

New Jersey Infrastructure Bank

Presentation will begin at 1:30PM



New Jersey Transportation Bank

NJ Infrastructure Bank
&
NJ Department of Transportation

March 2023

NJ Transportation Bank

SFY2024 Program Introduction

AGENDA

1. **Introductions / Emcee:** David Zimmer, Executive Director
2. **Finance Program and Changes:** David Zimmer, Executive Director
3. **Ranking Methodology:** Brian Wirtz, Local Aid, NJDOT
4. **Operational/Application Process:** Melinda Roslon, Project Manager
5. **Q&A / Break-out Sessions via MS Teams:**

To join, go to <https://www.njib.gov>

- **Finance**
- **Legal**
- **Operations/Application Process**



Operational/Application Process

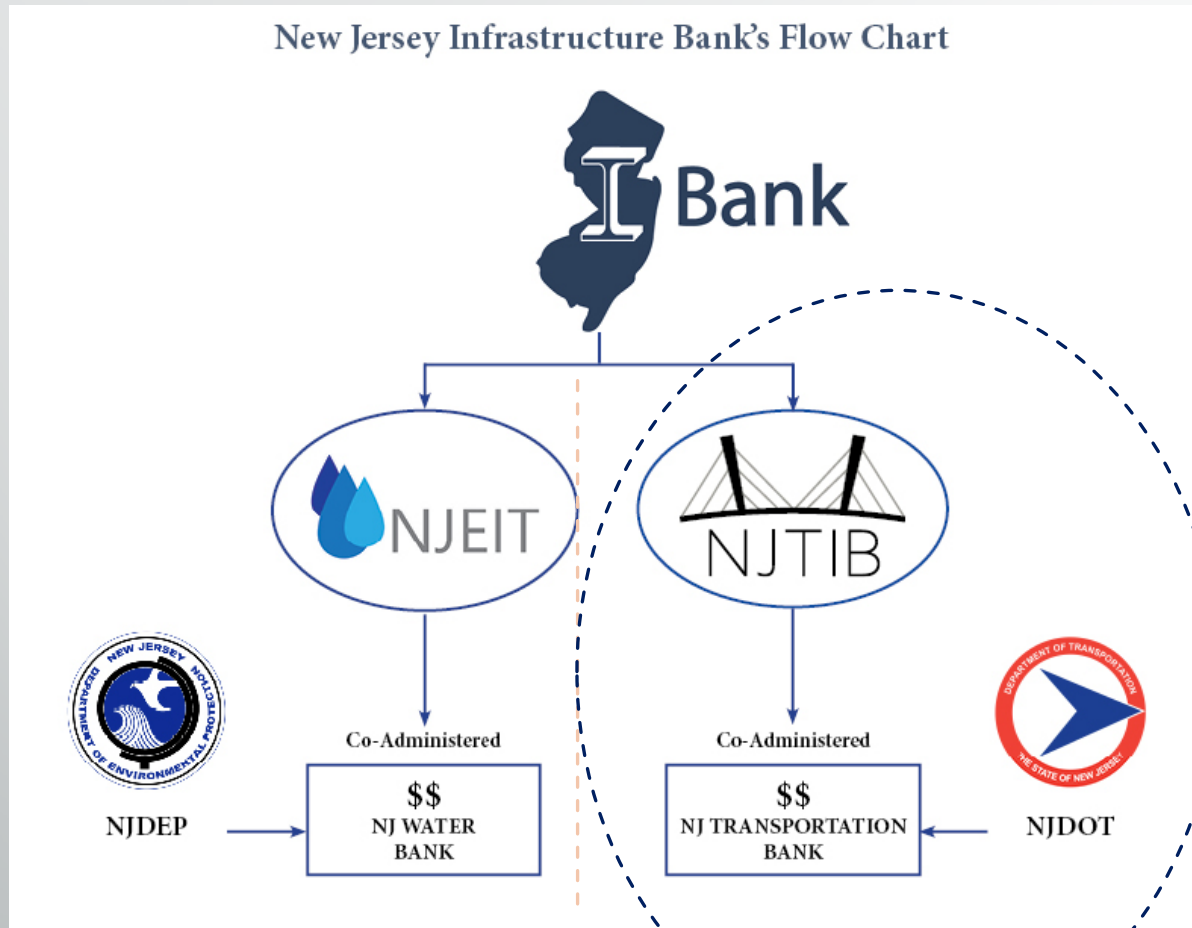
David Zimmer

I-Bank

Executive Director

NJ Infrastructure Bank

New Jersey Infrastructure Bank's Flow Chart



Mission - Provide and Administer low interest rate loans to qualified borrowers (counties, regional authorities, municipalities, and water purveyors) in New Jersey for the purpose of financing water quality and local transportation infrastructure projects.

NJ Transportation Bank

Why use the Transportation Bank?

1. **Budget Relief**: Lower cost for capital projects being financed
2. **Budget Flexibility**: Utilize savings for other general line items
3. **Budget Capacity**: Utilize savings to construct larger or add'l projects



Transportation Bank Loans

Short-Term Construction Loan Program –

- P&D Loan awarded to ranked projects upon “Readiness” determination
- 3 years for construction completion (+2 yr. lookback for P&D)
- Interest: Only on funds drawn through requisition process
(Like a Line of Credit loan)
- Rate: Set monthly, ~ 50% of 1-yr Trys (**current rate = 2.50%**)
- Generous cost allowances (e.g. Engineer, Architects, Counsel)
- L-T loan take out at construction completion

Differences from Local Aid Grants –

- 100% loan funds available up front
- Invoices required (cost-incurred / not paid)

Transportation Bank Loans

Long-Term loan Program –

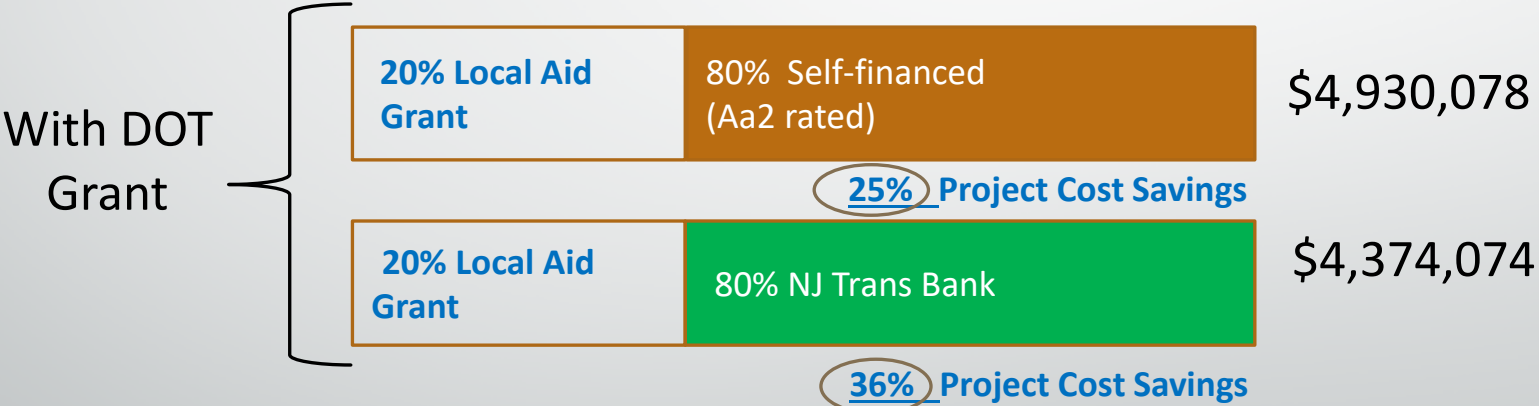
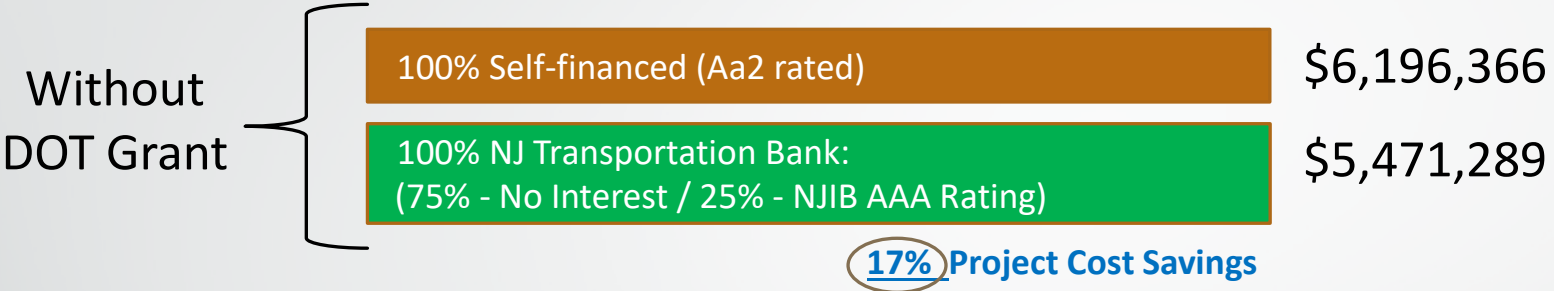
- Maturity terms: Lesser of **31** years or useful life
- Interest:
 - \leq 10-yr Loans @ 25% of I-Bank all-in AAA market rate **(new)**
 - $>$ 10-yr Loans @ 50% of I-Bank all-in AAA market rate
- In December 2022 the blended rate was approximately 3%
- Next L-T conversion in spring 2023

BIL Match Program – **(new)**

- Disadvantaged Communities w/ commitment of Competitive BIL grant from USDOT
- Receive Trans Bank loan for match funds (typically 20%) at 0% interest

Budget Benefits

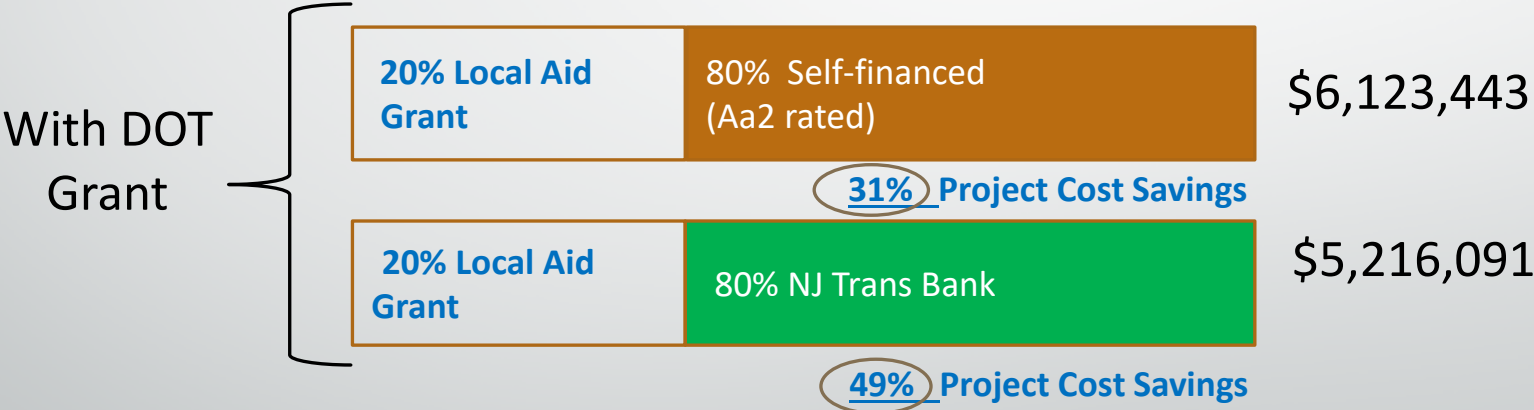
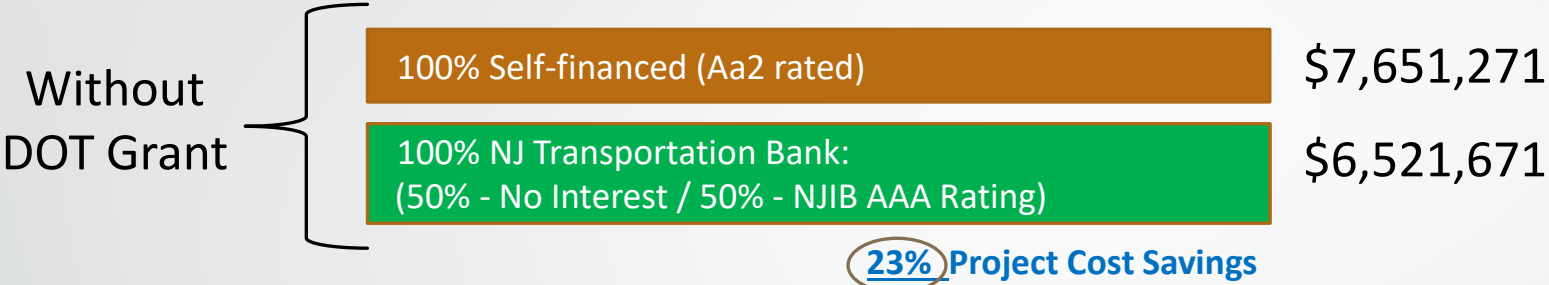
Savings based on \$5M Project with **10-year** maturity (Aa2 Borrower) at **25% AAA** Rate



Borrowers Save between 17% – 36% on Financing Costs

Budget Benefits

Savings based on \$5M Project with **20-year** maturity (Aa2 Borrower) at **50% AAA** Rate



Borrowers Save between 23% – 49% on Financing Costs

Transportation Bank Fees

Loan Origination Fee:

- 2% of Project Costs
 - 1% due at time of S-T loan closing (Part of S-T loan => No cash outflow to borrower)
 - 1% due upon conversion of L-T loan (Part of 1st debt service payment), or maturity of S-T loan

Administrative Fee:

- 0.10% one-time COI fee
- 0.17% annual fee based on original loan amount
 - *Note: 0.02% will be dedicated to providing Tech Assistance to Disadvantaged Communities) (New)*

Eligibility Requirements – Borrower

Borrower Eligibility Requirement

Must be a Local Government Unit: **(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”

Project Eligibility Requirement

(Presented by Brian in next section)



Processes - Application

Borrowing Process:

- Applications are submitted; rolling, w/ quarterly awards
- Application Forms; submitted through portal (***NJ-Moves.com***)

(Note – Application process will be covered in detail later by Melinda)





Processes - Project Approval

- **Technical Process**
 - DOT reviews design for compliance (*Presented in next section*)
 - I-Bank manages application, financing (*Presented in next section*)
- **Legal Process**
 - I-Bank staff and bond counsel work w/ sponsor and counsel. Ensure compliance with public finance law (*similar to Water Bank*)
- **Credit Process**
 - Project Sponsor must provide I-Bank w/ bond to secure repayment obligation
 - Bond must be backed by investment grade general obligation tax pledge (G.O.) from the LGU or a sponsoring LGU to collateralize the loan
 - DLGS approval is handled by I-Bank; 5% downpayment waived

Credit Policy Requirements

I-Bank Credit Policy

- All I-Bank Borrowers must satisfy the I-Bank's Creditworthiness Standards (Policy) found at: [Amended and Restated Credit Policy-202010.pdf \(njib.gov\)](#)
- Policy is a transparent credit underwriting tool that eliminates "exception" opportunities
- Policy adopted by the State for State Loans from Water Bank (SRF) Program
- I-Bank continuously monitors and updates Policy to reflect program enhancements

Credit Policy Highlights

- Requires G.O. Pledge
- Investment Grade Rating required (Exceptions: MQBA, Bank LOC, and *de-minimis* review)
- Borrowers with a single rating less than Baa1/BBB+ must procure a second investment grade rating
- Clear definition of a "Redevelopment Project"
- Borrowers with outstanding loan balance(s) > **\$2 million** must maintain a rating(s)
- Supplemental Loans have the same collateral and funding terms as the original loans
- Minimum project loan size of \$150,000

FAQs

- **Aren't Interest rates from other lenders / programs better?**
 - 50% - 75% of a loan obtained through I-Bank is interest-free
 - Short-term interest rates are more competitive in comparison to 1-year US Treasury
 - P&I payments commence between 3-5 years from allocation
(Typically, no payments during short-term loan)
- **What if my community has enough cash on-hand to self-fund?**
 - An I-Bank loan enables you to utilize capital on other endeavors
- **Is it beneficial for my town to take out a loan for a small project?**
 - You can combine multiple projects into one loan



I Bank / DOT – NJ Transportation Bank

Questions

David Zimmer
Executive Director
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dzimmer@njib.gov



Rating and Ranking Methodology

Brian Wirtz

NJDOT

Division of Local Aid & Economic Development

Project Eligibility

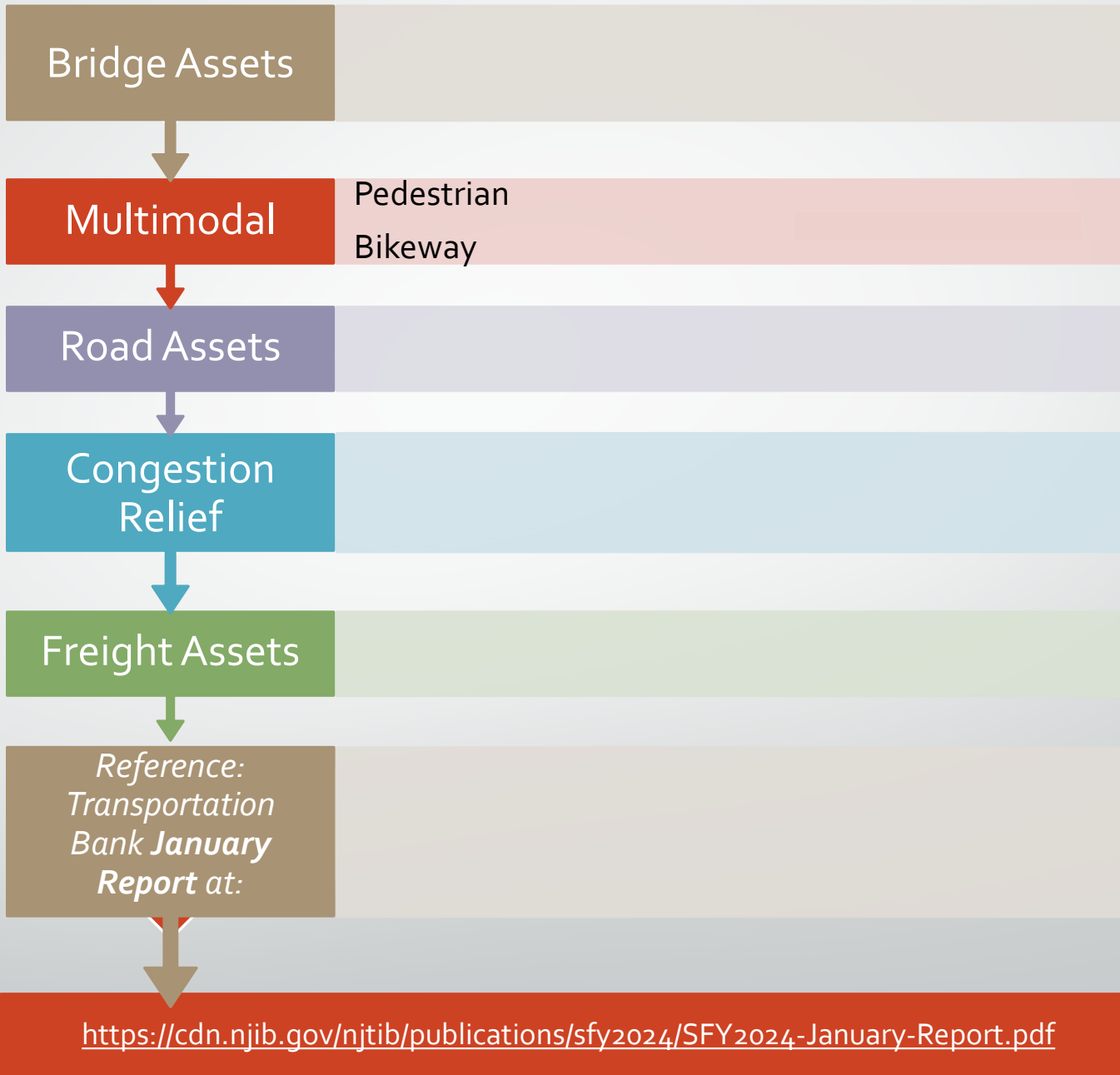
NJ I-Bank Statute: (Definitions)

“Public Highway” means public roads, streets, expressways, freeways, parkways, motorways and boulevards, including bridges, tunnels, overpasses, underpasses, interchanges, express bus roadways, bus pullouts and turnarounds, park-ride facilities, traffic circles, grade separations traffic control devices, the elimination or improvement of crossings of railroads and highways, whether at-grade or not at-grade, bicycle and pedestrian pathways and pedestrian and bicycle bridges, and any property, rights of way, easements and interests therein needed for the construction, improvement, and maintenance of highways.

“Transportation Project” means 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.



Asset Categories



Bridge Assets

Projects and programs in this category have a primary focus on preserving, rehabilitating, or reconstructing existing bridge structures. These projects are intended to keep existing bridges in a state of good repair and may include work that rehabilitates or replaces existing bridges to meet current design standards.



Rating Criteria

Project Type

- Replacement
- Rehabilitation
- Culvert

Bridge Type

- Thru-girder/Movable
- Other
- Culvert

Structural Sufficiency Rating

Status

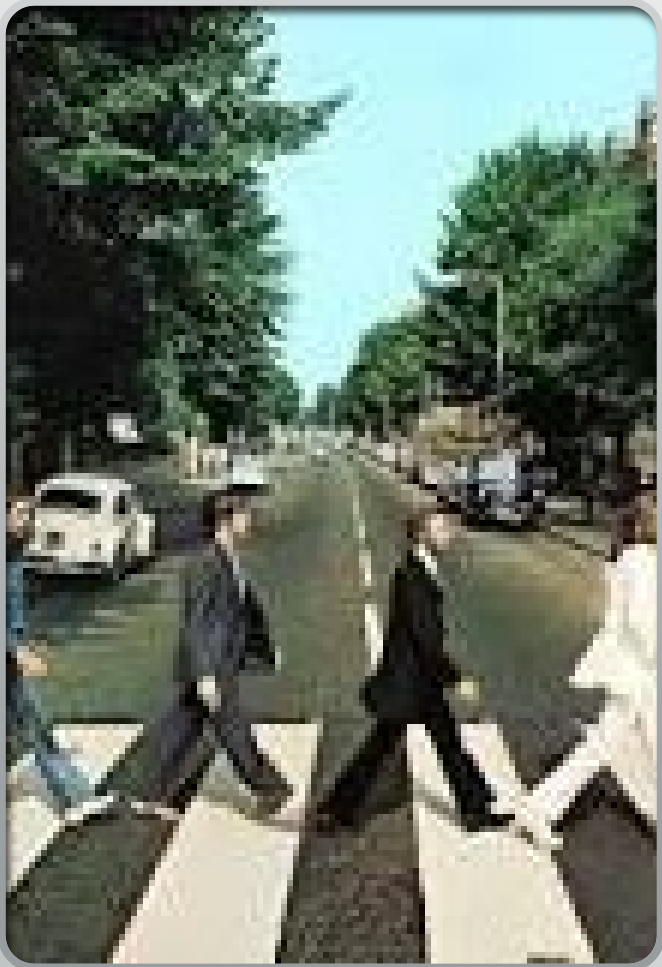
NHS

Multi Modal Assets

- Projects that address improvements in and/or provisions for alternative modes of transportation including goods movement, bicycle/pedestrian accommodations and intermodal connections.
- Two sub-categories:
 - Pedestrian Improvements
 - Bikeway Improvements



Rating Criteria - Pedestrian



- Project Type
 - New Construction
 - New & Rehabilitation
 - Rehabilitation
- Type of Use
 - Mixed Use
 - Commercial
 - Residential
- Safety
- School Access
- Designation
- Complete Streets

Rating Criteria - Bikeway

- Facility
 - Separated
 - Partially Separated
 - New
 - Existing
 - Other
- Additional mileage
- Designation
- Complete Streets
- Element of Larger Plan



Road Assets

- Projects with a primary focus on preserving, rehabilitating, or reconstructing existing road assets designed to keep the existing highway system in a state of good repair.





Rating Criteria

Safety

NHS

Designation

Complete Streets

ADT

Pedestrian Improvements

Municipal Aid

County Aid



Congestion Relief

- Projects focused on improving quality of life by maintaining or increasing the movement of people and goods. They may also provide a safety and/or infrastructure preservation benefit.

Rating Criteria

Safety

NHS

Designation

Complete
Streets

ADT

Freight Assets

Projects and programs with a primary focus on preserving and improving the pavement condition in support of truck traffic designed to keep the existing local, county and highway system in a state of good repair.



Rating Criteria

Project Type

- Truck Safety & Mobility
- New Construction

Access

Economic
Development

Safety

NHS

ADT

Large Truck
Volume

Next Steps

Project Ranking

Preliminary Priority List

Readiness Ranking Criteria Applied (*I-Bank*)

Final Priority List



I Bank / DOT – NJ Transportation Bank

Questions

Brian Wirtz

NJDOT – Division of Local Aid
and Economic Development

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856-414-8497



Operational/Application Process

Melinda Roslon

I-Bank

Project Manager

Eligibility Requirements

Project Eligibility Requirement –

- Must meet definition of “Transportation Project” in *(P.L. 2016, c.56)*
- Must not have been advertised for bids



To create an account, please call us at
(609) 219 - 8601.



Low cost financing and assistance for Local Transportation Projects

NJ-Moves offers a streamlined application process to qualified municipalities, counties and regional transportation authorities interested in obtaining low interest-rate loans with subsidized interest rates for transportation infrastructure projects.



Your next project starts here.

Log in

Email

Password

Login

[Forgot Password?](#)
[How do I get an account?](#)

After account creation you can:

- Assign an Authorized Rep,
- Create and submit project applications,
- Assign roles and responsibilities to other project collaborators.



Project Ranking

Base Rating – NJDOT

- Bridge Assets (25 pts)
- Multimodal (20)
- Road Assets (20)
- Freight Assets (20)
- Congestion Relief (15)

Additional Bonus Points (25 – 100) – I-Bank

- Preliminary Credit Approval
- Application Meeting
- Receipt of documentation required to determine eligibility

Funding Allocation

- Allocation is the commitment of program funds to an applicant for a project
- Project applications must be submitted in NJ-Moves to be considered for Allocation
- Allocation occurs at the beginning of each quarter, subject to available funds
- To be eligible for Allocation, the project must be anticipated to receive Concurrence of Award from NJDOT within 12-months from date of allocation (24-months for bridge projects)

Program Roles and Responsibilities

DOT – *Technical*

- Design – Review of Plans & Specifications
- Environmental – EO215 Determination
- Civil Rights – Issuance of SBE Goal %
- Construction Award – Review of Construction Bids

I-Bank – *Operational/Financial*

- Application system
- Application process support
- Credit and LFB
- Contract Certification
- Short-Term and Long-Term Loan Closing
- Requisition Disbursement

Application Process

(Initial Submission)

Applicant submits:

- Contact Info
- Project Description
- Location Map
- Estimated Costs
- Project Timeline

Transportation Bank staff:

- Determines Project Eligibility
- Determines Initial Credit Worthiness
- Assigns Project Ranking
- Schedules Application Conference Call / Meeting

Application Process (Finance)

Prior to ST Loan Closing:

Applicant submits:

- Executed engineering contract (if applicable)
- Financial information

I-Bank:

- Determines Credit Approval
- Certifies Applicable Contract
- Loan Closing (total estimated Project cost)

Application Process (Advertise for Construction)

Applicant Submits:

- Sealed Plans
- Contract Specifications
- Permits
- Design Certification
- Engineer's Estimate

Transportation Bank Issues:

- EO-215 Determination
- SBE Goal %
- Authorization to Advertise Construction



Application Process (Commence Construction)

Applicant Submits:

- Construction Bids
- Construction Contract
- Award Resolution
(subject to DOT concurrence)

Transportation Bank issues:

- Concurrence of Award
- Certification of Construction Contract

Application Overview

Application Submissions (Applicant/Borrower)	Program Action (I-Bank / NJDOT)
<u>Initial Submission</u> Sponsor/Representative Project description	Preliminary Project Eligibility / Ranking Preliminary Environmental Determination Application Meeting
<u>Financial / Engineering</u> Financial Information Engineering Contract (if applicable)	Credit Eligibility Determination Engineering Funding Commitment Loan Closing Disburse money on certified costs upon receipt of requisitions/invoices
<u>Construction – Advertisement</u> Sealed Plans Contract Specifications Engineering Design Certification Engineer’s Estimate	Final Environmental Determination Technical Comments Authorize Advertisement
<u>Construction – Award</u> Construction Bids Award Resolution (subject to concurrence)	Award Concurrence Construction Contract Commitment Disburse construction \$ upon receipt of requisitions/invoices

Funding Disbursement Model

Applicant Submits:

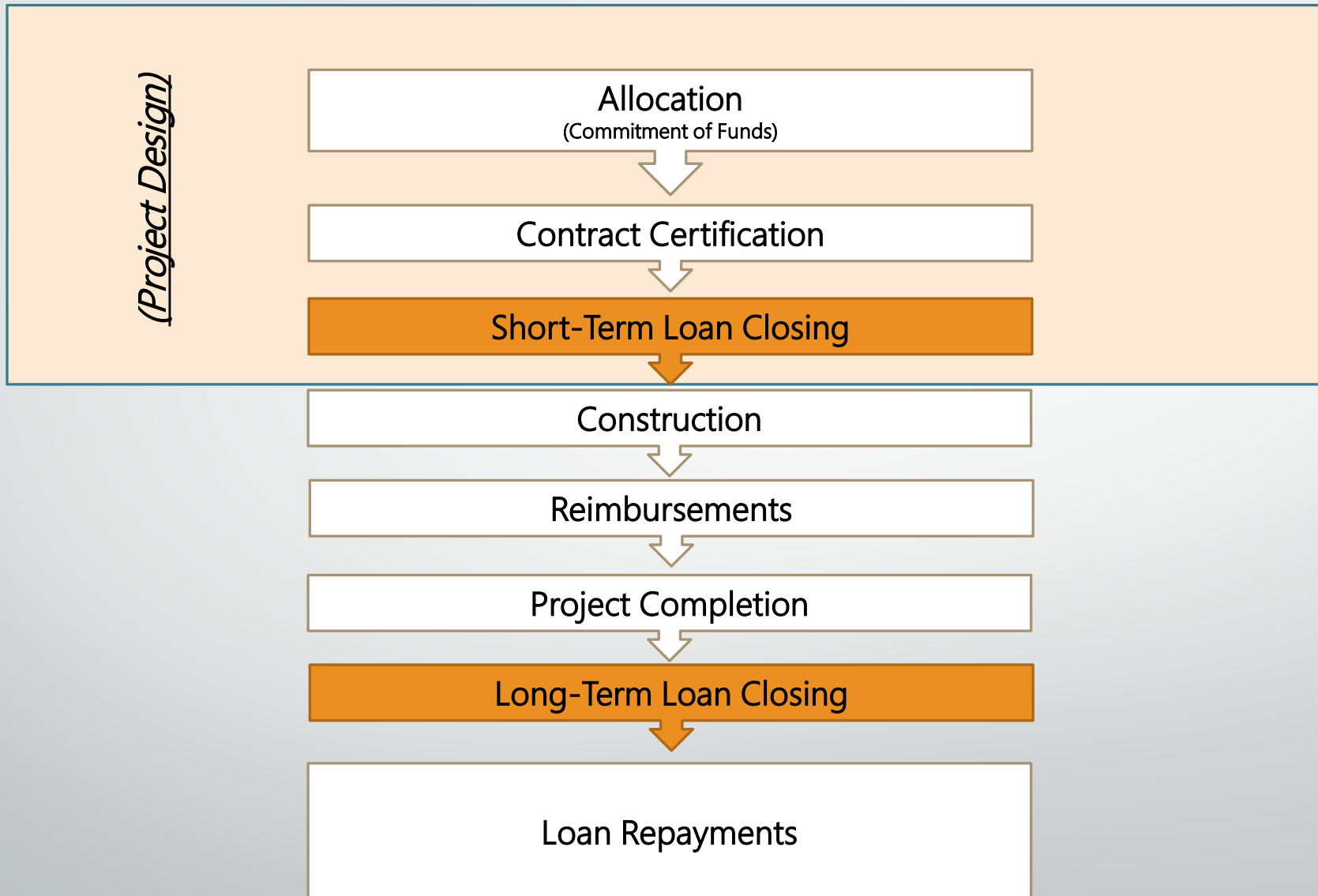
- Requisition
- Contractor Invoices

I-Bank:

- Disburses Funds



Project Timeline



Coming Soon

- Marine & Aviation Project Financing – Funds not yet appropriated
 - Airports, Runways, Berms, Basins
 - Watercraft, Docks Wharves, Piers, Slips
 - Storage places, Sheds, Warehouses
- Disaster Relief Emergency Loan Financing (“SAIL Program”) – SFY24
 - Works in coordination with the existing Federal Highway Emergency Relief Program to provide Local Government Units quick access to temporary ST bridge loans in the aftermath of a declared disaster
 - Funds can be used for local match requirements and or in the anticipation of reimbursement through other programs such as the FHWA Emergency Relief Program or FEMA

FAQs

- **Are there time constraints due to burdensome reviews?**
 - Typical project review time is 3-6 months, sooner if documents are complete and comprehensive
 - Dedicated DOT resource for technical reviews
- **Is there a minimum or maximum project size?**
 - The program works with projects of all sizes
 - The largest project allocated to date is ~\$12,000,000
 - The smallest project allocated to date is ~\$450,000

Contact Information

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