.28%)
 - Total loans increased by \$130,233,111 or 75.00%
- Liabilities increased by \$279,892 or 21.52%
- Net position increased by \$60,892,028, or 11.78%
- Operating revenues increased by \$7,139,000, or 94.14%
- Non-operating revenues decreased by \$79,058,669, or (60.64%)
- Operating expenses decreased by \$401,841, or (7.24%)

Financial highlights for the year ended June 30, 2018:

- Assets increased by \$132,471,539 or 34.34%
 - Cash and investments (excluding earmarked but, as of yet, undisbursed project funds) increased by \$99,452,859 or 41.16%
 - Total loans increased by \$32,691,340 or 23.19%
- Liabilities increased by \$61,683 or 4.98%
- Net position increased by \$132,409,856, or 34.44%
- Operating revenues increased by \$405,848, or 5.65%
- Non-operating revenues increased by \$78,766,994, or 152.61%
- Operating expenses decreased by \$201,009, or (3.49%)

The Water Bank issues short-term loans to fund various types of environmental infrastructure projects prior to securing long term financing. The Short-Term Loan Program offers loans for eligible costs including construction, planning & design, associated legal fees, equipment and emergencies. For loans issued in SFY2019, the Water Bank provided Construction Loans to borrowers at a 0% interest rate with the support of the NJ DEP.

**New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)**

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018**

Water Bank, (Continued)

The State-wide Assistance Infrastructure Loan (SAIL) Program provides timely and cost effective interim funding for borrowers to repair disaster-damaged infrastructure and improve the resiliency of Clean Water and Drinking Water systems. The short-term SAIL Program provides advance funding to water systems working with FEMA, CDBG or other federal grant programs, pending receipt of federal reimbursements to mitigate the financial and cashflow stress on disaster impacted communities during the rebuild process. The SAIL Program also provides funding of the local share required by federal grant programs. For loans issued in SFY2019, the Water Bank provided SAIL Loans to borrowers at a 0% interest rate with the support of the NJ DEP.

Upon construction completion, the Water Bank converts the program's short-term and SAIL loans into long-term financing. The I-Bank provides a portion of the long-term funds by acting as a conduit lender, issuing bonds in the public municipal market and providing the proceeds to participating borrowers. In cases of de-minimis loans, the Water Bank will often act as a direct long-term lender. The NJ DEP provides the remainder of the Water Bank financing by issuing 0% interest loans.

Financial analysis: The mission of the Water Bank is to provide and administer low interest rate loans to qualified municipalities, counties, regional authorities, and water purveyors for the purpose of financing the construction of environmental infrastructure projects with a water quality benefit. Therefore, when reviewing the Water Bank's financial statements, its performance should be measured based upon the Water Bank's ability to fund both short-term construction loans and provide long-term permanent financing.

During SFY2019 and SFY2018, the Water Bank closed on 78 and 58 short-term loans, respectively. In both years the cash and investment balance, which includes available construction funds, increased primarily due to the State Appropriation to the Short-Term Loan Programs. Total loans increased due to the payment of requisitions on outstanding short-term loans.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Water Bank, (Continued)

The following table summarizes the net position changes of the Water Bank between June 30, 2019, 2018 and 2017:

	2019	2018	Percent Increase (Decrease)	2017	Percent Increase (Decrease)
Current loans receivable	\$ 110,276,512	\$ 69,747,872	58.11 %	\$ 87,292,753	(20.10)%
Noncurrent loans receivable	193,529,117	103,773,220	86.49 %	53,401,569	94.33 %
Cash for borrowers - undisbursed project funds	80,000	131,426	(39.13)%	266,856	(50.75)%
Total loans	303,885,629	173,652,518	75.00 %	140,961,178	23.19 %
Current cash and cash equivalents, as reduced by undisbursed loan project funds	168,619,257	225,247,477	(25.14)%	128,249,882	75.63 %
Current investments	15,391,921	31,858,130	(51.69)%	26,845,036	18.67 %
Noncurrent investments	87,904,515	83,980,636	4.67 %	86,538,466	(2.96)%
Administrative fee receivable	2,366,155	2,423,841	(2.38)%	2,400,658	0.97 %
Due from Transportation	322,748	131,857	144.77 %	-	100.00 %
Other assets	867,018	890,864	(2.68)%	718,564	23.98 %
Total assets	<u>\$ 579,357,243</u>	<u>\$ 518,185,323</u>	11.81 %	<u>\$ 385,713,784</u>	34.34 %
Accounts payable	\$ 1,580,463	\$ 1,300,571	21.52 %	\$ 1,238,888	4.98 %
Total liabilities	<u>\$ 1,580,463</u>	<u>\$ 1,300,571</u>	21.52 %	<u>\$ 1,238,888</u>	4.98 %
Restricted	\$ 552,881,561	\$ 492,502,954	12.26 %	\$ 360,895,021	36.47 %
Unrestricted	24,895,219	24,381,798	2.11 %	23,579,875	3.40 %
Total net position	<u>\$ 577,776,780</u>	<u>\$ 516,884,752</u>	11.78 %	<u>\$ 384,474,896</u>	34.44 %

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Water Bank, (Continued)

For SFY19, the Water Bank's administrative fees increased by 1.86% due to the refunding issuances during the year and the subsequent refunding cost of issuance reimbursements from borrowers. The Water Bank's non-operating revenues decreased substantially due to receiving \$50 million in funds in SFY19, compared to \$130 million in funds in SFY 18, from the State through the NJ DEP to support the Short-Term Loan Program. The Water Bank's investment income increased primarily due to higher interest rates for short term securities such as money market funds in conjunction with increased holdings throughout the year. In addition, decreases in interest rates in the middle of the yield curve resulted in substantial FMV gain in SFY19 versus a loss in SFY18. Miscellaneous income relates to the return of funds that had been held in debt service reserve accounts for bonds that are no longer outstanding. The Water Bank's expenses decreased due primarily to unfilled full time staffing positions and the resulting reduction in aggregate salary and fringe expenses, a reduction in information technology expenses and the first full year of shared expenses with the Transportation program. These reductions in expenses were partially offset by increased expenses for the refunding.

For SFY18, the Water Bank's administrative fees decreased by (9.87%) due to the lack of refunding issuances during the year and the subsequent drop in refunding cost of issuance reimbursements from borrowers. The Water Bank's non-operating revenues increased substantially due to an increase of \$79 million in funds from the State through the NJ DEP to support the Short-Term Loan Program. The Water Bank's investment income increased primarily due to higher interest rates for short term securities in conjunction with increased holdings. The Water Bank's expenses decreased due primarily to unfilled staffing positions and the resulting reduction in aggregate salary and fringe expenses as well as a reduction in information technology expenses.

The following table summarizes the changes in Water Bank net position between fiscal years June 30, 2019, 2018 and 2017:

	2019	2018	Percent Increase (Decrease)	2017	Percent Increase (Decrease)
Net position, beginning of year	\$ 516,884,752	\$ 384,474,896		\$ 331,438,891	
Investment income	8,468,277	1,423,893	494.73 %	330,011	331.47 %
Loan interest income	151,825	168,535	(9.91)%	200,466	(15.93)%
Administrative fees	6,102,191	5,990,865	1.86 %	6,646,968	(9.87)%
Miscellaneous	1,320,998	379,667	247.94 %	612,673	(38.03)%
State appropriations - current year	50,000,000	130,000,000	(61.54)%	51,000,000	154.90 %
Total revenues	66,043,291	137,962,960	(52.13)%	58,790,118	134.67 %
Administrative expenses	5,151,263	5,553,104	(7.24)%	5,754,113	(3.49)%
Total expenses	5,151,263	5,553,104	(7.24)%	5,754,113	(3.49)%
Change in net position	60,892,028	132,409,856	(54.01)%	53,036,005	149.66 %
Net position, end of year	\$ 577,776,780	\$ 516,884,752	11.78 %	\$ 384,474,896	34.44 %

**New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)**

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018**

Transportation Bank

Financial highlights for the year ended June 30, 2109:

- Assets increased by \$22,567,693, or 100.64%
 - Cash and investments increased by \$22,197,032, or 99.16%
- Liabilities increased by \$190,891 or 144.77%
- Net position increased by \$22,376,802, or 100.38%
- Operating revenues increased by \$1,232,885, or 2,326.42%
- Administrative expenses increased by \$1,148,663, or 318.71%

The Transportation Bank became operational in January of 2018, the purpose of the Transportation Bank is to provide financial assistance to New Jersey local government units or consortia thereof, authorized to construct, operate and maintain transportation projects. The Transportation Bank provides low-cost financing for capital projects for public highways, approach roadways, and other necessary land side improvements, ramps, signal systems, roadbeds, transit lanes or rights of way, pedestrian walkways and bridges connecting to passenger stations and servicing facilities, bridges and grade crossings. The Transportation Bank received the second annual \$22.6 million SFY2019 appropriation in September of 2018. The State has provided for up to \$2.6 million of the appropriation to be used for operations. It is anticipated that for the seven (7) year period from SFY2018 through SFY2024 the NJIB will receive a net sum of \$22.6 million per year in appropriations to fund the Transportation Bank.

Financial analysis:

The mission of the Transportation Bank is to provide and administer low interest rate loans to qualified municipalities, counties, regional authorities for the purpose of financing transportation infrastructure projects. Therefore, when reviewing the Transportation Bank's financial statements, its performance should be measured based upon the Transportation Bank's ability to fund both short-term construction loans and provide long-term permanent financing.

During SFY2019, the cash and investment balance increased, primarily due to the receipt of State Appropriations for the Transportation Program. These funds were invested based upon on the liquidity needs of the program to maximize investment earnings in accordance with the investment policy. The loans increased due to the payment of requisitions on the 7 loans that closed during the state fiscal year. Accounts Payable to water increased due to increased expenses incurred for operations as the program and its associated expenses continue to grow.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Transportation Bank, (Continued)

The following table summarizes the net position changes of the Transportation Bank between June 30, 2019, 2018 and 2017:

	2019	2018	Percent Increase (Decrease)	2017	Percent Increase (Decrease)
Current loans receivable	\$ 97,125	\$ -	100.00 %	\$ -	0.00 %
Noncurrent loans receivable	181,455	-	100.00 %	-	0.00 %
Cash for borrowers - undisbursed project funds	-	-	0.00 %	-	0.00 %
Total loans	<u>\$ 278,580</u>	<u>\$ -</u>	100.00 %	<u>\$ -</u>	0.00 %
Current cash and cash equivalents, as reduced by undisbursed loan project funds	\$ 13,051,960	\$ 22,384,763	(41.69)%	\$ -	100.00 %
Current investments	28,506,399	-	100.00 %	-	0.00 %
Noncurrent investments	3,023,436	-	100.00 %	-	0.00 %
Administrative fee receivable	-	-	0.00 %	-	0.00 %
Other assets	131,755	39,674	232.10 %	-	100.00 %
Total assets	<u>\$ 44,992,130</u>	<u>\$ 22,424,437</u>	100.64 %	<u>\$ -</u>	100.00 %
Accounts payable	\$ -	\$ -	0.00 %	\$ -	0.00 %
Due to Water for Expenses	322,748	131,857	144.77 %	-	100.00 %
Total liabilities	<u>\$ 322,748</u>	<u>\$ 131,857</u>	144.77 %	<u>\$ -</u>	100.00 %
Restricted	\$ 43,383,984	\$ 20,052,995	116.35 %	\$ -	100.00 %
Unrestricted	\$ 1,285,398	2,239,585	(42.61)%	-	100.00 %
Total net position	<u>\$ 44,669,382</u>	<u>\$ 22,292,580</u>	100.38 %	<u>\$ -</u>	100.00 %

**New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)**

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018**

Transportation Bank, (Continued)

Investment income increased due to the full year of operations, increases in interest rates for short term securities such as money market funds and an additional State Appropriation received in September of 2018. Administrative fees increased due to the closing of 7 loans during SFY2019. Administrative expenses also increased due to the full year of operations as well as the growth of the program representing both direct and allocated costs attributable to the operation of the Transportation Bank.

The following table summarizes the changes in the Transportation Bank net position between fiscal years June 30, 2019, 2018 and 2017:

	2019	2018	Percent Increase (Decrease)	2017	Percent Increase (Decrease)
Net position, beginning of year	\$ 22,292,580	\$ -		\$ -	
Investment income	1,007,300	52,995	1800.75 %	-	100.00 %
Administrative fees	278,580	-	100.00 %	-	0.00 %
State appropriations - current year	22,600,000	22,600,000	0.00 %	-	100.00 %
Total revenues	23,885,880	22,652,995	5.44 %	-	100.00 %
Administrative expenses	1,509,078	360,415	318.71 %	-	100.00 %
Total expenses	1,509,078	360,415	318.71 %	-	100.00 %
Change in net position	22,376,802	22,292,580	0.38 %	-	100.00 %
Net position, end of year	\$ 44,669,382	\$ 22,292,580	100.38 %	\$ -	100.00 %

Contacting the I-Bank's financial management: This financial report is designed to provide citizens, borrowers, investors and creditors with a general overview of the I-Bank's finances and to demonstrate the I-Bank's accountability for the State appropriations and bond proceeds it receives. If you have any questions about this report or need additional financial information, contact the I-Bank's Chief Financial Officer at 3131 Princeton Pike, Building 4, Lawrenceville, New Jersey 08648.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Net Position
Year Ended June 30, 2019

	Water Bank	Transportation Bank	Total
Assets			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	\$ 14,939,812	\$ 1,285,398	\$ 16,225,210
Investments	1,496,895	-	1,496,895
Interest receivable	57,877	-	57,877
Loans receivable	670,556	-	670,556
Administrative fee receivable	2,366,155	-	2,366,155
Due from Transportation	322,748	-	322,748
Other assets	99,131	4,751	103,882
Restricted assets:			
Cash and cash equivalents	153,759,445	11,766,562	165,526,007
Investments	13,895,026	28,506,399	42,401,425
Interest receivable	698,139	127,004	825,143
Loans receivable	109,605,956	97,125	109,703,081
Total current assets	297,911,740	41,787,239	339,698,979
Noncurrent assets:			
Unrestricted assets:			
Capital assets	11,871	-	11,871
Investments	-	-	-
Loans receivable	6,510,637	-	6,510,637
Restricted assets:			
Investments	87,904,515	3,023,436	90,927,951
Loans receivable	187,018,480	181,455	187,199,935
Total noncurrent assets	281,445,503	3,204,891	284,650,394
Total assets	\$ 579,357,243	\$ 44,992,130	\$ 624,349,373
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 1,580,463	\$ -	\$ 1,580,463
Due to Water	-	322,748	322,748
Total current liabilities	1,580,463	322,748	1,903,211
Total liabilities	1,580,463	322,748	1,903,211
Net position:			
Net investment in capital assets	11,871	-	11,871
Restricted for debt service	121,873,463	-	121,873,463
Restricted for Interim Financing Loan Program	431,008,098	-	431,008,098
Restricted for Transportation Program	-	43,383,984	43,383,984
Unrestricted	24,883,348	1,285,398	26,168,746
Total net position	577,776,780	44,669,382	622,446,162
Total liabilities and net position	\$ 579,357,243	\$ 44,992,130	\$ 624,349,373

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Net Position
Year Ended June 30, 2018

	Water Bank	Transportation Bank	Total
Assets			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	\$ 8,022,849	\$ 2,363,107	\$ 10,385,956
Investments	5,443,441	-	5,443,441
Interest receivable	81,633		81,633
Loans receivable	713,510		713,510
Administrative fee receivable	2,423,841	-	2,423,841
Due from Transportation	131,857	-	131,857
Other assets	79,355	8,335	87,690
Restricted assets:			
Cash and cash equivalents	217,356,054	20,021,656	237,377,710
Investments	26,414,689	-	26,414,689
Interest receivable	692,610	31,339	723,949
Loans receivable	69,034,362	-	69,034,362
Total current assets	330,394,201	22,424,437	352,818,638
Noncurrent assets:			
Unrestricted assets:			
Capital assets	37,266	-	37,266
Investments	1,480,488	-	1,480,488
Loans receivable	7,268,128		7,268,128
Restricted assets:			
Investments	82,500,148	-	82,500,148
Loans receivable	96,505,092	-	96,505,092
Total noncurrent assets	187,791,122	-	187,791,122
Total assets	\$ 518,185,323	\$ 22,424,437	\$ 540,609,760
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 1,300,571	\$ -	\$ 1,300,571
Due to Water	-	131,857	131,857
Total current liabilities	1,300,571	131,857	1,432,428
Total liabilities	1,300,571	131,857	1,432,428
Net position:			
Net investment in capital assets	37,266	-	37,266
Restricted for debt service	115,538,234	-	115,538,234
Restricted for Interim Financing Loan Program	376,964,720	-	376,964,720
Restricted for Transportation Program	-	20,052,995	20,052,995
Unrestricted	24,344,532	2,239,585	26,584,117
Total net position	516,884,752	22,292,580	539,177,332
Total liabilities and net position	\$ 518,185,323	\$ 22,424,437	\$ 540,609,760

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

	Water Bank	Transportation Bank	Total
Operating revenue:			
Investment income:			
Interest income	\$ 5,737,580	\$ 924,063	\$ 6,661,643
Net increase in the fair value of investments	2,730,697	83,237	2,813,934
Interest income from loans	151,825	-	151,825
Administrative fees	6,102,191	278,580	6,380,771
Total operating revenues	14,722,293	1,285,880	16,008,173
Operating expenses:			
Administrative expenses	5,151,263	1,509,078	6,660,341
Total operating expenses	5,151,263	1,509,078	6,660,341
Operating income	9,571,030	(223,198)	9,347,832
Nonoperating revenues:			
Miscellaneous	1,320,998	-	1,320,998
State appropriations - current year	50,000,000	22,600,000	72,600,000
Total nonoperating revenue	51,320,998	22,600,000	73,920,998
Change in net position	60,892,028	22,376,802	83,268,830
Net position, beginning of year	516,884,752	22,292,580	539,177,332
Net position, end of year	<u>\$ 577,776,780</u>	<u>\$ 44,669,382</u>	<u>\$ 622,446,162</u>

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018

	Water Bank	Transportation Bank	Total
Operating revenue:			
Investment income:			
Interest income	\$ 3,033,687	\$ 52,995	\$ 3,086,682
Net decrease in the fair value of investments	(1,609,794)	-	(1,609,794)
Interest income from loans	168,535	-	168,535
Administrative fees	5,990,865	-	5,990,865
Total operating revenues	7,583,293	52,995	7,636,288
Operating expenses:			
Administrative expenses	5,553,104	360,415	5,913,519
Total operating expenses	5,553,104	360,415	5,913,519
Operating income (loss)	2,030,189	(307,420)	1,722,769
Nonoperating revenues:			
Miscellaneous	379,667	-	379,667
State appropriations - current year	130,000,000	22,600,000	152,600,000
Total nonoperating revenue	130,379,667	22,600,000	152,979,667
Change in net position	132,409,856	22,292,580	154,702,436
Net position, beginning of year	384,474,896	-	384,474,896
Net position, end of year	<u>\$ 516,884,752</u>	<u>\$ 22,292,580</u>	<u>\$ 539,177,332</u>

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Cash Flows
Year Ended June 30, 2019

	Water Bank	Transportation Bank	Total
Cash flow from operating activities:			
Cash received for administrative fees	\$ 6,159,877	\$ 278,580	\$ 6,438,457
Cash payments for goods and services	(2,427,668)	(358,630)	(2,786,298)
Cash payments for salaries and benefits	(2,406,369)	(955,972)	(3,362,341)
Disbursement of loan funds to borrowers	(257,628,895)	(278,580)	(257,907,475)
Principal received from loans to borrowers	127,153,467	-	127,153,467
Interest received from loans to borrowers	155,486	-	155,486
Net cash used in operating activities	(128,994,102)	(1,314,602)	(130,308,704)
Cash flows from non-capital financing activities:			
Miscellaneous	1,320,998	-	1,320,998
Current year State appropriations received	50,000,000	22,600,000	72,600,000
Net cash provided by non-capital financing activities	51,320,998	22,600,000	73,920,998
Cash flows from investing activities:			
Interest on investments	4,196,497	866,154	5,062,651
Purchase of investments	(46,127,236)	(60,384,355)	(106,511,591)
Proceeds from sale and maturity of investments	62,924,197	28,900,000	91,824,197
Net cash provided by (used in) investing activities	20,993,458	(30,618,201)	(9,624,743)
Net decrease in cash and cash equivalents	(56,679,646)	(9,332,803)	(66,012,449)
Cash and cash equivalents:			
Beginning of year	225,378,903	22,384,763	247,763,666
End of year	\$ 168,699,257	\$ 13,051,960	\$ 181,751,217
Displayed as:			
Cash and cash equivalents - unrestricted	\$ 14,939,812	\$ 1,285,398	\$ 16,225,210
Cash and cash equivalents - restricted	153,759,445	11,766,562	165,526,007
Cash and cash equivalents	\$ 168,699,257	\$ 13,051,960	\$ 181,751,217

(Continued)

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Cash Flows (Continued)
Year ended June 30, 2019

	Water Bank	Transportation Bank	Total
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income	\$ 9,571,030	\$ (223,198)	\$ 9,347,832
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	25,395	-	25,395
Investment income included in operations	(4,196,497)	(866,154)	(5,062,651)
Net unrealized and realized gain on investments	(2,730,697)	(83,237)	(2,813,934)
Amortized interest	(1,523,934)	37,757	(1,486,177)
Effect of changes in operating assets and liabilities:			-
Decrease in administrative fee receivable	57,686	-	57,686
Decrease (increase) in other assets	(19,776)	3,584	(16,192)
Decrease (increase) in interest receivable	18,227	(95,665)	(77,438)
Increase in loans receivable	(130,284,537)	(278,580)	(130,563,117)
Increase due from Transportation	(190,891)		(190,891)
Increase due to Water		190,891	190,891
Increase in accounts payable	279,892	-	279,892
Net cash used in operating activities	\$ (128,994,102)	\$ (1,314,602)	\$ (130,308,704)

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Cash Flows
Year Ended June 30, 2018

	Water Bank	Transportation Bank	Total
Cash flow from operating activities:			
Cash received for administrative fees	\$ 5,967,682	\$ -	\$ 5,967,682
Cash payments for goods and services	(2,857,175)	(57,070)	(2,914,245)
Cash payments for salaries and benefits	(2,697,043)	(179,823)	(2,876,866)
Disbursement of loan funds to borrowers	(222,125,481)	-	(222,125,481)
Principal received from loans to borrowers	189,298,547	-	189,298,547
Interest received from loans to borrowers	209,254	-	209,254
Net cash used in operating activities	(32,204,216)	(236,893)	(32,441,109)
Cash flows from non-capital financing activities:			
Miscellaneous	379,667		379,667
Current year State appropriations received	130,000,000	22,600,000	152,600,000
Net cash provided by non-capital financing activities	130,379,667	22,600,000	152,979,667
Cash flows from investing activities:			
Interest on investments	2,680,120	21,656	2,701,776
Purchase of investments	(42,616,397)	-	(42,616,397)
Proceeds from sale and maturity of investments	38,622,991	-	38,622,991
Net cash provided by (used in) investing activities	(1,313,286)	21,656	(1,291,630)
Net increase in cash and cash equivalents	96,862,165	22,384,763	119,246,928
Cash and cash equivalents:			
Beginning of year	128,516,738	-	128,516,738
End of year	<u>\$ 225,378,903</u>	<u>\$ 22,384,763</u>	<u>\$ 247,763,666</u>
Displayed as:			
Cash and cash equivalents - unrestricted	\$ 8,022,849	\$ 2,363,107	\$ 10,385,956
Cash and cash equivalents - restricted	217,356,054	20,021,656	237,377,710
Cash and cash equivalents	<u>\$ 225,378,903</u>	<u>\$ 22,384,763</u>	<u>\$ 247,763,666</u>

(Continued)

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Cash Flows (Continued)
Year Ended June 30, 2018

	Water Bank	Transportation Bank	Total
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ 2,030,189	\$ (307,420)	\$ 1,722,769
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	58,198	-	58,198
Investment income included in operations	(2,680,120)	(21,656)	(2,701,776)
Net unrealized and realized loss on investments	1,609,794	-	1,609,794
Amortized interest	(71,485)	-	(71,485)
Effect of changes in operating assets and liabilities:			
Increase in administrative fee receivable	(23,184)	-	(23,184)
Decrease (increase) in other assets	10,862	(8,335)	2,527
Increase in interest receivable	(241,359)	(31,339)	(272,698)
Increase in loans receivable	(32,826,937)	-	(32,826,937)
Increase in due from Transportation	(131,857)	-	(131,857)
Increase in due to Water	-	131,857	131,857
Decrease in accounts payable	61,683	-	61,683
Net cash used in operating activities	\$ (32,204,216)	\$ (236,893)	\$ (32,441,109)

See notes to financial statements.

**New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)**

Notes to Financial Statements

Note 1. Organization and Function of the I-Bank

The New Jersey Wastewater Treatment Trust (Trust) was created by the Legislature of the State of New Jersey (the State) in November 1985 as a State financing authority. On June 23, 1997, the State Legislature passed amendments authorizing the Trust to issue loans for Drinking Water projects and to rename the entity the New Jersey Environmental Infrastructure Trust. On October 14, 2016, the I-Bank Act was further amended pursuant to Public Law 2016, Chapter 56 (the Amending Statute). The Amending Statute, which became effective on January 16, 2018, pursuant to Public Law 2017, Chapter 327, changed the name to the New Jersey Infrastructure Bank (I-Bank) and expanded the statutory authority of the I-Bank to include a financing program for local transportation projects. Given this expansion of its statutory authority, the I-Bank currently is structured organizationally as two distinct operating departments: (i) one department, in conjunction with the NJ DEP, for the purpose of operating its environmental infrastructure financing programs, which programs are referred to collectively as the New Jersey Water Bank (Water Bank), and (ii) a second department, in conjunction with the NJ DOT, for the purpose of operating its transportation infrastructure financing programs, which programs are referred to as the New Jersey Transportation Bank (Transportation Bank). The I-Bank is a component unit of the State, "in but not of" the Department of Treasury. Organizations that are "in but not of" cabinet departments are not under the direct supervision of the respective cabinet officer.

The I-Bank Board of Directors consists of ten members. Four are members ex officio: (i) the New Jersey State Treasurer; (ii) the Commissioner of the New Jersey Department of Community Affairs; (iii) the Commissioner of the New Jersey Department of Environmental Protection; and (iv) the Commissioner of the New Jersey Department of Transportation. The six remaining directors are appointed. Two directors are appointed by the Governor of the State (the Governor) upon the recommendation of the President of the State Senate. Two directors are appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. The four aforementioned appointees serve during the two years legislative term in which they are appointed. The remaining two directors are appointed by the Governor with the advice and consent of the State Senate, each for a four year term. Each appointed director serves until a successor is appointed and qualified, and is eligible for reappointment. Any vacancy is filled in the same manner as the original appointment. The Governor designates one of the appointed directors to be the chairman and chief executive officer, who serves in such office for a term of two years and until a successor has been designated. The directors elect biannually a vice chairman, a treasurer and a secretary from among the appointed directors.

The I-Bank is administered by an Executive Director under the guidance of the Board of Directors. In order to further ensure compliance with the legal requirement for the segregation of program funds, the monies of the Transportation Bank and Water Bank are held at separate custodial banks (Wells Fargo and TD Bank, respectively). The I-Bank authorizes the respective custodian to disburse funds to the short-term borrowers for requisitions based on a review and approval process in conjunction with the NJDEP for the Water Bank or NJDOT for the Transportation Bank. The Water Bank utilizes Trustees (U.S. Bank, Bank of New York Mellon and Zions Bank) and loan servicers (U.S. Bank, TD Bank and the I-Bank) for its long-term loan program. The Transportation Bank has not issued any long-term loans to date. The initial proceeds from a bond issuance representing any remaining project funds not disbursed for project expenses prior to bond closing, are held by the Trustee. The I-Bank authorizes the Trustee to disburse funds to the borrowers according to the loan agreements using the same process as for short-term loans. In the case of external loan servicing, the loan servicer receives all payments of principal and interest from the borrowers and forwards such funds to the individual bond series Trustee and the Master Program Trustee (U.S. Bank) or the NJDEP or the I-Bank, as appropriate. As noted above, for Water Bank loans issued in 2004 and later, the I-Bank's accounting staff acts as loan servicer, with repayments being received directly by the Trustee. As a public body under existing statute, the I-Bank is exempt from both federal and state taxes.

**New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)**

Notes to Financial Statements

Note 1. Organization and Function of the I-Bank (Continued)

Short-term Construction Loans have become a major component of the Water Bank and Transportation Bank, and in SFY2019, the large majority of projects utilized Construction Loans as the primary source of funding prior to securing long-term financing. These short-term loans are scheduled to be refinanced by long-term loans once construction is at or close to completion.

Under the Water Bank's Long-Term Program, the I-Bank and the NJ DEP assists borrowers in obtaining financing for allowable project costs. The I-Bank issues debt on behalf of the borrowers; this debt is classified as conduit debt and as such is not included in the statement of net position of the I-Bank. The I-Bank lends its share of allowable costs (typically, 25%-50% of the total financed amount) to borrowers for various terms up to a maximum of 30 years at a rate equal to the interest rate on its conduit debt obligations. In turn, payments by the borrowers on these loans are used to pay debt service on the I-Bank's conduit debt obligations issued for the Water Bank.

Under the Water Bank's Long-Term Loan Program in addition to an interest-bearing loan from the I-Bank, borrowers receive an interest-free loan from the NJ DEP. The sources for the NJ DEP loans are Federal Capitalization Grants received under the Clean Water Act and the Safe Drinking Water Act and State general obligation bond issuances approved to capitalize the various loan funds, (collectively, the NJ DEP Funds). The NJ DEP maintains internally designated Clean Water (the CW) and Drinking Water (the DW) State Revolving Funds (SRF) to separately account for loans by the Department. In some instances, the borrowers receive a principal forgiveness loan in which the State will forgive the repayment of a portion of the principal of each loan. The accompanying financial statements do not include any assets, liabilities or fund balances of the NJ DEP Funds.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The I-Bank's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to a special purpose government engaged in only business-type activities. The focus of business-type activities is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the I-Bank are discussed below.

Basis of accounting: Basis of accounting determines when transactions are recorded in the financial records. The accrual basis of accounting is followed by the I-Bank.

The I-Bank reports the following major enterprise funds:

Water Bank: This fund is used for operating its environmental infrastructure financing programs, in conjunction with NJ DEP.

Transportation Bank: This fund is used for operating its transportation infrastructure financing programs, in conjunction with DOT.

Revenues - exchange and non-exchange transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recognized when the exchange is settled.

Note 2. Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the I-Bank receives value without directly giving equal value in return, include grants, state appropriations, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the I-Bank must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the I-Bank on a reimbursement basis.

Expenses/expenditures: Expenses are recognized at the time they are incurred. Direct costs are expensed to each Program while indirect expenses are allocated based on salary expenses between the two programs.

Cash, cash equivalents and investments: Cash and cash equivalents include funds invested in the PFM Funds - Prime Institutional Class, the Wells Fargo Government Money Market Fund and the Goldman Sachs Treasury Obligation Money Market Fund, and investments with original maturities of three months or less from the date of purchase. Such is the definition of cash and cash equivalents used in the statements of cash flows.

Investments are purchased to meet the objectives set forth in the I-Bank's investment policy. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.

Fair value: The I-Bank uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

The I-Bank's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

See Note 3 for additional information regarding fair value measurements.

Operating and nonoperating revenues and expenses: Operating revenues include all revenues derived from administration fees, interest income on Direct, Short-Term Loans, SAIL loans and investment income. Non-operating revenues principally consist of appropriations from the State of New Jersey for loan programs. Operating expenses include expenses associated with the general administration of the I-Bank.

Conduit debt obligations: Bonds issued by the I-Bank are non-recourse debt obligations to the I-Bank, and the I-Bank, in effect, has none of the risks or rewards of the related financing, which is considered Conduit debt. Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

Capital assets: Capital assets consist of leasehold improvements, office furniture, computers and office equipment and vehicles. Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are expensed.

Expenditures are capitalized when they meet the following requirements: (1) cost of \$5,000 or more, (2) useful life of more than one year, and (3) asset is not affected by consumption.

Depreciation: Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	Years
Leasehold improvements	Lesser of the lease term or useful life
Office furniture	7
Computers and office equipment	5
Vehicles	5

Net position: In accordance with the provisions of GASB, the I-Bank has classified its Net Position into three components – Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net investment in capital assets: This component of Net Position consists of capital assets, net of accumulated depreciation.

Restricted: This component of Net Position consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation, that restricts the use of Net Position.

The I-Bank further separates restricted Net Position into “Restricted for Debt Service”, “Restricted for Interim Financing Loan Program” and “Restricted for Transportation Program”. Net Position Restricted for Debt Service includes amounts that have been restricted in accordance with the terms of an award or agreement or by State law and can be used as a guarantee for bond offerings. Net Position Restricted for Interim Financing Loan Program is restricted for short-term financing of allowable costs of environmental infrastructure projects. Net Position Restricted for Transportation Program is restricted in accordance with the terms of the appropriation to make loans and pay operating costs within the Transportation Program.

Unrestricted: This component of Net Position consists of Net Position that does not meet the definition of “restricted” or “net investment in capital assets.” This component includes Net Position that may be allocated for specific purposes by the Board.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments

Investment Guidelines and Management

The I-Bank's Investment Policy (the Policy) sets forth the investment and operational policies for the management of I-Bank investment activities. The Policy is designed to ensure that the activities are consistent with the I-Bank's overall financial needs and result in compliance with the Policy, the prudent management of invested funds, the timely availability of operating, administrative, and capital funds, all while generating a sound investment return.

The Policy governs the overall administration and investment management of all funds available for investment ("Investment Portfolio") by or on behalf of the I-Bank, including, without limitation, the Proceeds of bonds or notes issued by the I-Bank, funds utilized for Debt Service Reserve purposes, funds of the State of New Jersey, funds appropriated to the New Jersey Department of Environmental Protection ("DEP") and funds appropriated to the New Jersey Department of Transportation ("DOT"). The Policy may only be superseded by and shall be subject to the terms and provisions of (i) bond resolutions duly adopted by the I-Bank and specific to bonds or notes issued by the I-Bank and the Proceeds of such bonds or notes, and (ii) the New Jersey State Investment Code for funds of the I-Bank, the State, the DEP or the DOT. The Policy applies to Investment Portfolio funds from the time of receipt until such time that the funds are no longer held by or on behalf of, or are the responsibility of, the I-Bank. The primary objective of the I-Bank's activities, in order of priority, are (i) safety of Principal, (ii) Liquidity, and (iii) yield/Investment Return.

Authorized Investments and Asset Classes

The I-Bank is permitted to invest in those investment securities and vehicles that are specifically listed below, provided, however, that, at the time any investment is made, (i) such investment shall be (a) permitted pursuant to the rules and regulations of the New Jersey State Investment Council or (b) approved by the Director of the Division of Investment in the Department of the Treasury upon a finding that such investments are consistent with the corporate purposes of the I-Bank, and (ii) if and to the extent the amounts being invested constitute Proceeds of bonds or notes of the I-Bank, such investment shall be permitted pursuant to the terms and provisions of the duly adopted bond resolution of the I-Bank pursuant to which such bonds or notes were issued. Investments made without the advice of the Investment Advisor should be limited to permissible money market funds.

Credit criteria listed in this section refer to the credit of the issuing organization at the time the security is purchased and the credit is monitored for continued compliance. Only credit ratings of Nationally Recognized Statistical Rating Organizations ("NRSRO") will be observed and considered, including Standard & Poor's, Moody's Investor Service, and Fitch Ratings Service. Ratings are provided by category. For example, the second highest rating category will include bonds rated AA+, AA and AA- for Standard & Poor's and Fitch Ratings and Aa1, Aa2 and Aa3 for Moody's Investors Service.

Investment Portfolio percentage restrictions by security type and Issuer are applicable only on the date of purchase of the investment and are based on market value at the Investment Portfolio fund level as defined by the State's Investment Policy. All Funds related to each specific program of the NJIB shall be held in segregated accounts at one or more Custodial Banks.

Note 3. Cash, Cash Equivalents and Investments (Continued)

The following investments are permissible, subject to the percentage limitations of the account, as defined in the Policy:

1. **Government Investments**

- Direct obligations of the United States of America
- Obligations that a Federal Agency of a Federal Instrumentality has issued in accordance with an act of Congress.
- Municipal obligations

2. **Money Market and Money Market-like Investments**

- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52: 18A-90.4)
- Money market Mutual Funds, as defined by the Policy
- Agreements for the purchase of fully collateralized securities, as defined by the Policy

3. **Corporate Securities**

- Bankers' Acceptances
- Commercial Paper
- Certificates of Deposit and Bank Deposit Notes
- Corporate Notes

Safekeeping and Custody

All investment securities purchased for the Investment Portfolio or held as collateral on deposits or investments shall be held by the I-bank or by a third-party Custodial Agent who may not otherwise be a counterparty to the investment transaction.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

The amounts of cash and cash equivalents as of June 30, 2019 is as follows:

	Water Bank	Transportation Bank	Total I-Bank
Operating checking (TD Bank)	\$ 393,566	\$ -	\$ 393,566
GS SQ Treasury obligation (TD Bank MM)	156,863,679	-	156,863,679
Wells Fargo Government MM Fund Instl Class (WELLS FARGO)		13,051,960	13,051,960
Prime, institutional class (PFM Funds)	11,442,012	-	11,442,012
	<u>\$ 168,699,257</u>	<u>\$ 13,051,960</u>	<u>\$ 181,751,217</u>

The amounts of cash and cash equivalents as of June 30, 2018 as follows:

	Water Bank	Transportation Bank	Total I-Bank
Operating checking (TD Bank)	\$ 254,387	\$ -	\$ 254,387
GS SQ Treasury obligation (TD Bank MM)	199,417,151	-	199,417,151
Wells Fargo Government MM Fund Instl Class (WELLS FARGO)	-	22,384,763	22,384,763
Prime, institutional class (PFM Funds)	25,707,365	-	25,707,365
	<u>\$ 225,378,903</u>	<u>\$ 22,384,763</u>	<u>\$ 247,763,666</u>

Custodial credit risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the I-Bank will not be able to recover the value of its cash and investments that are in the possession of an outside party. Cash, cash equivalents and investments are restricted under the terms of the Policy. Statutory limits also apply to the investments of the I-Bank. Deposits and investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the I-Bank and are held by either the counterparty or the counterparty's trust department or agent, but not in the I-Bank's name. As of June 30, 2019, the I-Bank deposits are \$393,566, of which \$143,466 is uncollateralized. As of June 30, 2018, the I-Bank deposits are \$254,387, of which \$4,387 is uncollateralized. All of the I-Bank's investments totaling \$134,826,271 and \$115,838,766, and money market funds totaling \$181,357,651 and \$247,509,279, as of June 30, 2019 and 2018, respectively, are held in an account outside the counterparty, not in the name of the I-Bank, and therefore, are exposed to custodial credit risk.

Credit risk: Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. All assets are invested pursuant to the I-Bank's Policy. The Policy limits the type and ratings of securities allowable as well as providing diversification requirements. The I-Bank's investments carry ratings that are in compliance with the Policy.

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

The Policy includes the following provisions to minimize credit risk by:

- Limiting investments to the types of securities listed in Section VI of the Policy;
- Pre-qualifying the Financial Institutions, Brokers/Dealers, intermediaries, and advisors with which the I-Bank will do business (as defined by specific criteria in Section VII.3 of the Policy);
- Diversifying the Investment Portfolio so that the impact of potential losses from any single asset class or Issuer will be minimized;
- Limiting Counterparty Risk by following the provisions in Section VII.3 of the Policy, maintaining an approved list of pre-approved counterparties, and having programs in place to monitor those pre-approved counterparties. The I-Bank may rely on outside Investment Advisory Firm(s) for maintaining the list of pre-qualified counterparties and having adequate Due Diligence programs in place; and
- Limiting the Trading Exposure or the amount of trades outstanding with any one counterparty at any given time. Except for Activities associated with bond sale Proceeds, neither the I-Bank nor any of its representatives shall execute and have outstanding investment trades with one counterparty at any given time, whereby the Principal amount represented by such trades exceeds 20% of all Investable Funds thereby minimizing the risk of loss or litigation to the Investment Portfolio should the counterparty be unable to fulfill its obligation for any reason.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Both the State and I-Bank's investment policy provides diversification requirements and limits the amount the I-Bank may invest in any one issuer. All of the I-Bank's investments are in either US Treasury obligations, Prime or Government money market funds, agency bonds, municipal bonds, or corporate bonds and notes.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The I-Bank seeks to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet a projected liability schedule, thereby avoiding the need to sell securities prior to maturity and the possibility of a realized loss.

As of June 30, 2019 and 2018, the **Water Bank** had the following investments and maturities:

Investment Type	Fair Value	June 30, 2019			
		Investment Maturity (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	\$ 46,172,199	\$ 1,755,687	\$ 44,416,512	\$ -	\$ -
U.S. Gov't Other	24,853,127	6,414,892	12,002,674	3,535,424	2,900,137
Corporate Bonds/Notes/CP	32,271,110	7,221,342	25,049,768		
	<u>\$ 103,296,436</u>	<u>\$ 15,391,921</u>	<u>\$ 81,468,954</u>	<u>\$ 3,535,424</u>	<u>\$ 2,900,137</u>

Investment Type	Fair Value	June 30, 2018			
		Investment Maturity (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	\$ 52,272,616	\$ 9,716,107	\$ 42,556,509	\$ -	\$ -
U.S. Gov't Other	25,253,048	11,520,471	11,629,453	1,298,670	804,454
Municipal Bonds	981,976	981,976	-		
Corporate Bonds/Notes/CP	37,331,126	9,639,576	27,691,550	-	-
	<u>\$ 115,838,766</u>	<u>\$ 31,858,130</u>	<u>\$ 81,877,512</u>	<u>\$ 1,298,670</u>	<u>\$ 804,454</u>

As of June 30, 2019, the **Transportation Bank** had the following investments and maturities:

Investment Type	Fair Value	June 30, 2019			
		Investment Maturity (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	\$ 31,529,835	\$ 28,506,399	\$ 3,023,436	\$ -	\$ -
	<u>\$ 31,529,835</u>	<u>\$ 28,506,399</u>	<u>\$ 3,023,436</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2018, the Transportation Bank did not have any investment holdings, as all funds were invested in money market funds. The Policy is available on the I-Bank's website at <https://www.njib.gov>.

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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2019, the **Water Bank** had the following investments, maturities and credit ratings:

Investment	Maturities	S&P Credit Rating	Moody's Credit Rating	June 30, 2019 Fair Value
3M Company Corp Notes	3/15/2023	AA-	A1	656,123
African Development Bank Note	9/20/2019	AAA	Aaa	757,918
African Development Bank Note	3/22/2021	AAA	Aaa	1,811,901
Amazon.Com Inc Bonds	2/22/2023	AA-	A3	1,009,702
American Honda Finance Corp Notes	7/20/2020	A	A2	378,760
Apple Inc	11/13/2020	AA+	Aa1	1,799,039
Bank of America Corp Note	3/5/2024	A-	A2	1,026,312
Bank of New York Mellon (Callable) Notes	5/3/2021	A	A1	973,032
Berkshire Hathaway Fin (Callable) Notes	3/15/2023	AA	Aa2	508,078
BlackRock Inc Corp Notes	6/1/2022	AA-	Aa3	496,779
Branch Banking & Trust (Callable) Note	5/10/2021	A-	A2	497,346
Burlington Nrth Corp Note	10/1/2019	A+	A3	477,422
Caterpillar Finl Service Note	9/4/2020	A	A3	672,623
Hershey Company Corp Notes	5/15/2021	A	A1	366,165
Home Depot Inc Corp Notes	6/5/2020	A	A2	433,490
IBM Corp Corp Notes	2/5/2021	A	A1	452,487
IBM Credit Corp Note	1/20/2021	A	A1	894,376
Intel Corp (Callable) Notes	5/11/2022	A+	A1	503,975
Intel Corp Corp Notes	12/15/2022	A+	A1	223,840
International Finance Corporation Note	3/9/2021	AAA	Aaa	906,360
Intl Bank of Recon And Dev Global Notes	11/27/2019	AAA	Aaa	895,950
Intl Bank of Recon And Dev Global Notes	9/4/2020	AAA	Aaa	1,494,299
Intl Bank of Recon And Dev Global Notes	9/12/2020	AAA	Aaa	1,790,951
John Deere Capital Corp Notes	1/6/2023	A	A2	891,511
Johnson & Johnson (Callable) Notes	3/1/2023	AAA	Aaa	678,341
JPMorgan Chase & Co Bonds	4/1/2023	A-	A2	918,529
Merck & Co Inc	3/7/2024	AA	A1	521,738
Microsoft Corp Corp (Callable) Notes	11/3/2022	AAA	Aaa	511,110
Microsoft Corp Notes	2/6/2020	AAA	Aaa	718,457
PepsiCo, Inc Corp (Callable) Notes	10/6/2021	A+	A1	496,086
Pfizer Inc Corp Notes	3/15/2024	AA	A1	582,477
State Street Corp Notes	5/19/2021	A	A1	262,315
The Procter & Gamble Co Corp Notes	10/23/2020	AA-	Aa3	594,713
Toyota Motor Corp Notes	3/12/2020	AA-	Aa3	539,734
Toyota Motor Credit Corp	4/17/2020	AA-	Aa3	853,358
Toyota Motor Credit Corp Notes	9/8/2022	AA-	Aa3	450,518
United Parcel Service Corporate Bond	4/1/2021	A+	A1	758,741
Wal-Mart Stores Inc Corp Note	12/15/2020	AA	Aa2	1,921,543
Walt Disney Company Corp Notes	6/5/2020	A	A2	896,562
Wells Fargo & Co Corp Bonds	1/30/2020	A-	A2	1,648,451
Other US Government Notes And Bonds		AA+	Aaa	24,853,127
US Treasury Notes And Bonds		AA+	Aaa	46,172,199
Total				\$ 103,296,436

As of June 30, 2019, the **Transportation Bank** had the following investments, maturities and credit ratings:

Investment	Maturities	S&P Credit Rating	Moody's Credit Rating	June 30, 2019 Fair Value
US Treasury Notes And Bonds		AA+	Aaa	31,529,835
Total				\$ 31,529,835

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2018, the **Water Bank** had the following investments, maturities and credit ratings:

Investment	Maturities	S&P Credit Rating	Moody's Credit Rating	June 30, 2018 Fair Value
African Development Bank	9/20/2019	Aaa	AAA	\$ 786,192
African Development Bank	3/22/2021	Aaa	AAA	1,892,117
American Express Credit	3/18/2019	A2	A-	1,867,804
American Honda Finance	7/20/2020	A2	A+	372,117
Apple Inc	11/13/2020	Aa1	AA+	1,766,904
Apple Inc	5/13/2022	Aa1	AA+	196,854
Bank of NY Mellon Corp	5/3/2021	A1	A	993,031
BNP Paribas NY Branch	8/6/2018	P-1	A-1	798,288
BNP Paribas NY Branch	12/14/2018	P-1	A-1	1,977,600
Branch Banking & Trust Corp	5/10/2021	A2	A-	507,294
Burlington North Corp	10/1/2019	A3	A+	511,311
Caterpillar Financial Services	9/4/2020	A3	A	657,322
CT State Taxable GO Bonds	4/15/2019	A1	A	981,976
General Elec Cap Corp	1/8/2020	A2	A	1,668,845
Hershey Company Corp	5/15/2021	A1	A	360,404
Home Depot Inc	6/5/2020	A2	A	427,176
HSBC USA Inc	8/7/2018	A2	A	1,049,430
IBM Corp	2/5/2021	A1	A+	495,262
IBM Corp	1/20/2021	A1	A+	872,109
IBM Corp	5/11/2022	A1	A+	486,116
International Finance Corp	3/9/2021	Aaa	AAA	892,192
Intl Bank Of Recon And Dev	11/27/2019	Aaa	AAA	882,108
Intl Bank Of Recon And Dev	9/4/2020	Aaa	AAA	1,466,895
Intl Bank Of Recon And Dev	9/12/2020	Aaa	AAA	1,755,270
John Deere Capital	1/6/2023	A2	A	853,888
JPMorgan Chase & Co	1/28/2019	A3	A-	1,872,030
Microsoft Corp	2/6/2020	Aaa	AAA	760,161
Microsoft Corp	11/3/2022	Aaa	AAA	491,748
MUFG Bank	1/4/2019	P-1	A-1	1,974,453
PepsiCo Inc	10/6/2021	A1	A+	478,150
Procter & Gamble Co	10/23/2020	Aa3	AA-	582,428
State Street Corp	5/19/2021	A1	A	279,009
Toyota Motor Credit Corp	7/13/2018	Aa3	AA-	99,970
Toyota Motor Credit Corp	3/12/2020	Aa3	AA-	533,498
Toyota Motor Credit Corp	4/17/2020	Aa3	AA-	840,291
Toyota Motor Credit Corp	9/8/2022	Aa3	AA-	429,166
UPS Corp	4/1/2021	A1	A+	741,340
Wal-Mart Stores Inc	12/15/2020	Aa2	AA	1,885,992
Walt Disney Co	6/5/2020	A2	A+	977,665
Wells Fargo & Company	1/30/2020	A2	A-	1,848,696
Other US Government Notes And Bonds	Demand	Aaa	AA+	25,253,048
US Treasury Notes And Bonds	Demand	Aaa	AA+	52,272,616
				<u>\$ 115,838,766</u>

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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2019, and 2018, the **Water Bank** had the following investments, all of which are reported at fair value measurement by level:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
June 30, 2019				
Investments by fair value level:				
Debt securities:				
U.S. Treasury Notes	\$ 46,172,199	\$ -	\$ 46,172,199	\$ -
Corporate bonds/Notes/CP	32,271,110	-	32,271,110	-
US Govt Other	24,853,127	-	24,853,127	-
Total debt securities	103,296,436	-	103,296,436	-
Total investments by fair value level	\$ 103,296,436	\$ -	\$ 103,296,436	\$ -

Investments as reported on the statement of financial position:

Current:	
Unrestricted	\$ 1,496,895
Restricted	13,895,026
Noncurrent:	
Unrestricted	-
Restricted	87,904,515
Total investments	\$ 103,296,436

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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2018				
Investments by fair value level:				
Debt securities:				
U.S. Treasury Notes	\$ 52,272,616	\$ -	\$ 52,272,616	\$ -
Corporate bonds/Notes/CP	37,331,126	-	37,331,126	-
US Govt Other	25,253,048	-	25,253,048	-
Municipal bonds	981,976	-	981,976	-
Total debt securities	115,838,766	-	115,838,766	-
Total investments by fair value level	<u>\$ 115,838,766</u>	<u>\$ -</u>	<u>\$ 115,838,766</u>	<u>\$ -</u>

Investments as reported on the statement of financial position:

Current:

Unrestricted	\$ 5,443,441
Restricted	26,414,689

Noncurrent:

Unrestricted	1,480,488
Restricted	82,500,148
Total investments	<u>\$ 115,838,766</u>

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2019, the **Transportation Bank** had the following investments, all of which are reported at fair value measurement by level:

	June 30, 2019	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. Treasury Notes	\$ 31,529,835	\$ -	\$ 31,529,835	\$ -
Total debt securities	31,529,835	-	31,529,835	-
Total investments by fair value level	\$ 31,529,835	\$ -	\$ 31,529,835	\$ -

Investments as reported on the statement of financial position:

Current:

 Restricted 28,506,399

Noncurrent:

 Restricted 3,023,436

 Total investments \$ 31,529,835

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Both the State and I-Bank's investment policy provides diversification requirements and limits the amount the I-Bank may invest in any one issuer. All of the I-Bank's investments are in either US Treasury obligations, Prime or Government money market funds, agency bonds, municipal bonds, or corporate bonds and notes.

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Notes to Financial Statements

Note 4. Loans Receivable and Commitment

The Water Bank provides loans to Borrowers to finance allowable costs of clean water and safe drinking water projects. Approximately 90% of the loans are secured by the full faith and credit of a local governmental unit.

The Direct Loan Program provides long-term loans for small projects or for borrowers that are fiscally constrained or lack the administrative capability to participate in the I-Bank's Water Bank bond financing transaction. The I-Bank funds these loans through cash on hand rather than through the issuance of bonds. The I-Bank portion of each total loan is structured at a rate equivalent to the Thomson Reuters TM3 AAA Index on the date of loan closing plus (or minus) the spread from the I-Bank Water Bank's most recent issue. The direct loans are repayable in most cases over a period of 20 years, with some loans maturing over a shorter period, and with interest rates of 0.17% to 5.33% per annum. As of June 30, 2019 and 2018, the direct loans balance net of undisbursed funds was \$7,101,193 and \$7,901,639, respectively. Included in this balance are amounts owed from borrowers primarily for contributions made by the I-Bank on their behalf for defeasances of \$1,869,085 and \$2,195,664 as of June 30, 2019 and 2018, respectively.

Loans issued under the Water Bank Short-Term Loan Program and SAIL Loan Program are issued, with few exceptions, for a maximum of five fiscal years. With limited exceptions, these loans are interest free. These loans will be converted into long-term loans through either the Bond Program or Direct Loan Program. As of June 30, 2019, and 2018, the balance for the loans described was \$296,704,436 and \$165,619,453, respectively. As of June 30, 2019, and 2018, the balance for the loans outstanding with a 0% interest rate was \$294,080,799 and \$163,575,045, respectively.

The Water Bank's net loans receivable balance of \$303,805,629 and \$173,521,092 as of June 30, 2019 and 2018, consisted of outstanding loans issued of \$303,885,629 and \$173,652,518 net of undisbursed loan funds of \$80,000 and \$131,426 for 2019 and 2018, respectively. Undisbursed loan funds include loan funds that have been committed to a specific borrower and for its project in a separate account, but not yet requisitioned by the borrower for remaining project expenses.

The Water Bank does not maintain an allowance for loan losses given the repayment history of the pool of direct loans borrowers coupled with the debt service reserve holdings for some of the borrowers. In addition, the Short-Term loans are anticipated to be repaid with proceeds of bonds issued by the I-Bank and funds held at the NJ DEP and are therefore not subject to individual borrower repayment risk.

The Water Bank had certain borrowers whose loan receivables individually represented 10% or more of the Water Bank's total loans receivable. For the year ended June 30, 2019 and 2018, one borrower accounted for 16% and two borrowers accounted for 34% of loans receivable, respectively.

The Water Bank is also committed to fund short-term loans to borrowers of approximately \$616 million that had not been requisitioned as of June 30, 2019.

**New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 4. Loans Receivable and Commitment (Continued)

The Transportation Bank provides loans to Borrowers to finance allowable costs of transportation projects. As of June 30, 2019 the balance of loans was \$278,580. As of June 30, 2018 the balance of loans was \$0.

Loans issued under the Transportation Bank Short-Term Loan Program are issued, with few exceptions, for a maximum of three fiscal years. These loans have an interest rate of 0% per year. These loans will be converted into long-term loans through either the Bond Program or Direct Loan Program.

The Transportation Bank is also committed to fund short-term loans to borrowers of approximately \$3.2 million that had not been requisitioned as of June 30, 2019. The Transportation Bank has allocated \$41 million in funds to projects as of June 30, 2019.

Annual maturities for I-Bank loans receivable are as follows:

	SAIL and Short-Term	Direct Loans	Transportation Loans	Total
Year ending June 30:				
2020	\$ 109,685,956	\$ 670,556	\$ 97,125	\$ 110,453,637
Less undisbursed loan funds	-	(80,000)		(80,000)
Current loans	109,685,956	590,556	97,125	110,373,637
2021	136,209,831	1,730,324	159,396	138,099,551
2022	48,185,012	421,852	22,059	48,628,923
2023	-	523,333	-	523,333
2024	-	418,791	-	418,791
2025 through 2029	2,623,637	2,144,423	-	4,768,060
2030 through 2034	-	1,230,920	-	1,230,920
2035 through 2039	-	40,994	-	40,994
2040 through 2044	-	-	-	-
2045 through 2049	-	-	-	-
Noncurrent loans	187,018,480	6,510,636	181,455	193,710,572
Loans receivable, net	\$ 296,704,436	\$ 7,101,192	\$ 278,580	\$ 304,084,209

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Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of capital assets of the **Water Bank** at cost:

	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
Capital assets being depreciated:				
Leasehold improvements	\$ 68,828	\$ -	\$ -	\$ 68,828
Office furniture	59,379	-	-	59,379
Computers and office equipment	113,190	-	-	113,190
Vehicles	51,686	-	-	51,686
	<u>293,083</u>	<u>-</u>	<u>-</u>	<u>293,083</u>
Less accumulated depreciation:				
Leasehold improvements	67,342	1,486	-	68,828
Office furniture	48,642	4,429	-	53,071
Computers and office equipment	101,857	8,853	-	110,710
Vehicles	37,976	10,627	-	48,603
	<u>255,817</u>	<u>25,395</u>	<u>-</u>	<u>281,212</u>
Capital assets (net)	<u>\$ 37,266</u>	<u>\$ (25,395)</u>	<u>\$ -</u>	<u>\$ 11,871</u>

	Balance at June 30, 2017	Additions	Disposals	Balance at June 30, 2018
Capital assets being depreciated:				
Leasehold improvements	\$ 68,828	\$ -	\$ -	\$ 68,828
Office furniture	59,379	-	-	59,379
Computers and office equipment	113,190	-	-	113,190
Vehicles	51,686	-	-	51,686
	<u>293,083</u>	<u>-</u>	<u>-</u>	<u>293,083</u>
Less accumulated depreciation:				
Leasehold improvements	36,400	30,942	-	67,342
Office furniture	44,212	4,430	-	48,642
Computers and office equipment	89,368	12,489	-	101,857
Vehicles	27,639	10,337	-	37,976
	<u>197,619</u>	<u>58,198</u>	<u>-</u>	<u>255,817</u>
Capital assets (net)	<u>\$ 95,464</u>	<u>\$ (58,198)</u>	<u>\$ -</u>	<u>\$ 37,266</u>

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Notes to Financial Statements

Note 6. Commitments and Contingencies

Leases: In November 2018, the I-Bank renewed its lease for the use of premises at 3131 Princeton Pike, Lawrenceville, New Jersey 09648. The renewal was for a seven-year term from December 1, 2018 through November 30, 2025, with annual rent of \$60,800 and additional amounts for utilities and maintenance. Rental expenditures reported for the years ended June 30, 2019 and 2018 were \$120,732 and \$122,339, respectively. The following is a summary of the future minimum rental commitments under the current lease through November 30, 2025:

Years ending June 30,	
2020	\$ 120,275
2021	120,275
2022	120,275
2023	120,275
2024	120,275
2025	120,275
2026	50,114
Total	<u>\$ 771,764</u>

Note 7. Conduit Debt – Water Bank

The I-Bank has issued Environmental Infrastructure Bonds to provide financing for allowable costs of acquiring, constructing, improving or installing wastewater treatment projects for wastewater treatment systems undertaken by local government units in the State of New Jersey and to provide financing for allowable costs of drinking water supply projects for drinking water supply systems undertaken by local government units, nonprofit entities and private entities in the State of New Jersey. The bonds have been classified as conduit debt.

These various conduit debt obligations issued under the name of the I-Bank (formerly known as the New Jersey Environmental Infrastructure Trust) are not included in the accompanying financial statements. Although the conduit debt obligations bear the name of the I-Bank pursuant to the I-Bank Act and the Bond Resolutions, the Bonds are special obligations of the I-Bank and shall not in any way be a debt or liability of the State or of any political subdivision thereof, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof. The I-Bank has no taxing power, and the State of New Jersey is not liable for the bonds issued through the I-Bank. The revenue bonds are not secured by the I-Bank, only by revenues, including repayment of loans from the underlying borrowers and investments of amounts on deposit with the bond trustee. The principal and redemption premium, if any, and the interest on the Bonds shall be payable from and secured by the pledge (i) of the Series Trust Estate and (ii) by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. The Borrowers' principal and interest payment obligations match the principal and interest payment obligations of the I-Bank pursuant to its bonds. The loan repayments of the Borrowers' are made to a trustee, who is appointed by the I-Bank to service and administer the arrangement.

The bond resolutions generally limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution.

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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Loans to borrowers in the 2019 program combine proceeds of the bond sale, lent at market rate, with interest free loans from the State of New Jersey, Department of Environmental Protection Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Thus, most public borrowers will pay a composite interest rate on their loans of less than 1.25%.

On November 29, 2018, the I-Bank issued \$16,645,000 of Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds) to capitalize 13 projects.

On May 23, 2019 the I-Bank issued \$13,215,000 of Environmental Infrastructure Bonds, Series 2019A-1 (Green Bonds) to capitalize 18 projects.

On June 6, 2019, the I-Bank issued \$4,520,000 of Environmental Infrastructure Bonds, Series 2019B-R1 (Green Bonds) to take advantage of the current low interest rate environment for I-Bank Program borrows. The I-Bank Series 2019B-R1 were issued to refund a portion of the outstanding Series 2010C Bonds. The proceeds of this Series of Refunding Bonds refunded \$4,990,000 of outstanding I-Bank Bonds and resulted in the I-Bank passing on a reduction of interest and principal payments owed by the participating borrowers.

On June 6, 2019, the I-Bank issued \$3,965,000 of Environmental Infrastructure Bonds, Series 2019C-R1 (Green Bonds) to take advantage of the current low interest rate environment for I-Bank Program borrows. The I-Bank Series 2019C-R1 were issued to refund a portion of the outstanding Series 2009C Bonds. The proceeds of this Series of Refunding Bonds refunded \$4,000,000 of outstanding I-Bank Bonds and resulted in the I-Bank passing on a reduction of interest and principal payments owed by the participating borrowers.

At June 30, 2019 and 2018, the aggregate principal amount of conduit debt obligations outstanding totaled \$1,032,532,065 and \$1,103,105,027, respectively, as detailed in the following schedules.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Changes in conduit debt obligations of the Water Bank for the year ended June 30, 2019 were as follows:

	Balance at June 30, 2018	Issued	Retired	Balance at June 30, 2019	Amount Due Within One Year
2006 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2020, at interest rate of 5.00%	\$ 16,220,000	\$ -	\$ 5,150,000	\$ 11,070,000	\$ 5,390,000
Series B Bonds, uninsured, maturing serially through 2019, at interest rate of 5.00%	7,111,681	-	3,467,962	3,643,719	3,643,719
2007 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2021, at interest rates of 5.25%	31,810,000	-	7,505,000	24,305,000	7,740,000
Series B Bonds, uninsured, maturing serially through 2022, at interest rates of 5.25%	23,240,000	-	4,375,000	18,865,000	4,375,000
Series C Bonds, uninsured, maturing serially through 2022, at interest rate of 5.00%	33,110,000	-	6,030,000	27,080,000	6,315,000
2008 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 4.50%	2,935,000	-	2,935,000	-	-
2008 Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 5.00%	6,705,000	-	6,705,000	-	-
2009 Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 5.00%	4,135,000	-	4,135,000	-	-
Series C Bonds, uninsured, maturing serially through 2018, at interest rate of 4.50%	4,270,000	-	4,270,000	-	-
2010 A Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 5.00%	5,980,000	-	5,980,000	-	-
2010 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2024, at interest rates from 3.00% to 5.00%	28,635,000	-	3,500,000	25,135,000	3,120,000
Series B Bonds, uninsured, maturing serially through 2020, at interest rate of 4.00%	570,000	-	230,000	340,000	240,000
2010 B & C Series:					
Series B Bonds, uninsured, maturing serially through 2019, at interest rate of 5.00%	10,665,000	-	5,210,000	5,455,000	5,455,000
Series C Bonds, uninsured, maturing serially through 2019, at interest rate of 4.00%	5,740,000	-	5,355,000	385,000	385,000

**New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

	Balance at June 30, 2018	Issued	Retired	Balance at June 30, 2019	Amount Due Within One Year
2011 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 3.00%	\$ 475,000	\$ -	\$ 475,000	\$ -	\$ -
Series B Bonds, uninsured, maturing serially through 2021, at interest rates from 4.00% to 5.00%	5,085,000	-	1,680,000	3,405,000	1,755,000
Series C Bonds, uninsured, maturing serially through 2022, at interest rate of 5.00%	5,140,000	-	955,000	4,185,000	970,000
2012 Series:					
Series A Bonds, uninsured, maturing serially through 2031, at interest rates from 3.00% to 5.00%	56,155,000	-	2,960,000	53,195,000	3,100,000
Series B Bonds, uninsured, maturing serially through 2031, at interest rates from 4.00% to 5.00%	16,605,000	-	865,000	15,740,000	890,000
Series C Bonds, uninsured, maturing serially through 2031, at interest rates from 3.00% to 4.00%	3,915,000	-	225,000	3,690,000	235,000
2012 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2026, at interest rate of 4.00%	143,970,000	-	14,705,000	129,265,000	14,850,000
Series B Bonds, uninsured, maturing serially through 2021, at interest rate of 3.00%	390,000	-	90,000	300,000	95,000
Series C Bonds, uninsured, maturing serially through 2023, at interest rate of 3.00%	5,325,000	-	835,000	4,490,000	870,000
2013 Series:					
Series A Bonds, uninsured, maturing serially through 2032, at interest rates from 3.00% to 5.00%	25,260,000	-	1,290,000	23,970,000	1,345,000
Series B Bonds, uninsured, maturing serially through 2032, at interest rates from 3.00% to 3.25%	845,000	-	45,000	800,000	45,000
2014 Series:					
Series A Bonds, uninsured, maturing serially through 2033, at interest rates from 3.00% to 5.00%	50,555,000	-	2,265,000	48,290,000	2,365,000
Series B Bonds, uninsured, maturing serially through 2033, at interest rates from 3.00% to 5.00%	4,545,000	-	215,000	4,330,000	230,000
2015 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2034, at interest rates from 4.00% to 5.00%	43,185,000	-	1,760,000	41,425,000	1,855,000
2015 B- Refunding Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2025, at interest rates from 4.00% to 5.00%	8,400,000	-	1,220,000	7,180,000	1,255,000
2015 A-2 Series:					
Series A Bonds, uninsured, maturing serially through 2035, at interest rates from 3.00% to 5.00%	9,200,000	-	380,000	8,820,000	390,000
2015 A-R1 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2027, at interest rate of 5.00%	96,485,000	-	10,985,000	85,500,000	11,550,000

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

	Balance at June 30, 2018	Issued	Retired	Balance at June 30, 2019	Amount Due Within One Year
2015B-R2 Refunding Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2026, at interest rate of 5.00%	\$ 11,305,000	\$ -	\$ 1,040,000	\$ 10,265,000	\$ 1,075,000
2016 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2045, at interest rates from 2.00% to 5.00%	23,130,000	-	850,000	22,280,000	890,000
2016 A-R1 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2028, at interest rates from 4.50% to 5.00%	56,160,000	-	-	56,160,000	6,290,000
2016 A-R2 Refunding Series :					
Series A Bonds, uninsured, maturing serially through 2030, at interest rates from 4.50% to 5.00%	63,365,000	-	155,000	63,210,000	-
2016 A-2 Series:					
Series A Bonds, uninsured, maturing serially through 2046, at interest rates from 4.00% to 5.00%	7,200,000	-	240,000	6,960,000	250,000
2017 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2046, at interest rates from 3.00% to 5.00%	31,610,000	-	835,000	30,775,000	880,000
2017 A-2 Series:					
Series A Bonds, uninsured, maturing serially through 2047, at interest rates from 2.13% to 5.00%	18,840,000	-	-	18,840,000	655,000
2017 A-R1 Series:					
Series A Bonds, uninsured, maturing serially through 2029, at interest rate of 4.00%	33,525,000	-	-	33,525,000	3,180,000
2017 A-R2 Series:					
Series A Bonds, uninsured, maturing serially through 2029, at interest rate of 4.00%	72,830,000	-	-	72,830,000	5,930,000
2017 B-1 Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2047 at interest rate from 3.00% to 5.00%	3,860,000	-	-	3,860,000	75,000
2018 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2047 at interest rate from 3.00% to 5.00%	21,105,000	-	-	21,105,000	705,000
2018 B-1 Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2047 at interest rate from 3.00% to 5.00%	15,100,000	-	-	15,100,000	280,000

**New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

	Balance at June 30, 2018	Issued	Retired	Balance at June 30, 2019	Amount Due Within One Year
2018 A-2 Series:					
Series A Green Bonds, uninsured, maturing serially through 2048 at interest rate from 4.00% to 5.00%	-	16,645,000	-	16,645,000	-
2019 A-1 Series:					
Series A Green Bonds, uninsured, maturing serially through 2048 at interest rate from 2.00% to 5.00%	-	13,215,000	-	13,215,000	-
2019 B-R1 Refunding Series:					
Series B Green Bonds, uninsured, maturing serially through 2030, at interest rate of 4.00%	-	4,520,000	-	4,520,000	-
2019 C-R1 Refunding Series (Federally Taxable):					
Series C Green Bonds, uninsured, maturing serially through 2029, at interest rates from 2.65% to 5.00%	-	3,965,000	-	3,965,000	280,000
Total of bonds payable covered by Master Program Trust Account	1,014,691,681	38,345,000	108,917,962	944,118,719	98,953,719
2005 BCIA/ENCAP Golf Holdings					
Variable rate bond series maturing through 2025, with weekly interest rate calculations	88,413,346	-	-	88,413,346	-
Total bonds payable	<u>\$ 1,103,105,027</u>	<u>\$ 38,345,000</u>	<u>\$ 108,917,962</u>	<u>\$ 1,032,532,065</u>	<u>\$ 98,953,719</u>

Annual debt service requirements to maturity for conduit debt obligations are as follows:

	Principal	Interest	Total
Years ending June 30:			
2020	\$ 98,953,719	\$ 38,039,433	\$ 136,993,152
2021	95,115,000	33,472,881	128,587,881
2022	91,814,999	29,106,906	120,921,905
2023	84,795,001	25,045,185	109,840,186
2024	80,150,000	21,321,332	101,471,332
2025 through 2029	396,693,346	60,173,318	456,866,664
2030 through 2034	121,160,000	19,490,264	140,650,264
2035 through 2039	34,095,000	7,757,516	41,852,516
2040 through 2044	15,860,000	4,017,501	19,877,501
2045 through 2049	13,895,000	1,067,571	14,962,571
	<u>\$ 1,032,532,065</u>	<u>\$ 239,491,907</u>	<u>\$ 1,272,023,972</u>

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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Advance refunding: When conditions have warranted, the I-Bank has sold various series of bonds to provide for the refunding of previously issued obligations. The proceeds received from the respective sales of the bonds were used to redeem the applicable outstanding bonds and, at times, to deposit in an irrevocable escrow fund held by an escrow agent, an amount that, when combined with interest earnings thereon, will equal no less than the sum of the outstanding principal amount of the bonds, the interest to accrue thereon and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date.

These transactions defeased the outstanding bond issuances with a resulting reduction in annual debt service during the remaining term of the issuances. The principal and interest savings are passed along to each applicable borrower in the form of a credit against the original debt service of the borrower.

Defeased bonds outstanding at June 30, 2019, are comprised of the following:

Issue	Principal Amount Outstanding June 30, 2019
2016A-R2	
2010 Series B	71,975,000
2019B-R1	
2010 Series C	4,990,000
2019C-R1	
2009 Series C	4,000,000
	\$ 80,965,000
Individual borrower defeasances:	
1999 Series A	406,283
2000 Series A	135,000
2000 Series B	735,000
2001 Series A	120,000
2002 Series A	1,660,000
2005 Series A	360,000
2006 Series A	75,000
2007 Series A	1,175,000
2010 Series B	9,595,000
2010 Series C	340,000
2012 Series A	265,000
2013 Series A	355,000
2014 Series A	475,000
2014 Series B	335,000
2015 Series A-1	305,000
	\$ 16,336,283

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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Reserve for arbitrage rebate: The Tax Reform Act of 1986 placed restrictions on the investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings, which are above the arbitrage bond yield, are required to be rebated to the United States Treasury Department within sixty days of the end of every fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year-end.

The I-Bank has various issues of bonds, which are subject to rebate calculations, which are required to be made at least once every five years. The I-Bank prepares annual rebate calculations for purposes of determining any contingent liability for rebate. As of June 30, 2019, it was determined there was no rebate due as a result of these calculations. The amount of contingent liability for rebate may change as a result of future events.

Loans receivable from borrowers of conduit debt: The I-Bank provides loans to Borrowers to finance allowable costs of clean water and safe drinking water projects. The various I-Bank loans are grouped into pools and funded with the proceeds of I-Bank bonds or other obligations, which are considered conduit debt. Loan repayments are required at such times and in such amounts as will pay the debt service on the bonds as it becomes due. These loans, most of which are secured by the full faith and credit of a local governmental unit, are repayable in most cases over a period of 20 years, with some loans maturing over a shorter or longer period, and with coupon rates of 2.0% to 5.5% per annum.

Each borrower issues to the I-Bank a bond, note or other obligation in a principal amount equal to the principal amount of the loan in favor of the I-Bank which secures the borrowers repayment obligation. The I-Bank then assigns these obligations to the trustee. These obligations bear interest at the same rates and are callable at the same times and prices, as the corresponding I-Bank bonds, net of refunding costs. All principal and interest savings from the refunding of I-Bank Bonds are passed along to each applicable borrower in the form of a credit against the original debt service of the borrower. As these loans relate to the conduit debt, they are not reported on the statement of financial position for the Water Bank.

Stewardship, compliance and accountability:

Compliance with finance related legal and contractual provisions: The I-Bank is subject to the provisions and restrictions of the Bond Resolution or Supplemental Bond Resolution adopted for each conduit debt bond issue.

Management reviews compliance issues continually, and reports to the Audit Committee of the Board quarterly to review its compliance-related performance during the period as well as to provide notice to the Committee of the upcoming compliance schedule. Management of the I-Bank is unaware of any material violations of finance related legal and contractual provisions and has no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of the bond resolutions, unless otherwise described herein.

Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Debt service reserve requirement: Pursuant to the various bond resolutions and supplemental bond resolutions for bonds issued and accounted for as conduit debt, certain invested reserves are required to be maintained with the Trustee in a designated Debt Service Reserve Fund. This requirement is intended to fund potential deficiencies in principal and interest required to be paid in succeeding years. As of the September 1, 2018 calculation date, the cumulative debt service reserve requirement, as adjusted for refunding and defeasance was \$58,791,609. As of June 30, 2019, each Series Debt Service Reserve Account was in compliance with the debt service reserve requirements in accordance with the respective bond resolutions and supplemental bond resolutions. The balances are not recorded in these financial statements. The balance as of June 30, 2019 and 2018 in all of the debt service reserve fund accounts was \$72,385,305 and \$74,936,888, respectively.

Statement of Funds and Accounts Held by the Trustee: Pursuant to the various bond resolutions and supplemental bond resolutions for bonds issued and accounted for as conduit debt, a Trustee is appointed to maintain all funds and accounts. The balances are not recorded in these financial statements. As of June 30, 2019 and 2018, the total cash and investments balance for conduit debt was \$107,441,199 and \$118,028,705, respectively.

Statement of revenue, administrative fees and state administrative fees: Pursuant to the various bond resolutions and supplemental bond resolutions for bonds issued and accounted for as conduit debt, the I-Bank is required to track the revenues, administrative fees and state administrative fees collected from all borrowers. The revenues include principal and interest payments made by borrowers. The balances are not recorded in these financial statements. For the fiscal year ended June 30, 2019, the total revenues, administrative fees and state administrative fees collected for conduit debt was \$295,536,992 and \$282,647,943, respectively.

Note 8. Other Matter-Water Bank

An Event of Default (EOD) currently exists separate and apart from the Master Program Trust Account under the terms of the I-Bank's Series 2005 Indenture (the Indenture) pursuant to which the I-Bank issued its Environmental Infrastructure Revenue Bonds (Bergen County Improvement Authority-EnCap Golf Holdings, LLC Project), Series 2005, specifically with regard to the Bergen County Improvement Authority (BCIA) - EnCap Golf Holdings, LLC (EnCap) project (hereinafter referred to as the NJEIT-BCIA Bonds). Such EOD created a corresponding EOD under the Loan Agreement among BCIA, the I-Bank and EnCap (NJEIT-BCIA Loan Agreement) pursuant to which the I-Bank loaned the proceeds of the NJEIT-BCIA Bonds to BCIA and thereupon BCIA loaned such proceeds to EnCap for EnCap's Meadowlands remediation project.

As a precondition of BCIA's loan application to the I-Bank for funding for the EnCap project and to protect bondholders from any repayment default risk by EnCap, the I-Bank required that EnCap procure a bank Letter of Credit (LOC Provider) in order to fully secure the debt service repayments of principal and interest owed on the NJEIT-BCIA Bonds.

Subsequent to the issuance of the NJEIT-BCIA Bonds, EnCap failed to satisfy various reimbursement obligations to the LOC Provider, which in turn triggered the above referenced EODs under the terms of the Indenture and the corresponding NJEIT-BCIA Loan Agreement. In response to the occurrence of the EOD under the Indenture, the LOC Provider exercised remedies to which it was entitled. On September 28, 2007, the LOC Provider directed a mandatory tender of the NJEIT-BCIA Bonds, which mandatory tender was funded by a draw on the LOC. As a result of the tender, all holders of the publicly issued NJEIT-BCIA Bonds (then outstanding in the principal amount of \$88,413,346) were paid in full; the LOC is

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Notes to Financial Statements

Note 8. Other Matter-Water Bank (Continued)

no longer outstanding; and the LOC Provider became the 100% holder of the NJEIT-BCIA Bonds, which are without recourse to the I-Bank.

In the aftermath of the above referenced EOD's, EnCap filed bankruptcy pursuant to Chapter 11 under the United States Bankruptcy Code on May 8, 2008. On February 3, 2009, an order dismissing the bankruptcy case was entered by the Bankruptcy Court and a Final Decree indicating that the case had been fully administered was entered on March 30, 2009.

On August 13, 2010, in accordance with the Agreement of Removal, Appointment and Acceptance, by and among The Bank of New York-Mellon (the Prior Trustee), the LOC Provider and American Home Assurance Company (American Home), American Home replaced the Prior Trustee as trustee with respect to the NJEIT-BCIA Bonds pursuant to the Indenture. In addition, in accordance with the Assigned Assets Sale and Assignment Agreement, by and among the LOC Provider and American Home, American Home acquired all of the NJEIT-BCIA Bonds from the LOC Provider. As of the date of this report, American Home continues to hold the NJEIT-BCIA Bonds.

The collateral that secures the NJEIT-BCIA Bonds held by American Home does not secure any of the annual financing programs of the I-Bank. Therefore, the events described above with respect to the NJEIT-BCIA Bonds and EnCap have no impact on any of the annual financing programs of the I-Bank including the principal and interest payments of any of the I-Bank's outstanding publicly issued bonds relating to such annual financing programs.

Note 9. Pension and Other Postemployment Benefits Plans

Public Employees' Retirement System

All full-time personnel of the I-Bank are covered by the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pension and Benefits (the Division). The plan has a board of trustees that is primarily responsible for its administration. According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

The PERS was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state local jurisdiction.

The vesting benefits are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Other Postemployment Benefits (OPEB) Plan

The Division administers the State Health Benefits Local Government Retired Employees plan. The plan was established in 1961 under Title 52 Article 14 – 17.25 et.seq. and offers medical and prescription

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Notes to Financial Statements

Note 9. Pension and Other Postemployment Benefits Plans (Continued)

coverage to qualified local government public retirees and their spouses. The OPEB plan is overseen by the State Health Benefits Commission (the Commission), which was established by NJSA 52:14-17.27.

The funding policy of the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under P.L. 1997, C. 300.

Plan Financial Statements

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and the OPEB plan. These reports may be accessed on the internet at: <https://www.state.nj.us/treasury/pensions/gasb-notice.shtml> or by writing to:

State of New Jersey
Division of Pension and Benefits
P.O. Box 295, Trenton, New Jersey 08625-0295

Pension Expense and Liabilities

I-Bank personnel are employees of the State of New Jersey. The I-Bank submits quarterly reimbursements to the State for salary and fringe benefits related to its personnel. As a result, the I-Bank does not pay into the State plan and therefore has no pension or OPEB expense or any liabilities associated with pension or OPEB recorded in the financial statements; these items are recorded at the Statewide level in the Comprehensive Annual Financial Report (CAFR) of the State of New Jersey.

Note 10. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on net position or changes therein.

Note 11. Subsequent Event

Management has evaluated subsequent events and transactions that occurred after the balance sheet date, but before October 9, 2019, the date the financial statements were available to be issued. The following items were determined by management to require disclosure in the financial statements:

On June 30, 2019, the budget for the State of New Jersey was signed into law, which appropriated \$22.6 million, dedicated to the State Transportation Infrastructure Bank Fund for use by the I-Bank in SFY2020 for financing transportation infrastructure projects via the Transportation Infrastructure Financing Program (TIFP) once the TIFP becomes operative. Of this total, \$2.6 million is unrestricted, and may be used for Transportation Bank general administrative and operating expenses. The I-Bank received the funds on September 23, 2019.

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Notes to Financial Statements

Note 11. Subsequent Event (Continued)

The Trust and DEP appropriation bills were signed into law on July 19, 2019 and July 17, 2019, respectively. These bills authorized the expenditure of approximately \$655 million for the purpose of financing the cost of construction of environmental infrastructure projects of eligible project sponsors. Additionally, this allowed for appropriations for the short-term loans not to exceed \$600 million.

On September 20, 2019 NJIB defeased \$460,000 of the Environmental Infrastructure Bonds Series 2012A relating to Elizabeth City.

Subsequent to year-end, the I-Bank has closed a total of 14 New Short Term Water Bank loans and increased allowable funding under 3 existing Water Bank loans with a combined total of \$9.2 million and increased allowable funding under 4 existing Short-Term Transportation Bank loans totaling \$12.6 million

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Master Program Trust Agreement Schedule (Unaudited)

Master program trust agreement: The New Jersey Environmental Infrastructure Financing Program adopted the Master Program Trust Agreement in 1995. Under the agreement, repayments of NJ DEP loans are deposited with US Bank and held in the Master Program Trust Account to provide coverage for all outstanding I-Bank Loans. The funds are held for a period of two semi-annual bond payments plus one day, after which time the funds are transferred to the SRF repayment fund at the State. The balance in the Master Program Trust Account as of June 30, 2019 and 2018 was \$35,021,358 and \$33,354,280 and, respectively. This balance is not an asset of the I-Bank and therefore is not reflected in the I-Bank's financial statements; however, it is available to pay debt service on the I-Bank Bonds in the event of a default by any program Borrowers.

	Aggregate of Coverage Receiving Trust Loan Repayments: Principal ¹	Aggregate of Coverage Receiving Trust Loan Repayments: Interest ¹	Aggregate of Coverage Providing Fund Loan Repayments ^{2,3}	Total Funds Available to Secure and Provide Coverage for all Coverage Receiving Financing Program Debt Service ^{1,3}	Total Debt Service for all Coverage Receiving Financing Programs ¹
Years ending June 30:					
2020	\$ 98,953,719	\$ 38,039,433	\$ 149,002,268	\$ 285,995,418	\$ 136,993,152
2021	95,115,000	33,472,881	142,562,014	271,149,895	128,587,881
2022	91,814,999	29,106,906	137,398,164	258,320,070	120,921,905
2023	84,795,001	25,045,185	128,812,797	238,652,985	109,840,186
2024	80,150,000	21,321,332	122,007,393	223,478,725	101,471,332
2025	77,685,000	17,816,681	115,537,353	211,039,034	95,501,681
2026	70,645,000	14,532,166	105,357,252	190,534,418	85,177,166
2027	64,095,000	11,557,990	93,389,696	169,042,686	75,652,990
2028	52,990,000	9,073,260	79,731,661	141,794,921	62,063,260
2029	42,865,000	7,193,221	66,576,594	116,634,815	50,058,221
2030	37,975,000	5,713,278	55,644,654	99,332,932	43,688,278
2031	27,930,000	4,551,022	46,460,997	78,942,019	32,481,022
2032	23,515,000	3,687,238	39,890,720	67,092,958	27,202,238
2033	16,920,000	3,031,810	32,100,810	52,052,620	19,951,810
2034	14,820,000	2,506,916	26,958,582	44,285,498	17,326,916
2035	11,030,000	2,065,831	20,320,946	33,416,778	13,095,831
2036	8,125,000	1,739,069	15,595,768	25,459,837	9,864,069
2037	6,230,000	1,496,800	12,099,942	19,826,742	7,726,800
2038	4,980,000	1,303,566	9,827,651	16,111,217	6,283,566
2039	3,730,000	1,152,250	7,663,661	12,545,912	4,882,250
2040	3,010,000	1,032,322	6,527,064	10,569,386	4,042,322
2041	3,145,000	921,566	6,527,064	10,593,630	4,066,566
2042	3,270,000	805,288	6,392,152	10,467,439	4,075,288
2043	3,165,000	687,981	6,120,560	9,973,541	3,852,981
2044	3,270,000	570,344	6,117,027	9,957,371	3,840,344
2045	3,390,000	448,409	6,110,490	9,948,899	3,838,409
2046	3,500,000	322,231	6,006,883	9,829,115	3,822,231
2047	3,460,000	195,022	5,328,615	8,983,637	3,655,022
2048	2,590,000	83,934	3,439,147	6,113,081	2,673,934
2049	955,000	17,975	1,078,726	2,051,701	972,975
Total	<u>\$ 944,118,718</u>	<u>\$ 239,491,907</u>	<u>\$ 1,460,586,652</u>	<u>\$ 2,644,197,276</u>	<u>\$ 1,183,610,625</u>

¹ Includes Series 2019B-R1 and 2019C-R1 financing programs.

² Trust Bond debt service net of savings credits derived from the prior refunding of certain series of Trust Bonds.

³ Excludes debt service paid on or prior to June 30, 2019.

⁴ Totals may not add due to rounding.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

**Report on Internal Control Over Financial Reporting and on Compliance and
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2020 I-BANK BOARD MEETING DATES

JANUARY 16, 2020

FEBRUARY 20, 2020

MARCH 12, 2020

APRIL 9, 2020

MAY 14, 2020

JUNE 18, 2020

JULY 9, 2020

AUGUST 13, 2020

SEPTEMBER 10, 2020

OCTOBER 8, 2020

NOVEMBER 12, 2020

DECEMBER 10, 2020

All meetings are open to the public and scheduled to occur at 10:00 am at the I-Bank's offices in Lawrenceville, NJ.
Dates are subject to change.



Round Valley Reservoir

Photos Courtesy of the New Jersey Water Supply Authority

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