

New Jersey Infrastructure Bank

Financing New Jersey's Water Quality & Transportation Future

Annual Report SFY2018



Route 35 Victory Bridge, Middlesex County



Phil Murphy, Governor
State of New Jersey

New Jersey Infrastructure Bank Quick Facts: Program Year SFY2018

THE I-BANK WAS AUTHORIZED TO FINANCE LOCAL TRANSPORTATION PROJECTS IN SFY2018.

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

TOTAL LOANS

As of June 30, 2018, the Program has issued more than **\$6.85 billion** in long-term Water Bank loans since its inception in 1986. The Program has an additional **\$525 million** in outstanding short-term Water Bank construction loans and **\$181.6 million** in outstanding Disaster (SAIL) loans related to Superstorm Sandy.

TOTAL PROJECTS

Approximately **1,300** long-term loans have been issued to fund clean water, drinking water, green infrastructure, land acquisitions, remediation and redevelopment Projects. In addition, **85** short-term construction loans and disaster loans are outstanding as of SFY2018 year-end which will eventually be rolled into long-term loans upon construction completion.

TOTAL SAVINGS

The Program has saved taxpayers and ratepayers more than **\$2.54 billion** through lower interest charges and principal forgiveness loans.

TOTAL JOBS CREATED ¹

Since its inception, the Program has created over **130,000** direct construction jobs.

CURRENT WATER BANK RATES

Blended interest rates as low as **0.67%** for the Series 2017A-2 Green Bonds and **0.82%** for the Series 2017B-1 (AMT) Green Bonds issued in November of 2017. Blended interest rates as low as **0.79%** for the Series 2018A-1 Green Bonds and **0.91%** for the Series 2018B-1 (AMT) Green Bonds issued in May of 2018.

¹ The White House Council of Economic Advisors estimates: 20 direct construction job-years per \$1M up through 2011 and 12 direct construction job-years per \$1M 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 the public health, reduce roadway congestion, improve highway safety and contribute to New Jersey's role as a critical channel for commerce. The benefits of investing in infrastructure include stimulating the economy and reducing environmental and health impacts, while enhancing the quality of life within communities and beautifying their neighborhoods.

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

EXECUTIVE



David E. Zimmer
Executive Director



Frank Scangarella
Assistant Director
Chief Operating Officer



Lauren S. Kaltman
Chief Financial Officer



Judith Karp
Legal and Compliance Officer

SENIOR STAFF

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

THE NJEIT BECOMES THE I-BANK

SFY2018 was an exciting, transitional year for the New Jersey Infrastructure Bank (I-Bank). In January of this year, legislation became effective expanding the I-Bank's mission to include a local Transportation Financing Program and in the process, changed the I-Bank's name from the New Jersey Environmental Infrastructure Trust (NJEIT).

NEW TRANSPORTATION BANK

In May, the I-Bank received its first annual appropriation of loan and administrative funds for the NJ Transportation Bank totaling \$22.6 million. The goal is to work with qualified Local Government Units (LGUs) to issue the Transportation Bank's first loan by the end of calendar year 2018. It is our commitment to you and the State to work with the NJ Department of Transportation (DOT) to develop and build an efficient and effective transportation financing program along the lines of the long-standing and successful NJ Water Bank.

STAYING THE COURSE WITH THE WATER BANK

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 make loans and co-administered the NJ Water Bank financing program. In SFY2018, the Water Bank funded environmental infrastructure projects totaling **\$438.6 million**. In doing so, the Water Bank facilitated the creation of an estimated **5,260 direct construction jobs**, and demonstrated once again, the importance of the I-Bank to the State's environmental and economic development policies.

LEVERAGING GREEN FUNDS

As part of the Water Bank's financing initiative, the I-Bank now taps the municipal bond market twice each year to leverage the Water Bank financing program. This offers more opportunities for participating communities to lock in interest rates upon construction completion by converting their I-Bank short-term construction loans to long-term Water Bank financing. Offering long-term financing for the exact cost of a project mitigates IRS compliance issues, eliminates the need for supplemental funding, and eliminates many post-issuance compliance costs for borrowers. In SFY2018, the I-Bank issued four bond series totaling \$58.905 million to partially fund \$231 million of expenses for 53 environmental projects. The I-Bank's SFY2018 Bond Series were issued as Green Bonds because the proceeds financed projects with environmental benefits that qualify them as "Green" projects. To date, the I-Bank has issued ten Green Bond Series totaling \$237.6 million and expects to continue to issue its bonds as Green Bonds for the foreseeable future.

LEVERAGING TECHNOLOGY

In its ongoing mission to provide better service, the I-Bank continues to invest in its proprietary **H₂LOans** loan application system strengthening the information portal's offering for project sponsors and facilitating the process by which project sponsors submit "rolling" loan applications throughout the fiscal year. With the I-Bank's recently granted authority to update the Water Bank's Project Priority List to the Legislature on a quarterly basis, project sponsors are able to request financing and have their projects' technical and financial reviews begun at any point during the year without the concern of missing Program deadlines. Project sponsors – and their consultants, simply log into their **H₂LOans** account (<https://www.h2loans.com/>) and provide I-Bank and DEP program staff with borrower, project and financial information. The **H₂LOans** system has functionality that allows program staff to perform project reviews on-line, increasing the efficiency of work flow and communication between the various parties, diminishing review times and greatly reducing the cost of the project review and approval process. For example, the electronic approval process for each borrower seeking DLGS/LFB approval for bonding through the Water Bank is now conducted directly with the Director of DLGS through **H₂LOans**. In doing so, the I-Bank has turned what used to be a costly and time consuming day for borrowers requiring in-person presentations in Trenton for such approval into an electronic process that now takes all parties less than 10 minutes over the internet.

In November 2017, PL. 2017, c.71 became effective. The law, known as the Water Infrastructure Savings Enabling (WISE) Act, requires all LGUs seeking financing of \$1,000,000 or more for an environmental infrastructure project not planning to finance through the Water Bank, to submit a Financing Cost Estimate (FCE), provided by the I-Bank, to the Director of DLGS/LFB for approval. The I-Bank developed the WISE Calculator tool and it is available publicly on the I-Bank's website. The WISE Calculator provides project sponsors and their consultants a quick and easy way to quantify the comparative savings offered by Water Bank financing. It is also used by prospective borrowers as a budgeting tool for estimating the annual debt service due for proposed projects. The FCE provides transparency to the public and assists local officials in their due diligence for selecting the most cost-effective project financing.

"I" STANDS FOR INNOVATION

The I-Bank and the DEP have a well-deserved reputation for innovation given the new financing tools, cost-efficiency initiatives and broadening of the loan products offered through the Water Bank to increase the amount of loans the Program makes and the base of borrowers that it serves. Two recent funding initiatives developed and implemented by the Water Bank have begun to bear fruit for the State's water systems. They are as follows:

- **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 SFY2018 of up to \$100,000 to small Drinking Water and Clean Water systems for the development and implementation of a strategic asset management plan. The objective of this funding initiative is to promote best practices and encourage timely capital investments within the industry focused on those systems that often lack the resources to do so. In the first 18 months of its existence, the Water Bank has financed four asset management plans totaling \$384,772 to small systems to assist with pro-active, strategic capital planning.
- **Lead lines** – The need to mitigate lead contamination in drinking water is a critical issue throughout the nation's water systems, particularly in older communities. To assist such communities in New Jersey, in SFY2018, the Water Bank offered up to \$1 million in principal forgiveness funds per project to address this issue. This initiative has a total of \$30 million available.

With your continued support, the I-Bank will persist in its on-going 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. 37)

In accordance with Executive Order No. 37, the New Jersey I-Bank's SFY2018 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, RSM US LLP, 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 Zimmer, certify that during SFY2018, 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.



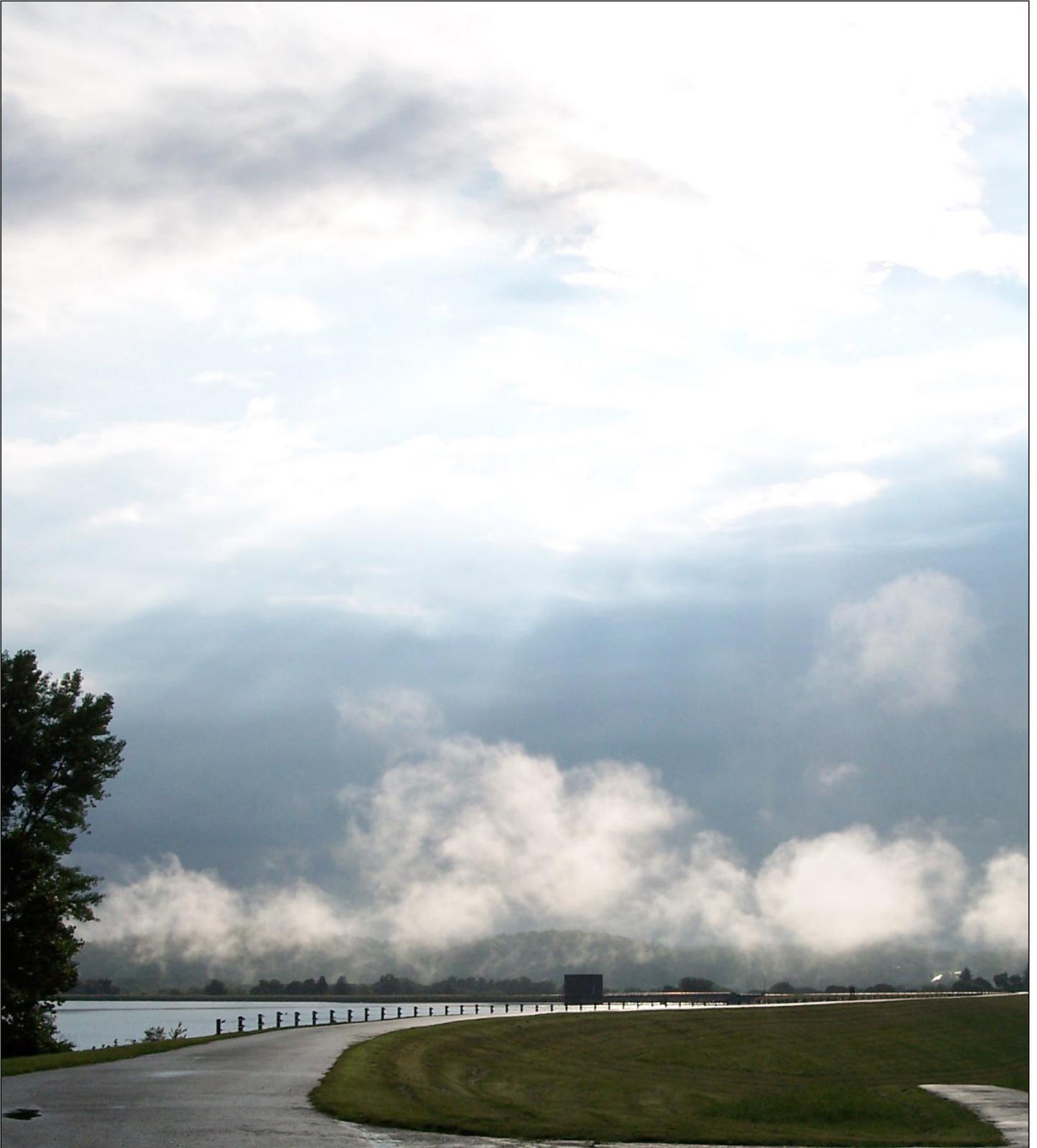
David E. Zimmer
Executive Director

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 SFY2018.



Lauren S. Kaltman
Chief Financial Officer

NEW JERSEY WATER BANK



New Jersey Water Supply Spillway

NJ WATER BANK: FINANCIAL OFFERINGS



City of Newark Water Distribution & Main Rehabilitation. **SFY2018 Loan: \$16,873,601**

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 program listed below provides low interest loans through a combination of Federal Clean Water (CW) or Drinking Water (DW) State Revolving Funds (SRF), I-Bank Bond Proceeds, I-Bank available funds and/or available Lines of Credit.

SHORT-TERM FINANCING OFFERINGS

[H₂LOans](#) offers temporary financing opportunities through the Planning and Design Loan Program, the Construction Loan Program, and the SAIL Disaster Relief Loan Program, all described below.

Planning and Design Loan Program

P&D financing covers preconstruction funding for the cost of environmental planning, engineering design and soft costs. P&D loans are available in advance of construction loans. Borrowers benefit from the quick turnaround time from submission request to reimbursement. Short-term loans for P&D of long-term control plans for CSO communities are eligible for up to a ten-year term.

Construction Loans

The base construction loan is designed to provide short-term financing for the design and construction of projects in

advance of long-term funds. The NJ Legislature authorized the I-Bank to make short-term construction loans for a period not to exceed three (3) full fiscal years. By allowing the I-Bank to make temporary loans to borrowers covering 100% of a typical project's construction period, the Water Bank converts actual project costs incurred during the short-term loan phase into long-term loans upon completion of construction. 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 Statewide Assistance Infrastructure Loan (SAIL) Program assists borrowers with financing projects to repair disaster-damaged infrastructure and improve the resiliency of the State's water systems. SAIL provides timely and cost effective funds to expedite and support the State's recovery and the rebuilding of environmental infrastructure in the event of a declared disaster. The SAIL Program provides advance funding to systems working with FEMA, CDBG or other federal disaster grant processes and which need interim funds pending a project's receipt of federal reimbursements.

The SAIL program issued two (2) loans for new projects in SFY2018 to Passaic Valley Sewerage Commission (PVSC) that ad-

dress impacts from Superstorm Sandy. The Water Bank lent PVSC \$31,995,000 to replace and relocate storm damaged electrical switchgear and the Motor Control Center. The Water Bank lent an additional \$1,588,000 to ensure PVSC's dewatering and sump pumps continue to operate under flood conditions. ¹

The I-Bank has worked closely with the NJOEM and FEMA on behalf of borrowers to secure reimbursement and maintain compliance within the Stafford Act. Program borrowers benefit from I-Bank involvement on compliance resulting in the reimbursement of 90% of all submitted costs, the maximum allowable under FEMA's reimbursement cap for Superstorm Sandy. The time of reimbursements from FEMA for Superstorm Sandy projects has averaged an impressive 37 days.

LONG-TERM FINANCING OFFERINGS **Base Program**

The SFY2018 Base Program offered 75% in a DEP 0% interest loan and 25% in a I-Bank Loan, producing a blended interest rate equal to 25% of the I-Bank's AAA/Aaa market rate. Additionally, the program offered set-aside funds for certain projects that qualified for principal forgiveness, including Barnegat Bay Watershed, Combined Sewer Overflow Abatement, Green, and Redevelopment projects which were all eligible for as much as 50% Principal Forgiveness.

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

NJ WATER BANK: FINANCIAL OFFERINGS: (continued)

NANO Loan Program

The NANO Loan Program (NLP) is available to Small Drinking Water Systems (SDWS) serving populations of up to 10,000. The NLP provides \$4 million in subsidized loans to eligible systems by offering a loan package up to \$1 million that consists of a 50% principal forgiveness loan, a 25% DEP loan at 0% interest and a 25% I-Bank market-rate loan. The NLP waives many program administrative and underwriting fees as SDWSs often lack the resources of larger systems. The NLP encourages SDWS' participation in the Water Bank to complete critical repairs and invest in necessary upgrades by greatly reducing the costs.

SPECIAL INITIATIVES

Barnegat Bay

In a continuation of the Barnegat Bay initiative, the FY2018 Financing Program set aside up to \$6 million in principal forgiveness funds for 50% of the eligible costs of stormwater projects that facilitate the removal of pollutants from entering the Barnegat Bay. The remaining 50% of funding was provided by a 0% interest DEP loan and a AAA market rate I-Bank loan, each for 25% of the total loan amount. Since the inception of this initiative, the State has made available over \$68 million (\$35 million in principal forgiveness loans and \$33 million in low-interest cost loans) for stormwater improvement in Barnegat Bay.

Combined Sewer Overflow (CSO) Abatement

\$3 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 the costs of green projects in excess of \$2 million and for CSO projects not utilizing green technology.



Sussex County Municipal Utilities Authority Land Fill Expansion. **SFY2018 Loan: \$8,805,138**

NJ WATER BANK PROJECTS: ELIGIBLE ACTIVITIES

After changes to the Enabling Act in early 2018, the name of the New Jersey Environmental Infrastructure Trust (“NJEIT”) was changed to the New Jersey Infrastructure Bank (the “I-Bank”). Although the name of the organization has changed, its mission to provide low-cost financing for water quality projects in the state remains the same. The I-Bank and the NJDEP partner to jointly administer and finance clean water projects, including wastewater treatment and conveyance systems and combined sewer overflow systems as well as safe drinking water quality enhancement projects. The following project categories describe the types of projects eligible for Water Bank loans in 2018.

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 projects 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 are eligible 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.

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 Program eligible 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 - The cleaning of abandoned and contaminated industrial sites is eligible for financing 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 water may be financed under the Program. Eligible areas include stream headwaters and corridors, wetlands, and aquifer recharge areas. Financing for land is compatible with the Green Acres Program,



Jersey City Municipal Utilities Authority Water Valve Replacement. SFY2018 Loan: \$5,777,676

NJ WATER BANK PROJECTS: ELIGIBLE ACTIVITIES: (continued)



Bayshore Regional Sewerage Authority Flood/Surge Resiliency. **SFY2018 Loan: \$1,194,537**

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.

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 (those that reduce greenhouse gas emissions, for example). Green infrastructure includes such practices as replacing ex-

isting 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 Program eligible wastewater and drinking water facilities are also eligible for funding, including but not limited to fencing, lighting, motion detectors, cameras, secure doors, and alternative auxiliary power sources.

NEW INITIATIVES

Asset Management - WRRDA requires a recipient of a 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, repairing as necessary, replacing 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 describes an Asset Management Plan (AMP). The DEP has developed guidance to assist borrowers with the development and implementation of an AMP.

30-Year Loan Term - Changes to the I-Bank's Enabling Act in SFY2018 allowed the Program to offer loans with maturity terms as long as 30-years, further reducing the annual repayment costs of borrowers, and increasing the affordability of the Program for local communities.



Long Beach Township Pump Room Reconstruction. **SFY2018 Loan: \$7,104,567**

NJ WATER BANK PROGRAM BENEFITS: SAVINGS, CASH-FLOW, ADMINISTRATIVE



Burlington Township Sanitary Sewer Main Rehabilitation SFY2018 Loan: \$704,699

For over 30 years, the Water Bank's low interest rate loans have funded projects that have protected the environment, saved taxpayers \$2.5 billion through lower interest costs, and created over 130,000 direct construction jobs, adding vital economic activity to the State.

DOLLAR SAVINGS BENEFITS

Pool Bond Issue - By consolidating a group of borrowers in 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 issue reduces financing and underwriting costs.

Minimized Financing Costs - Borrowers receive partial financing from the State as zero interest loans. Also, program underwriting costs are allocated to each borrower's pro-rated share of a bond series. This results in the cost of bond issuance being shared among borrowers proportionately based on each borrower's project loan amount. Together, these two features, dramatically minimize each borrower's cost when compared to self-financed bond deals.

Earnings Credits - Earnings on investments from all bond funds, including the Project fund, Revenue fund and, when applicable, the Debt Service Reserve funds, are distributed to borrowers as credits toward their debt service payments.

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

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

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

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 interest savings realized from prior bond refundings, 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 I-Bank structure.

CASH FLOW BENEFITS

Capitalized Interest - Loans may be structured to include all or part of construction period interest costs, allowing borrowers to defer interest cost repayments for up to 36 months.

Deferred Principal Repayment - To better align a project's cash flow dynamics, borrowers are allowed to defer principal repayment for up to 6 months from the time of construction completion.

Generous Allowable Costs - Associated project costs, including planning and design, engineering, local financing 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 a I-Bank only loan.

Flexible Term - Borrowers who prefer not to have a 30-year obligation or for assets with useful average lives of less than 30 years may choose shorter terms.

ADMINISTRATIVE BENEFITS

No Arbitrage Worries - The I-Bank manages federal IRS arbitrage rebate requirements, relieving borrowers of the cost and administration of this obligation.

No Secondary Disclosure Requirements - Due to the I-Bank's large value of outstanding bonds, no single borrower is a material obligated entity. As a result, Water Bank borrowers are not required to fulfill SEC secondary disclosure or reporting requirements.

Timely Decisions - The DEP prioritizes permit applications for Water Bank projects.

Reporting - Program reports required of each borrower by the SEC, IRS, EPA and others are handled or managed by the I-Bank. This minimizes the need and expense of additional administrative staff by the borrowers.

SUMMARY OF WATER BANK LOAN PRODUCTION

BY STATE FISCAL YEAR - FOR LAST 5 YEARS

SFY	1st Short-Term Loan (Operable Segment)	2nd Short-Term Loan (Operable Segment)	3rd Short-Term Loan (Operable Segment)	Long-Term Loans (Inc/Decr \$ Op Seg)	SFY Total Production
2018	\$ 394,473,787	\$ 18,285,210	\$ 11,138,038	\$ 14,726,027	\$ 438,623,062
2017	\$ 419,244,321	\$ 32,194,904	\$ 0	\$ 47,147,545	\$ 498,586,770
2016	\$ 155,105,168	\$ 467,104	\$ 0	\$ 89,665,591	\$ 245,237,863
2015	\$ 92,939,676	\$ 32,662,008	\$ 0	\$ 185,742,897	\$ 278,682,573
2014	\$ 2,950,391	\$ 0	\$ 0	\$ 242,570,193	\$ 245,520,584
Total	\$ 1,064,713,343	\$ 50,947,218	\$ 11,138,038	\$ 579,852,253	\$ 1,706,650,852



Millville City Waste Water Treatment Plant Upgrades, Phase II. **SFY2018 Loan: \$9,539,065**

NJ WATER BANK OUTSTANDING SHORT-TERM LOANS: AT SFY2018 YEAR-END

Issue Year	Borrower	Loan Amount
2016	(SAIL) Bayshore RSA	\$ 15,031,324
2016	(SAIL) Kearny MUA	\$ 6,441,376
2016	(SAIL) Middlesex County UA	\$ 35,208,623
2017	(SAIL) Middlesex County UA	\$ 87,953,113
2017	(SAIL) Passaic Valley SC	\$ 3,402,331
2018	(SAIL) Passaic Valley SC ¹	\$ 31,995,000
2018	(SAIL) Passaic Valley SC ¹	\$ 1,580,000
Total SAIL Loans		\$ 181,611,767
2016	Elizabeth City	\$ 2,132,483
2016	Gloucester CUA	\$ 41,605,911
2016	Plumsted Twp	\$ 1,250,000
2016	Rockaway Valley RSA	\$ 6,470,073
2016	Somerville Borough	\$ 3,943,224
2017	Aberdeen Twp	\$ 7,498,712
2017	Aberdeen Twp	\$ 1,305,099
2017	Atlantic County UA	\$ 488,637
2017	Atlantic County UA	\$ 3,664,280
2017	Elizabeth City	\$ 6,500,000
2017	Hoboken City	\$ 31,402,264
2017	Jackson Twp MUA	\$ 6,978,160
2017	Netcong Borough	\$ 262,308
2017	Netcong Borough	\$ 301,230
2017	Newark City	\$ 12,650,000
2017	North Hudson SA	\$ 2,316,573
2017	North Hudson SA	\$ 17,060,030
2017	North Hudson SA	\$ 1,200,000
2017	North Hudson SA (LTCP)	\$ 3,000,000
2017	North Jersey District WSC	\$ 1,064,196
2017	North Jersey District WSC	\$ 1,647,922
2017	North Jersey District WSC	\$ 476,927
2017	Northwest Bergen County UA	\$ 2,301,788
2017	Ocean Twp SA	\$ 1,133,971
2017	Ocean Twp SA	\$ 522,805
2017	Passaic Valley SC	\$ 2,928,050
2017	Passaic Valley SC	\$ 919,075
2017	Passaic Valley SC (LTCP)	\$ 8,000,000
2017	Roxbury Twp	\$ 6,098,986
2017	Somerset Raritan Valley SA	\$ 14,135,291
2017	Stony Brook RSA	\$ 3,868,630
2018	Berkeley Twp MUA	\$ 1,799,146
2018	Bradley Beach Borough	\$ 1,952,123
2018	Bradley Beach Borough	\$ 389,614

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

NJ WATER BANK OUTSTANDING SHORT-TERM LOANS: (CONTINUED)

Issue Year	Borrower	Loan Amount
2018	Brick Twp MUA	\$ 1,375,000
2018	Brick Twp MUA	\$ 860,669
2018	Camden County MUA	\$ 76,164,967
2018	Camden County MUA (CSO)	\$ 2,641,264
2018	Cinnaminson SA	\$ 751,544
2018	Cumberland County	\$ 1,000,000
2018	Emerson Borough	\$ 99,966
2018	Gloucester City	\$ 1,262,765
2018	Gloucester City	\$ 595,027
2018	Hoboken City	\$ 7,200,000
2018	Hoboken City (CSO)	\$ 4,335,696
2018	Jackson Twp MUA	\$ 15,603,769
2018	Jackson Twp MUA	\$ 6,312,365
2018	Jersey City MUA	\$ 1,488,384
2018	Jersey City MUA	\$ 6,283,246
2018	Jersey City MUA (CSO - green)	\$ 394,384
2018	Jersey City MUA (CSO)	\$ 33,128,166
2018	Long Beach Twp	\$ 1,258,067
2018	Manchester Twp	\$ 1,399,860
2018	Mantua Twp MUA	\$ 1,456,460
2018	Mantua Twp MUA	\$ 1,269,636
2018	Montclair Twp	\$ 1,124,408
2018	Netcong Borough	\$ 834,093
2018	Newark City	\$ 6,005,901
2018	NJ American Water Company	\$ 7,413,000
2018	NJ American Water Company	\$ 13,948,660
2018	NJ Water Supply Auth	\$ 49,548,569
2018	North Bergen MUA	\$ 19,892,394
2018	North Haledon Borough	\$ 99,966
2018	Passaic Valley SC	\$ 649,880
2018	Passaic Valley SC (CSO)	\$ 7,772,364
2018	Passaic Valley SC (CSO)	\$ 3,776,639
2018	Passaic Valley SC (CSO)	\$ 19,618,381
2018	Pennington Borough	\$ 862,260
2018	Point Pleasant Beach Borough	\$ 2,995,000
2018	Rahway Valley SA	\$ 4,210,947
2018	Rahway Valley SA	\$ 2,356,560
2018	Red Bank Borough	\$ 1,749,805
2018	Rockaway Valley RSA	\$ 7,483,999
2018	Rockaway Valley RSA	\$ 1,866,402
2018	Ship Bottom Borough	\$ 3,384,166
2018	Ship Bottom Borough	\$ 3,016,378
2018	Stafford Twp	\$ 1,489,357
2018	Tuckerton Borough	\$ 1,405,206
2018	Tuckerton Borough	\$ 1,120,766
Total		\$ 524,773,844

2018 CASE STUDY: Carteret Stormwater Resiliency Project



Borough of Carteret Stormwater Resiliency Project - **SFY2018 Loan: \$13,200,000**

Background

The Borough of Carteret is a two-river town located in the northeast section of Middlesex County, on the Staten Island Sound. To the north, the Borough is bordered by the Rahway River and to the east, by the Arthur Kill River. Its five square miles comprise one of 27 Urban Enterprise Zones in the state of NJ, which are often afforded infrastructure incentives and reduced regulations to attract investments and private companies.

The existing stormwater drainage system in the Noe Street Area of the Borough was constructed over 75 years ago as the neighborhood was being developed. Noe Street and neighboring areas in the center of Carteret are only a few feet above sea level and are often affected by tidal flows during heavy rainfall events. Major coastal storms have overwhelmed the deteriorating infrastructure which has led to frequent road closures and the accumulation of non-point source pollution. The effects of this pollution have caused problems for drinking water supplies and distribution, recreation activities, and the environment.

The Noe Street Park

To alleviate stormwater overflows and non-point source pollution, the Borough designed the Noe Street Park with green infrastructure components to reduce the burden on the stormwater system and provide resiliency against future storms. The Borough acquired a block of residential properties in the low-lying areas of Noe Street that have long experienced the effects of the overburdened system and were devastated during Superstorm Sandy. The properties were combined with additional Borough lots to expand the recreational space to 685 acres in the lowest areas in the center of town

within the tidal hazard area. While the project was designed to mitigate the impact on the Borough in the event of more frequent 25- to 50-year storms, it was not designed to prevent flooding from one hundred-year events, like Superstorm Sandy.

The Project

Specific components of the stormwater management improvements include the construction of a nearly two-acre, clay-lined stormwater detention basin, a pump station and generator, a pump station outfall and tidal gate. 24 new stormwater inlets and 13 new manholes were constructed and 32 existing inlets and 16 existing manholes were replaced. Stormwater flows are diverted via gravity to the new stormwater detention basin and pumped through a new pump station and force main for discharge to a new outfall into Noes Creek.

Approximately 7,500 linear feet of new reinforced concrete pipe was constructed along Noe Street, Harris Street, Pershing Avenue, and the Peter J. Sica Memorial Highway. The new piping system project mitigates stormwater overflows in the center of the Borough, an area which was most frequently impacted by inadequate stormwater management.

At the center of the project, the clay-lined detention basin collects stormwater from new and additional catch basins on the street. Once the water exceeds a certain level, a new stormwater pump station pumps the excess water to upgraded outflows from Peter J. Sica Highway to Noes Creek which drains into the Arthur Kill. Obsolete stormwater drainage pipes were also replaced on Pershing and Leick Avenues as well as Noe, Harris and Sharot Streets.

Community Benefits

Noe Street Park is part of an ongoing effort by Borough Officials to improve the quality of life with as little cost to the residential taxpayers as possible. Borough enhancements provide both a recreational amenity and improve stormwater management. The Park serves as a multipurpose, all-season recreational amenity and provides open space to its residents. The improvements include an open pond formed from the retention basin with fountains and significant natural vegetation, to be used for ice skating and other activities in the winter. There is also a perimeter walkway with decorative period lighting, benches, and interpretative signage for plantings and wildlife. In addition, an observation platform is being designated for remote control model boats and other similar activities.

Funding

The project was funded with a combination of State and Federal financing. The NJDEP provided a **\$1.04 million** grant for Open Space acquisition through its Green Acres Program. The stormwater management components of the project are being funded with approximately **\$13.2 million** in loans from the NJ Water Bank. Several components of this project qualified for principal forgiveness totaling **\$2.48 million** as they addressed damage from Superstorm Sandy and improved resilience for future storms. Including interest cost savings, total savings for this project are estimated to be **\$7.8 million** over the 30-year term of the loan or close to 60% of the total project cost. In addition, this project created an estimated **146** direct construction jobs.



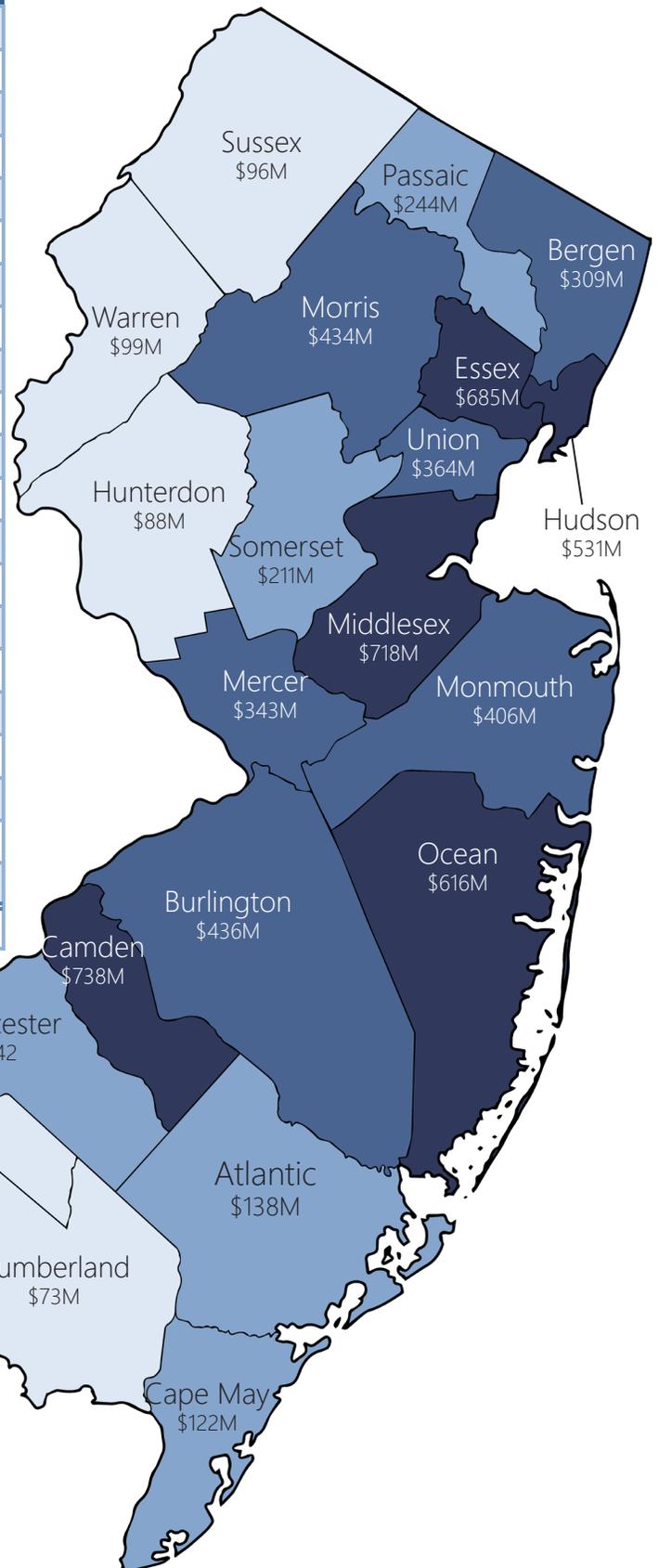
[Financial Benefits](#)

Carteret's Noe Street Park represents a green infrastructure initiative that incorporates best practices in stormwater management to enhance the quality of life for its residents, including water conservation, improved public health, and the protection of the environment. Residents enjoy access to open space provided by the new park, while it simultaneously addresses the Borough's flooding issues. Because the infrastructure has been designed efficiently and funded at the lowest possible cost, these benefits contribute to the overall sustainability and economic vitality of the Borough.



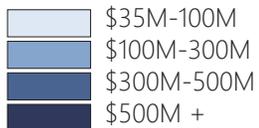
NJ WATER BANK LOAN HISTORY: SFY1987-2018 BY COUNTY

County	Total Loan	Per Capita*
Camden	\$ 737,932,103	\$ 1,437
Middlesex	\$ 717,554,404	\$ 886
Essex	\$ 684,673,569	\$ 873
Ocean	\$ 615,646,996	\$ 1,067
Hudson	\$ 531,440,223	\$ 838
Burlington	\$ 435,751,887	\$ 971
Morris	\$ 433,821,814	\$ 881
Monmouth	\$ 406,151,824	\$ 644
Union	\$ 363,671,532	\$ 678
Mercer	\$ 343,154,338	\$ 936
Bergen	\$ 309,204,108	\$ 342
Passaic	\$ 243,962,260	\$ 487
Somerset	\$ 210,506,780	\$ 650
Gloucester	\$ 141,900,786	\$ 492
Atlantic	\$ 138,486,708	\$ 504
Cape May	\$ 121,710,885	\$ 1,251
Warren	\$ 99,404,683	\$ 915
Sussex	\$ 95,679,095	\$ 641
Hunterdon	\$ 88,050,630	\$ 686
Cumberland	\$ 72,754,679	\$ 464
Salem	\$ 54,720,632	\$ 828
Total	\$ 6,846,179,935	



*2010 CENSUS DATA

LEGEND:



NJ WATER BANK LONG-TERM LOANS: ISSUED IN SFY2018

BY BORROWER

Borrower Names	Original Loan	Program Saving (Est.)
Atlantic County UA	\$ 7,683,483	\$ 3,617,544
Bayshore RSA	\$ 11,418,877	\$ 3,147,908
Berkeley Twp. MUA	\$ 522,151	\$ 423,646
Bordentown City	\$ 1,182,033	\$ 272,293
Burlington Twp.	\$ 698,292	\$ 160,430
Cape May City	\$ 1,682,948	\$ 671,185
Carteret Borough	\$ 13,131,980	\$ 7,808,674
Cinnaminson SA	\$ 7,484,683	\$ 1,700,832
Clinton Town	\$ 1,733,900	\$ 690,355
Cumberland County UA	\$ 2,139,755	\$ 482,215
Elizabeth City	\$ 6,682,521	\$ 5,661,513
Elmer Borough	\$ 580,000	\$ 446,838
Gloucester City	\$ 401,658	\$ 59,010
Gloucester County IA	\$ 5,682,251	\$ 948,397
Gloucester County UA	\$ 1,725,809	\$ 686,039
Hightstown Borough	\$ 1,293,975	\$ 526,546
Lavallette Borough	\$ 1,148,463	\$ 797,394
Little Egg Harbor MUA	\$ 4,728,125	\$ 1,917,255
Long Beach Twp.	\$ 10,609,924	\$ 3,712,617
Manasquan Borough	\$ 1,495,267	\$ 340,357
Maple Shade Twp.	\$ 2,150,099	\$ 541,520
Mendham Twp	\$ 3,715,324	\$ 1,500,964
Middlesex Water Co	\$ 24,559,790	\$ 10,914,305
Millville City	\$ 9,423,760	\$ 2,383,224
Newark City	\$ 2,192,710	\$ 971,411
NJ American Water	\$ 50,848,711	\$ 26,161,550
North Jersey District Water SC	\$ 3,284,496	\$ 609,493
Ocean Twp.	\$ 3,608,594	\$ 817,621
Ocean Twp. SA	\$ 5,528,416	\$ 1,255,254
Perth Amboy City	\$ 1,003,198	\$ 221,788
Pine Hill Borough MUA	\$ 1,675,721	\$ 383,267
Rahway City	\$ 12,788,797	\$ 3,967,159
Saddle Brook Twp.	\$ 1,297,520	\$ 327,603
South Monmouth RSA	\$ 2,747,701	\$ 1,160,169
Stafford Twp.	\$ 2,372,179	\$ 598,923
Sussex County MUA	\$ 8,528,469	\$ 1,433,336
Trenton City	\$ 8,754,186	\$ 1,990,289
Ventnor City	\$ 1,298,515	\$ 574,562
Wanaque Valley RSA	\$ 1,478,862	\$ 299,372
Washington Twp. MUA	\$ 1,470,230	\$ 331,593
Willingboro MUA	\$ 5,375,174	\$ 2,068,992
Total	\$ 236,128,547	\$ 92,583,441

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2018

BY BORROWER

Borrower Names	Total Original Loan	Program Saving (Est.)
2117 Mt. Ephraim, Inc., Nancy-Lee	\$ 397,969	\$ 132,711
Aberdeen Twp	\$ 1,242,527	\$ 282,746
Allamuchy Township	\$ 7,494,437	\$ 2,273,016
Aqua New Jersey, Inc.	\$ 9,423,411	\$ 4,527,269
Asbury Park City	\$ 25,055,578	\$ 8,562,368
Atlantic City MUA	\$ 13,123,435	\$ 7,229,435
Atlantic County UA	\$ 50,422,655	\$ 21,395,549
Atlantic Highlands Borough	\$ 1,917,275	\$ 447,322
Atlantic Highlands-Highlands RSA	\$ 872,692	\$ 293,471
Avalon Borough	\$ 1,118,240	\$ 215,614
Barnegat Township	\$ 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	\$ 67,526,834	\$ 25,928,878
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	\$ 13,108,740	\$ 4,105,071
Belmar Borough	\$ 982,903	\$ 273,012
Bergen County	\$ 7,383,149	\$ 1,605,543
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 Township	\$ 15,036,610	\$ 5,977,848
Berkeley Township	\$ 3,140,003	\$ 985,294
Berkeley Township MUA	\$ 8,087,680	\$ 3,765,141
Berkeley Township SA	\$ 24,262,252	\$ 8,937,108
Berlin Borough	\$ 4,823,632	\$ 1,398,701
Bernardsville Borough	\$ 6,824,630	\$ 3,190,531
Bethlehem Township	\$ 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	\$ 3,355,355	\$ 830,559
Bordentown SA	\$ 5,155,639	\$ 2,525,435
Bound Brook Borough	\$ 148,161	\$ 18,294
Brick Township	\$ 2,573,862	\$ 744,384
Brick Township MUA	\$ 31,807,430	\$ 9,309,438
Bridgeton City	\$ 10,158,187	\$ 5,678,982
Bridgewater Township	\$ 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
Buena Borough MUA	\$ 1,683,486	\$ 543,331

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2018

(CONTINUED)

Borrower Names	Total Original Loan	Program Saving (Est.)
Burlington City	\$ 20,080,143	\$ 8,027,708
Burlington County	\$ 4,646,774	\$ 1,145,668
Burlington County/BCF	\$ 89,521,293	\$ 27,710,715
Burlington Township	\$ 14,049,274	\$ 4,042,919
Byram Homeowners Assoc	\$ 569,085	\$ 109,784
Byram Township	\$ 1,802,284	\$ 626,706
Caldwell Borough	\$ 37,883,224	\$ 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 Township	\$ 502,733	\$ 149,279
Carneys Point Township 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 Township	\$ 9,123,321	\$ 4,168,090
Chatham Borough	\$ 8,569,545	\$ 3,916,254
Chatham Borough (JM)	\$ 2,091,901	\$ 1,092,641
Chatham Township	\$ 7,257,264	\$ 1,761,228
Cherry Hill Township	\$ 6,142,348	\$ 2,444,109
Chester Borough	\$ 1,394,451	\$ 473,604
Chesterfield Township	\$ 5,622,510	\$ 1,575,109
Cinnaminson SA	\$ 15,909,725	\$ 3,863,050
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 Township	\$ 264,000	\$ 87,631
Clinton Township 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 Township	\$ 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 Township SA	\$ 1,076,866	\$ 305,253
Delran SA	\$ 13,694,636	\$ 4,436,390
Delran Township	\$ 1,949,550	\$ 434,696
Denville Township	\$ 18,205,604	\$ 7,964,589
Deptford Township MUA	\$ 5,726,491	\$ 1,682,110

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2018

(CONTINUED)

Borrower Names	Total Original Loan	Program Saving (Est.)
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 Township	\$ 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 Township	\$ 3,299,256	\$ 933,293
Egg Harbor Township 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 Township	\$ 2,643,250	\$ 1,162,792
Ewing Lawrence SA	\$ 46,611,576	\$ 14,500,576
Ewing Township	\$ 4,236,765	\$ 1,507,523
Fanwood Borough	\$ 1,362,256	\$ 305,540
Flemington Borough	\$ 4,774,751	\$ 1,487,578
Florence Township	\$ 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 Township	\$ 3,495,733	\$ 952,739
Franklin Township 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 Township	\$ 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	\$ 18,767,810	\$ 6,462,191
Gloucester County IA	\$ 13,913,146	\$ 2,839,087
Gloucester County UA	\$ 48,250,806	\$ 15,096,290
Gloucester Township	\$ 5,487,649	\$ 1,167,288
Gloucester Township MUA	\$ 13,756,528	\$ 4,076,640
Great Gorge Terrace Condo Assoc, Inc.	\$ 846,930	\$ 796,011
Hackensack City	\$ 10,085,245	\$ 4,379,438

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2018

(CONTINUED)

Borrower Names	Total Original Loan	Program Saving (Est.)
Hackettstown MUA	\$ 12,154,566	\$ 4,796,442
Haddon Township	\$ 6,387,500	\$ 2,226,093
Hainesport Township	\$ 13,711,900	\$ 3,896,590
Haledon Borough	\$ 1,538,000	\$ 594,308
Hamburg Borough	\$ 1,286,000	\$ 487,433
Hamilton Township	\$ 5,945,429	\$ 2,320,911
Hamilton Township 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 Township	\$ 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 Township	\$ 7,082,919	\$ 2,146,781
Hillside Township (JM)	\$ 1,989,311	\$ 962,640
Hoboken City	\$ 14,814,918	\$ 6,480,899
Holmdel Township	\$ 5,902,119	\$ 2,018,779
Hopatcong Borough	\$ 28,179,248	\$ 6,903,587
Howell Township	\$ 577,334	\$ 577,334
Hudson County IA (Bayonne Crossing)	\$ 18,726,295	\$ 8,154,854
Hudson County IA (Harrison Advance)	\$ 16,816,913	\$ 5,296,802
Independence MUA	\$ 262,000	\$ 209,394
Irvington Township (JM)	\$ 5,576,177	\$ 2,771,510
Island Heights Borough	\$ 5,129,500	\$ 1,853,582
Jackson Township	\$ 1,166,859	\$ 983,650
Jackson Township MUA	\$ 19,783,109	\$ 5,613,489
Jefferson Township	\$ 1,387,350	\$ 414,472
Jefferson Township/Mountain Shores POA	\$ 647,816	\$ 763,165
Jersey City MUA	\$ 121,838,164	\$ 41,705,018
Keansburg Borough	\$ 5,790,422	\$ 3,147,321
Kearny MUA	\$ 11,346,953	\$ 4,182,871
Kearny Town	\$ 14,388,498	\$ 5,005,436
Lake Tamarack Water Co	\$ 151,020	\$ 45,919
Lakewood Township 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 Township	\$ 1,175,095	\$ 336,574
Lebanon Township	\$ 1,106,401	\$ 424,955
Leonia Borough	\$ 770,607	\$ 241,746
Linden City	\$ 17,530,919	\$ 4,271,544
Linden Roselle SA	\$ 23,804,320	\$ 7,701,296

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2018

(CONTINUED)

Borrower Names	Total Original Loan	Program Saving (Est.)
Linwood City	\$ 1,990,931	\$ 350,586
Little Egg Harbor MUA	\$ 5,462,487	\$ 2,103,434
Livingston Township	\$ 17,209,276	\$ 8,669,443
Lodi Borough	\$ 140,650	\$ 20,213
Logan Township MUA	\$ 2,975,000	\$ 991,125
Long Beach Township	\$ 38,449,539	\$ 13,905,146
Long Branch SA	\$ 42,793,640	\$ 19,747,085
Long Hill Township	\$ 16,726,597	\$ 6,246,775
Longport Borough	\$ 3,883,629	\$ 1,340,093
Lopatcong Township	\$ 200,000	\$ 14,171
Lower Township MUA	\$ 5,134,300	\$ 2,433,854
Lumberton Township	\$ 2,072,303	\$ 600,715
Lyndhurst Township	\$ 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 Township	\$ 3,507,498	\$ 1,263,019
Manchester UA	\$ 9,556,772	\$ 5,139,650
Mantua Township MUA	\$ 3,997,023	\$ 1,350,884
Manville Borough	\$ 6,731,831	\$ 2,865,644
Maple Shade Township	\$ 37,072,255	\$ 12,879,446
Maplewood Township	\$ 394,262	\$ 138,026
Margate City	\$ 937,449	\$ 273,180
Marlboro Township	\$ 18,849,693	\$ 5,967,291
Matawan Borough	\$ 8,930,224	\$ 2,222,917
Maywood Borough	\$ 845,977	\$ 334,029
Medford Township	\$ 24,214,127	\$ 9,744,370
Mendham Twp	\$ 3,715,324	\$ 1,500,964
Mercer County	\$ 991,599	\$ 285,869
Mercer County IA	\$ 1,044,272	\$ 341,213
Mercer County IA (Twin Rivers)	\$ 1,112,980	\$ 319,562
Merchantville Borough	\$ 3,195,523	\$ 948,095
Merchantville-Pennsauken WC	\$ 9,589,558	\$ 2,617,392
Middle Township	\$ 347,597	\$ 101,488
Middlesex Borough	\$ 1,694,828	\$ 477,886
Middlesex County UA	\$ 355,289,458	\$ 99,827,973
Middlesex Water Co	\$ 78,923,954	\$ 27,881,277
Middletown Township SA	\$ 21,293,423	\$ 7,240,729
Midland Park Borough	\$ 518,020	\$ 181,137
Millburn Township	\$ 2,076,373	\$ 601,380
Milltown Borough	\$ 19,413,571	\$ 6,878,071
Millville City	\$ 32,759,189	\$ 11,627,763
Mine Hill Township	\$ 1,804,557	\$ 591,471
Monmouth County Bayshore Outfall Authority	\$ 1,818,952	\$ 519,935
Monmouth County IA	\$ 1,350,828	\$ 150,421

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2018

(CONTINUED)

Borrower Names	Total Original Loan	Program Saving (Est.)
Monroe Township	\$ 2,835,280	\$ 1,066,275
Montclair State University	\$ 2,628,290	\$ 670,937
Montclair Township	\$ 8,358,318	\$ 2,528,709
Montgomery Township	\$ 32,216,019	\$ 14,576,461
Montville Township	\$ 4,201,069	\$ 1,309,396
Montville Township MUA	\$ 6,647,108	\$ 2,870,066
Moonachie Borough PA	\$ 407,701	\$ 58,686
Morris Township	\$ 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 Township MUA	\$ 55,857,723	\$ 19,186,275
Mt Olive Township	\$ 29,640,514	\$ 8,491,629
Musconetcong SA	\$ 26,649,160	\$ 7,625,836
National Park Borough	\$ 899,530	\$ 200,328
Neptune Township	\$ 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	\$ 212,192,979	\$ 93,964,773
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	\$ 67,910,122
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 Authority	\$ 744,201	\$ 161,302
NJ Water Supply Authority	\$ 20,888,455	\$ 7,224,958
North Arlington Borough	\$ 507,322	\$ 181,978
North Bergen MUA	\$ 60,746,756	\$ 27,592,484
North Brunswick Township	\$ 19,791,186	\$ 5,957,615
North Hudson SA	\$ 168,502,779	\$ 68,088,922
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	\$ 40,418,291	\$ 12,268,770
Norwood Borough	\$ 1,036,850	\$ 424,083
Nutley Township	\$ 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: SFY1987-2018

(CONTINUED)

Borrower Names	Total Original Loan	Program Saving (Est.)
Ocean Township	\$ 17,697,545	\$ 6,938,811
Ocean Township SA	\$ 29,182,920	\$ 8,793,505
Oceanport Borough	\$ 23,149,779	\$ 7,668,901
Old Bridge MUA	\$ 62,845,331	\$ 18,483,670
Old Bridge Township	\$ 9,148,278	\$ 3,056,727
Old Tappan Borough	\$ 12,773,936	\$ 4,290,912
Oradell Borough	\$ 4,146,949	\$ 1,033,159
Orange Township City	\$ 11,595,473	\$ 3,599,555
Palmyra Borough	\$ 3,526,750	\$ 791,108
Paramus Borough	\$ 1,661,330	\$ 623,550
Parsippany-Troy Hills Township	\$ 25,862,149	\$ 12,700,171
Passaic Valley SC	\$ 231,422,364	\$ 85,838,185
Passaic Valley WC	\$ 115,781,544	\$ 47,479,859
Paterson City	\$ 25,375,227	\$ 11,169,554
Pemberton Twp	\$ 1,872,559	\$ 971,967
Pennington Borough	\$ 817,805	\$ 776,677
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	\$ 16,773,160	\$ 5,492,373
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 Township	\$ 13,533,063	\$ 5,910,164
Raritan Township MUA	\$ 17,517,052	\$ 7,386,471
Readington Township	\$ 2,415,097	\$ 744,471
Red Bank Borough	\$ 2,720,227	\$ 2,216,190
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 Authority	\$ 1,589,040	\$ 440,387
Robbinsville Township (Washington Township)	\$ 1,360,000	\$ 393,950
Rockaway Valley RSA	\$ 20,257,784	\$ 8,907,855
Roosevelt Borough	\$ 1,339,588	\$ 310,227

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2018

(CONTINUED)

Borrower Names	Total Original Loan	Program Saving (Est.)
Roselle Borough	\$ 1,943,011	\$ 751,180
Rosemont Water Co.	\$ 120,782	\$ 31,238
Roxbury Township	\$ 34,388,746	\$ 17,254,855
Runnemede Borough	\$ 2,047,000	\$ 712,446
Runnemede Borough SA	\$ 1,572,106	\$ 503,452
Saddle Brook Township	\$ 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	\$ 58,136,795	\$ 19,288,082
South Hackensack Township	\$ 1,441,280	\$ 486,097
South Monmouth RSA	\$ 8,743,971	\$ 2,731,100
South Orange Township (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 Township	\$ 39,341,193	\$ 12,500,942
Stanhope Borough	\$ 2,197,250	\$ 991,182
Stillwater Township 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 Township	\$ 413,961	\$ 134,285
Toms River MUA	\$ 14,412,242	\$ 6,159,334
Toms River Township	\$ 730,146	\$ 730,146
Toms River Township (Dover Township)	\$ 754,766	\$ 210,272
Trenton City	\$ 151,151,919	\$ 55,645,205
Tuckerton Borough	\$ 5,867,215	\$ 2,341,200
Two Rivers Water Reclamation Auth (NE Monmouth)	\$ 49,357,977	\$ 16,033,765
Union Beach Borough	\$ 600,000	\$ 203,174
Union Township	\$ 184,330	\$ 21,813
Union Township (JM)	\$ 3,159,054	\$ 1,301,495
Valley View Healthcare & Rehab Center	\$ 24,252	\$ 5,124
Ventnor City	\$ 6,819,407	\$ 2,608,306
Verona Township	\$ 22,863,811	\$ 10,727,200

NJ WATER BANK LONG-TERM LOAN HISTORY: SFY1987-2018

(CONTINUED)

Borrower Names	Total Original Loan	Program Saving (Est.)
Village of Lake Glenwood, Inc	\$ 811,765	\$ 987,158
Vineland City	\$ 10,178,998	\$ 5,443,452
Voorhees Township	\$ 6,349,596	\$ 2,372,128
Waldwick Borough	\$ 2,951,564	\$ 844,409
Wall Township	\$ 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 Township SA	\$ 10,134,131	\$ 3,747,243
Washington Borough	\$ 17,233,521	\$ 5,490,118
Washington Township MUA	\$ 21,630,787	\$ 6,562,282
Watchung Borough	\$ 3,458,390	\$ 1,003,477
Waterford Township MUA	\$ 5,454,244	\$ 1,502,817
Wayne Township	\$ 14,759,658	\$ 6,146,266
Weehawken Township	\$ 8,734,336	\$ 1,970,689
West Deptford Township	\$ 16,999,696	\$ 4,792,714
West Milford MUA	\$ 11,327,665	\$ 6,075,740
West Orange Township	\$ 2,447,091	\$ 848,286
West Orange Township (JM)	\$ 3,987,399	\$ 1,973,944
West Windsor Township	\$ 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 Township	\$ 1,187,400	\$ 467,151
Winslow Township	\$ 13,550,864	\$ 4,475,293
Wonder Lakes Properties, Inc.	\$ 141,202	\$ 16,997
Woodbridge Township	\$ 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	\$ 6,846,179,935	\$ 2,543,583,703

NEW JERSEY TRANSPORTATION BANK



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

NJ TRANSPORTATION BANK: OPEN FOR BUSINESS IN SFY2018



Olden Avenue Bridge, City of Trenton,

INTRODUCTION

Changes to the I-Bank's Enabling Act became operative in January 2018 which authorized the I-Bank to finance local transportation infrastructure projects for government units. As a result, in the latter half of SFY2018, significant effort was dedicated to establishing the Transportation Infrastructure Bank (TIB) as a department within the I-Bank. The TIB, working in partnership with the NJ Department of Transportation (DOT), is developing and administering the NJ Transportation Bank with a mission to make low-interest loans to qualified counties, municipalities, and regional transportation authorities, to finance transportation infrastructure projects that utilize current design standards. Such projects enhance safety, improve quality of life and help meet travel demand.

OVERVIEW OF THE PROGRAM

New Jersey is home to a great deal of industrial development and some of the most densely populated communities in the U.S. New Jersey's growing population creates a constant challenge to meet transportation demands involving aged infrastructure. The Transportation Bank is well situated to play a key role and have a positive economic impact on urban, intercity, domestic, and maritime transport.

During SFY2018, the I-Bank and DOT worked together to establish the foundation for the new Transportation Bank. The Transportation Bank's first legislative Report was prepared and filed in May 2018 satisfying the requirements for both the Transportation Financing Program Project System Priority List for short-term financing and the Financial Plan for SFY2019. This document incorporates the DOT's methodology to prioritize critical transportation improvements and the first project priority list for SFY2019. It also outlines the financing terms and conditions for the program year.

The I-Bank anticipates issuing short-term loans during the Design and Engineering phase of a project for up to 2 calendar years and funds are available for construction for an additional 3 full fiscal years upon approval of requisitions and invoices. Long-term loans will be issued upon completion of construction for the lesser of the project's useful life or 31 years at interest rates expected to be between 0% and 50% of the market rate.

Commencing in SFY2018, amounts appropriated by the New Jersey Legislature to the Local Aid Infrastructure Fund (LAIF) allocate \$22.6 million to be deposited into

the State Transportation Infrastructure Bank Fund within the I-Bank. The I-Bank will leverage these appropriated funds. Due to the Transportation Bank being authorized and funded in late SFY2018, the Program was not fully established to use the SFY2018 appropriations to finance projects. The I-Bank will combine SFY2018 Transportation Bank funds with the SFY2019 appropriation and further leverage the funds with private capital to increase the total available loan funds in SFY2019.

The program structure outlined in the 2019 Transportation Bank Report submitted to the Legislature in May of 2018 provides the foundation to provide financing for critical transportation infrastructure projects through a combination of low-interest rates and other cost saving features. The health of NJ's transportation infrastructure reflects the health of the State's economy and the well-being of its growing population. Investments in local transportation projects financed through the low-cost Transportation Bank will allow communities in the State to move people and goods safely and cost-effectively.

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

PROGRAM BENEFITS

Lower Short-Term Financing Costs

Transportation Bank Loans will be offered between 0% and 50% of the market rate or an effective rate of approximately 1.50% in today's market conditions.

Efficient Short-Term Lending - Funds are disbursed as costs are incurred (initially engineering, then construction).

Quick Access to Cash for Engineering

Funds for engineering are available on average 45 days from submission of Step 2 of the loan application. (See Application Process table on next page)

Flexible Financing Terms - All projects receive short-term loans for between three to five years and long-term loans upon construction completion.

Deferred Repayments - No principal or interest is due during engineering or construction.

Extended Long-Term Repayment Terms

Maturity of long-term loans will be issued for the lesser of the project's useful life or 31 years.

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

Minimized Administrative Costs

The I-Bank manages all refunding opportunities as well as Federal Bond compliance matters (SEC reporting, IRS arbitrage calculations, etc).

ELIGIBLE BORROWERS

Eligible borrowers are Local Government Units and Transportation Authorities that satisfy the Transportation Bank's credit worthiness standards (i.e. an investment grade rating and a general obligation pledge).

ELIGIBLE PROJECTS

Eligible projects include: 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.

ALLOWABLE PROJECT COSTS

Eligible costs include: construction, R.O.W. acquisition, and project management costs, engineering, legal counsel, financial advisor, and permitting fees.

TRANSPORTATION FUNDING SOURCES

Project loan funds were appropriated by the Legislature in July of 2017 and operating funds were appropriated in January of 2018 totaling \$22.6 million in aggregate. It is anticipated that \$22.6 million will also be received and made available to the I-Bank in FY2019.



Route 1 Bridge, City of Trenton

NJ TRANSPORTATION BANK: APPLICATION PROCESS

The Transportation Bank application and financing process is similar to the I-Banks other financing program, the New Jersey Water Bank. However, the application process for the Transportation Bank has been streamlined to reduce the period of review and applicant transaction costs. Only applications submitted by a Local Government Unit's Authorized Representative (i.e., an employee of the Local Government Unit legally authorized to submit a Transportation Bank Loan Application on its behalf) will be accepted. The following are the milestones to be completed by an applicant to secure Transportation Bank financing for a transportation project:

Application Submissions	Program Action
(Applicant/Borrower)	(I-Bank/NJDOT)
Step 1. Initial Submission	
Sponsor/Representative	Project Eligibility/Ranking
Project Description	Environmental Determination
	Application Meeting
Step 2. Financial/Technical/Engineering	
Financial Information	Credit Eligibility Determination
Engineering Contract	Engineering Funding Commitment
	Loan closing
	Disburse engineering dollars upon receipt of requisitions/invoices
Step 3. Construction - Advertisement	
Sealed Plans	Authorize Advertisement
Contract Specifications	Construction Contract Commitment
Engineering Design Certification	(Contingent on award, low bid adjustment)
Step 4. Construction - Award	
Construction Bids	Award Concurrence
Award Resolution (subject to concurrence)	Disburse construction dollars upon receipt of requisitions/invoices



Historic Streetscape, Allentown Borough

NJ TRANSPORTATION BANK: STATE FISCAL YEAR 2019 TRANSPORTATION FINANCING PROGRAM PROJECT PRIORITY LIST

Pursuant to the I-Bank's Enabling Act, the I-Bank is obligated to publish the Transportation Infrastructure Bank Priority System and the Transportation Infrastructure Project Priority List for the ensuing fiscal year. This document provides important administrative guidance to the public as to the Transportation Bank loan application process, project and applicant eligibility requirements, the system for prioritizing projects for funding, and the loan

terms and conditions, including but not limited to interest rates, fees, and loan closing prerequisites.

Given its late start in SFY2018, SFY2019 will be the Transportation Bank's inaugural year for making loans. The FY2019 1st-Amended Interim Financing Program Project Priority List, consists of 138 projects with an estimated value of \$317.7 million. This Project Priority List is broad in

scope as it includes projects seeking DOT Local Aid grants as well as projects that are the subject of formal Transportation Bank loan applications. The 2nd-Amended Project Priority List to be published in the fall of 2018 will be reduced to include only projects for which Transportation Bank loan applications have been received from the sponsoring Local Government Unit.

NJ TRANSPORTATION BANK: FY2019 1ST-AMENDED PROJECT PRIORITY LIST SUMMARY

Asset Category	Amount
Bridge Assets	\$ 232,000,000
Road Assets	\$ 53,375,980
Congestion Relief	\$ 11,540,000
Multimodal	\$ 20,800,000
Total	\$ 317,715,980



Palisades Interstate Parkway Repaving

COMPLIANCE AND INTERNAL CONTROLS - SFY2018

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 2018 to include the Transportation Infrastructure Financing Program project 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 2018 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 2018 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 2018, 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.



Gloucester County Utilities Authority Wastewater Treatment Plant Improvements. **SFY2018 Loan: \$1,731,556**

APPENDIX
INDEPENDENT AUDITOR'S REPORT

New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

Financial Report
June 30, 2018

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RSM US LLP

Independent Auditor's Report

Board of Directors
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust

Report on the Financial Statements

We have audited each major enterprise fund of the New Jersey Infrastructure Bank (the I-Bank) f/k/a New Jersey Environmental Infrastructure Trust, a component unit of the State of New Jersey, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the I-Bank's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the I-Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the I-Bank's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the I-Bank, as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the I-Bank's basic financial statements. The master program trust agreement schedule is presented for purpose of additional analysis and is not a required part of the basic financial statements. The master program trust agreement schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2018, on our consideration of the I-Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the I-Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the I-Bank's internal control over financial reporting and on compliance.

RSM US LLP

New York, New York
October 11, 2018

**New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)**

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2018 and 2017**

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).

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, 2018 and 2017, 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 report of audit consists of two parts, management's discussion and analysis (this section) and the basic financial statements, including notes. The I-Bank is an independent 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 activities. The statements of net position include 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 include all of the current year's revenues and expenses. The statements of cash flows are the final required financial statement. The primary purpose of these statements 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 the two different 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
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)**

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2018 and 2017**

Water Bank

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%)

Financial highlights for the year ended June 30, 2017:

- Assets increased by \$52,769,744, or 15.85%
 - Cash and investments (excluding earmarked but, as of yet, undisbursed project funds) decreased by \$40,696,351, or (14.41%)
 - Total loans increased by \$93,397,126, or 196.36%
- Liabilities decreased by \$266,261, or (17.69%)
- Net position increased by \$53,036,005, or 16.00%
- Operating revenues decreased by \$2,425,528, or (25.26%)
- Non-operating revenues decreased by \$12,721,509, or (19.77%)
- Operating expenses increased by \$286,195, or 5.23%

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. 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. For loans issued in SFY2018, the Water Bank provided short-term loans to borrowers at a 0% interest rate with the support of the NJ DEP.

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Water Bank, (continued)

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 cash flow stress on disaster impacted communities during the rebuild process. For loans issued in SFY2018, 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 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 forego issuing long-term bonds and instead, act as a direct long-term lender. The NJ DEP provides the remainder of the long-term 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 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 long-term permanent financing.

During SFY2018, the Water Bank closed on 58 short-term loans. 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.

During SFY2017, the Water Bank closed on 75 short-term Loans. The cash and investment balance, which includes available construction funds, decreased primarily due to the payment of requisitions. This amount more than offset the state appropriation to the short-term loan programs. This increase can be seen in loans receivable.

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Water Bank, (continued)

The following table summarizes the net position changes of the Water Bank between June 30, 2018, 2017 and 2016:

	2018	2017	Percent Increase (Decrease)	2016	Percent Increase (Decrease)
Current loans receivable	\$ 69,747,872	\$ 87,292,753	(20.10)%	\$ 22,793,394	282.97 %
Noncurrent loans receivable	103,773,220	53,401,569	94.33 %	23,489,547	127.34 %
Cash for borrowers - undisbursed project funds	131,426	266,856	(50.75)%	1,281,111	(79.17)%
Total loans	<u>173,652,518</u>	<u>140,961,178</u>	23.19 %	<u>47,564,052</u>	196.36 %
Current cash and cash equivalents, as reduced by undisbursed loan project funds	225,247,477	128,249,882	75.63 %	166,012,406	(22.75)%
Current investments	31,858,130	26,845,036	18.67 %	27,942,891	(3.93)%
Noncurrent investments	83,980,636	86,538,466	(2.96)%	88,374,438	(2.08)%
Administrative fee receivable	2,423,841	2,400,658	0.97 %	2,431,049	(1.25)%
Due from Transportation	131,857	-	100.00%	-	0.00 %
Other assets	890,864	718,564	23.98 %	619,205	16.05 %
Total assets	<u>\$ 518,185,323</u>	<u>\$ 385,713,784</u>	34.34 %	<u>\$ 332,944,041</u>	15.85 %
Account payable	\$ 1,300,571	\$ 1,238,888	4.98 %	\$ 1,505,150	(17.69)%
Total liabilities	<u>\$ 1,300,571</u>	<u>\$ 1,238,888</u>	4.98 %	<u>\$ 1,505,150</u>	(17.69)%
Restricted	\$ 492,502,954	\$ 360,895,021	36.47 %	\$ 301,040,422	19.88 %
Unrestricted	24,381,798	23,579,875	3.40 %	30,398,469	(22.43)%
Total net position	<u>\$ 516,884,752</u>	<u>\$ 384,474,896</u>	34.44 %	<u>\$ 331,438,891</u>	16.00 %

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Water Bank, (continued)

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.

For SFY17, the Water Bank's administrative fees decreased by (4.37%) due to fewer refunding cost of issuance reimbursements from borrowers and a net decrease in long-term loan issuance. This was offset by the recognition of excess funds to be received by the Trust related to defeasances. The Trust non-operating revenues decreased substantially due to a decrease of \$12.5 million in funds from the State through the NJ DEP. The investment income decreased primarily due to the decrease in fair market value of the investments as a result of rising interest rates. The Trust's expenses increased due primarily to increases in salary and fringe as well as information technologies.

The following table summarizes the changes in Water Bank net position between fiscal years June 30, 2018, 2017 and 2016:

	2018	2017	Percent Increase (Decrease)	2016	Percent Increase (Decrease)
Net position, beginning of year	\$ 384,474,896	\$ 331,438,891		\$ 262,969,654	
Investment income	1,423,893	330,011	331.47 %	2,442,971	(86.49)%
Loan interest income	168,535	200,466	(15.93)%	208,945	(4.06)%
Administrative fees	5,990,865	6,646,968	(9.87)%	6,951,057	(4.37)%
Receipt (return) of prior year funding	379,667	612,673	(38.03)%	834,182	(26.55)%
State appropriation	130,000,000	51,000,000	154.90 %	63,500,000	(19.69)%
Total revenues	<u>137,962,960</u>	<u>58,790,118</u>	134.67 %	<u>73,937,155</u>	20.49 %
Administrative expenses	5,553,104	5,754,113	(3.49)%	5,467,918	5.23 %
Total expenses	<u>5,553,104</u>	<u>5,754,113</u>	(3.49)%	<u>5,467,918</u>	5.23 %
Change in net position	132,409,856	53,036,005	149.66 %	68,469,237	(22.54)%
Net position, end of year	<u>\$ 516,884,752</u>	<u>\$ 384,474,896</u>	34.44 %	<u>\$ 331,438,891</u>	16.00 %

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Transportation Bank

Financial highlights from inception in January 2018 through June 30, 2018:

- Assets increased by \$22,424,437, or 100%
 - Cash and investments increased by \$22,384,763, or 100%
- Liabilities increased by \$131,857 or 100%
- Net position increased by \$22,292,580, or 100%
- Operating revenues increased by \$52,995, or 100%
- Non-operating revenues (expenses) increased by \$22,600,000, or 100%
- Operating expenses increased by \$360,415, or 100%

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 became operational in January of 2018 and the \$22.6 million SFY2018 appropriation was received in May 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: During SFY2018, the Transportation Bank did not close on any loans. Funds were invested upon receipt in accordance with the investment policy.

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Transportation Bank, (continued)

The following table summarizes the net position changes of the Transportation Bank between June 30, 2018, 2017 and 2016:

	2018	2017	Percent Increase (Decrease)	2016	Percent Increase (Decrease)
Current cash and cash equivalents, as reduced by undisbursed loan project funds	\$ 22,384,763	\$ -	100.00 %	\$ -	0.00 %
Other assets	39,674	-	100.00 %	-	0.00 %
Total assets	<u>\$ 22,424,437</u>	<u>\$ -</u>	100.00 %	<u>\$ -</u>	0.00 %
Due to Water	<u>\$ 131,857</u>	<u>\$ -</u>	100.00 %	<u>\$ -</u>	
Total liabilities	<u>\$ 131,857</u>	<u>\$ -</u>	100.00 %	<u>\$ -</u>	0.00 %
Restricted	\$ 20,052,995	\$ -	100.00 %	\$ -	0.00 %
Unrestricted	2,239,585	-	100.00 %	-	0.00 %
Total net position	<u>\$ 22,292,580</u>	<u>\$ -</u>	100.00 %	<u>\$ -</u>	0.00 %

The increase in Investments was due to the receipt from the State of the SFY2018 appropriation net of funds expended for operations. Accounts payable increased due to expenses incurred for operations.

The following table summarizes the changes in the Transportation Bank net position between fiscal years June 30, 2018, 2017 and 2016:

	2018	2017	Percent Increase (Decrease)	2016	Percent Increase (Decrease)
Net position, beginning of year	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	
Investment income	52,995	-	100.00 %	-	0.00 %
State appropriation	22,600,000	-	100.00 %	-	0.00 %
Total revenues	<u>22,652,995</u>	<u>-</u>	100.00 %	<u>-</u>	0.00 %
Administrative expenses	360,415	-	100.00 %	-	0.00 %
Total expenses	<u>360,415</u>	<u>-</u>	100.00 %	<u>-</u>	0.00 %
Change in net position	22,292,580	-	100.00 %	-	0.00 %
Net position, end of year	<u>\$ 22,292,580</u>	<u>\$ -</u>	100.00 %	<u>\$ -</u>	0.00 %

Investment income increased due to interest earnings on the SFY2018 appropriation which was received in May of 2018. Administrative expenses represent both direct and allocated costs attributable to the operation of the Transportation Bank.

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**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2018 and 2017**

Infrastructure Bank

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
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Statements of Net Position
June 30, 2018

	Water Bank	Transportation Bank	Total I-Bank
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
Administrative fee receivable	2,423,841	-	2,423,841
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	774,243	31,339	805,582
Due from Transportation	131,857	-	131,857
Loans receivable	69,747,872	-	69,747,872
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
Restricted assets:			
Investments	82,500,148	-	82,500,148
Loans receivable	103,773,220	-	103,773,220
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
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**Statements of Net Position
June 30, 2017**

	Water Bank	Transportation Bank	Total I-Bank
Assets			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	\$ 9,544,880	\$ -	\$ 9,544,880
Investments	3,709,139	-	3,709,139
Administrative fee receivable	2,400,658	-	2,400,658
Other assets	90,217	-	90,217
Restricted assets:			
Cash and cash equivalents	118,971,858	-	118,971,858
Investments	23,135,897	-	23,135,897
Interest receivable	532,883	-	532,883
Loans receivable	87,292,753	-	87,292,753
Total current assets	245,678,285	-	245,678,285
Noncurrent assets:			
Unrestricted assets:			
Capital assets	95,464	-	95,464
Restricted assets:			
Investments	86,538,466	-	86,538,466
Loans receivable	53,401,569	-	53,401,569
Total noncurrent assets	140,035,499	-	140,035,499
Total assets	\$ 385,713,784	\$ -	\$ 385,713,784
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 1,238,888	\$ -	\$ 1,238,888
Total current liabilities	1,238,888	-	1,238,888
Total liabilities	1,238,888	-	1,238,888
Net position:			
Net investment in capital assets	95,464	-	95,464
Restricted for debt service	115,031,752	-	115,031,752
Restricted for Interim Financing Loan Program	245,863,269	-	245,863,269
Unrestricted	23,484,411	-	23,484,411
Total net position	384,474,896	-	384,474,896
Total liabilities and net position	\$ 385,713,784	\$ -	\$ 385,713,784

See notes to financial statements.

**New Jersey Infrastructure Bank
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**Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018**

	Water Bank	Transportation Bank	Total I-Bank
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:			
Receipt of prior funding	379,667	-	379,667
State appropriations	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	\$ 516,884,752	\$ 22,292,580	\$ 539,177,332

See notes to financial statements.

New Jersey Infrastructure Bank
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Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017

	Water Bank	Transportation Bank	Total I-Bank
Operating revenue:			
Investment income:			
Interest income	\$ 1,758,902	\$ -	\$ 1,758,902
Net decrease in the fair value of investments	(1,428,891)	-	(1,428,891)
Interest income from loans	200,466	-	200,466
Administrative fees	6,646,968	-	6,646,968
Total operating revenues	7,177,445	-	7,177,445
Operating expenses:			
Administrative expenses	5,754,113	-	5,754,113
Total operating expenses	5,754,113	-	5,754,113
Operating income	1,423,332	-	1,423,332
Nonoperating revenues:			
Receipt of prior funding	612,673	-	612,673
State appropriations	51,000,000	-	51,000,000
Total nonoperating revenue	51,612,673	-	51,612,673
Change in net position	53,036,005	-	53,036,005
Net position, beginning of year	331,438,891	-	331,438,891
Net position, end of year	<u>\$ 384,474,896</u>	<u>\$ -</u>	<u>\$ 384,474,896</u>

See notes to financial statements.

**New Jersey Infrastructure Bank
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**Statements of Cash Flows
Year Ended June 30, 2018**

	Water Bank	Transportation Bank	Total I-Bank
Cash flows 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	(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:			
Receipt of prior funding	379,667	-	379,667
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 (used in) provided by 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	\$ 225,378,903	\$ 22,384,763	\$ 247,763,666
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	\$ 225,378,903	\$ 22,384,763	\$ 247,763,666

(Continued)

**New Jersey Infrastructure Bank
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**Statements of Cash Flows (Continued)
Year Ended June 30, 2018**

	Water Bank	Transportation Bank	Total I-Bank
Reconciliation of operating income 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)
Change in 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
Increase 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
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**Statements of Cash Flows
June 30, 2017**

	Water Bank	Transportation Bank	Total I-Bank
Cash flows from operating activities:			
Cash received for administrative fees	\$ 6,677,360	\$ -	\$ 6,677,360
Cash payments for goods and services	(3,337,985)	-	(3,337,985)
Cash payments for salaries	(2,672,644)	-	(2,672,644)
Disbursement of loan funds to borrowers	(196,526,701)	-	(196,526,701)
Principal received from loans to borrowers	102,106,858	-	102,106,858
Interest received from loans to borrowers	149,416	-	149,416
Net cash used in operating activities	(93,603,696)	-	(93,603,696)
Cash flows from non-capital financing activities:			
Receipt of prior funding	612,673	-	612,673
State appropriations received	51,000,000	-	51,000,000
Net cash provided by non-capital financing activities	51,612,673	-	51,612,673
Cash flows from investing activities:			
Interest on investments	2,407,326	-	2,407,326
Purchase of investments	(66,191,887)	-	(66,191,887)
Proceeds from sale and maturity of investments	66,998,805	-	66,998,805
Net cash provided by investing activities	3,214,244	-	3,214,244
Net decrease in cash and cash equivalents	(38,776,779)	-	(38,776,779)
Cash and cash equivalents:			
Beginning of year	167,293,517	-	167,293,517
End of year	\$ 128,516,738	\$ -	\$ 128,516,738
Displayed as:			
Cash and cash equivalents – unrestricted	\$ 9,544,880	\$ -	\$ 9,544,880
Cash and cash equivalents – restricted	118,971,858	-	118,971,858
Cash and cash equivalents	\$ 128,516,738	\$ -	\$ 128,516,738

(Continued)

**New Jersey Infrastructure Bank
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**Statements of Cash Flows (Continued)
Year Ended June 30, 2017**

	Water Bank	Transportation Bank	Total I-Bank
Reconciliation of operating income to net cash used in operating activities:			
Operating income	\$ 1,423,332	\$ -	\$ 1,423,332
Adjustments to reconcile operating income to net cash used in operating activities:			
Depreciation	39,110	-	39,110
Bad debt expense	8,460	-	8,460
Investment income included in operations	(2,407,326)	-	(2,407,326)
Net unrealized and realized gain on investments	1,428,891	-	1,428,891
Amortized interest	698,017	-	698,017
Change in assets and liabilities:			
Decrease in administrative fee receivable	30,392	-	30,392
Increase in other assets	(31,250)	-	(31,250)
Increase in interest receivable	(107,220)	-	(107,220)
Increase in loans receivable	(94,419,841)	-	(94,419,841)
Decrease in accounts payable	(266,261)	-	(266,261)
Net cash used in operating activities	\$ (93,603,696)	\$ -	\$ (93,603,696)

See notes to financial statements.

**New Jersey Infrastructure Bank
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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 an independent 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 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 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.

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-year 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 and staff, 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 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 short-term or 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 for requisitions based on a review and approval process in conjunction with the NJ DEP. Undisbursed funds are invested and held by the Trustee for disbursement according to the loan agreements. 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.

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Notes to Financial Statements

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

Short-term construction loans are rapidly becoming a major component of the Water Bank, and in SFY2018, the large majority of projects utilized construction loans as the primary source of funding prior to securing long-term financing. The Water Bank disburses funds to borrowers upon approval of requisitions by the NJ DEP. These short-term loans are 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 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 statements 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 and associated issuance costs 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.

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 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 and reported on the financial statements. 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

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.

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Notes to Financial Statements

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: Expenses are recognized at the time they are incurred. Direct costs are expensed to each program while indirect expenses are allocated based on salary allocations 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. Cash equivalents are stated at amortized cost.

Investments are purchased with the intent to hold to maturity. Investments, which consist primarily of U.S. Government Obligations, are stated at fair value. 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.

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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 for additional loan programs.

Operating expenses include expenses associated with the general administration of the I-Bank. Direct costs are expensed to each program while indirect expenses are allocated based on salary allocations.

Conduit debt obligations: Due to the fact that the bonds issued by the I-Bank are non-recourse debt obligations to the I-Bank, the I-Bank, in effect, has none of the risks or rewards of the related financing. 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 (GASB interpretation 2) (see Note 8).

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 not capitalized.

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

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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net position: In accordance with the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, 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:

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 of Directors.

Use of estimates: The preparation of financial statements in conformity with GAAP 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.

Recently issued accounting pronouncements: The I-Bank evaluated GASB statements 83 through 87; Management has determined there will be no effect to the I-Bank’s financial statements for all but those statements noted below:

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflow of resources or outflows of resources based on the payment provisions of the contract. This Statement is effective for fiscal years beginning after December 15, 2019. The I-Bank has not yet determined the effect of the adoption of this Statement.

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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments

The amounts of cash and cash equivalents in the accounts as of June 30, 2018, is 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>

The amounts of cash and cash equivalents in the accounts as of June 30, 2017, is as follows:

	Water Bank	Transportation Bank	Total I-Bank
Operating checking (TD Bank)	\$ 6,242	\$ -	\$ 6,242
GS SQ Treasury obligation (TD Bank MM)	88,316,213	-	88,316,213
Prime, institutional class (PFM Funds)	40,194,283	-	40,194,283
	<u>\$ 128,516,738</u>	<u>\$ -</u>	<u>\$ 128,516,738</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 I-Bank's investment 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, 2018, the I-Bank deposits are \$254,387, of which \$4,387 is uncollateralized. As of June 30, 2017, the I-Bank deposits are fully covered by the Federal Deposit Insurance Corporation. All of the I-Bank's investments, \$115,838,766 and \$113,383,502 as of June 30, 2018 and 2017, respectively, are held in an account outside the counterparty, not in the name of the I-Bank.

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 separate investment policy. This policy limits the type and ratings of securities allowable as well as providing diversification requirements.

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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, 2018 and 2017, the I-Bank had the following investments and maturities, all of which are reported by the Water Bank:

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>

Investment Type	Fair Value	June 30, 2017			
		Investment Maturity (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	\$ 51,111,237	\$ 7,433,358	\$ 43,677,879	\$ -	\$ -
U.S. Gov't Other	32,151,127	6,927,563	25,223,564	-	-
Municipal Bonds	988,388	-	988,388	-	-
Corporate Bonds/Notes/CP	29,132,750	12,484,115	16,648,635	-	-
	<u>\$ 113,383,502</u>	<u>\$ 26,845,036</u>	<u>\$ 86,538,466</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2018 and 2017, the Transportation Bank did not have any investment holdings, as all funds were invested in money market funds.

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Notes to Financial Statements

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

As of June 30, 2018, the I-Bank had the following investments, maturities and credit ratings all of which are reported by the Water Bank:

Investment	Maturities	S&P Credit Rating	Moody's Credit Rating	June 30, 2018 Fair Value
Toyota Motor Credit Corp	07/13/18	Aa3	AA-	\$ 99,970
BNP Paribas NY Branch	08/06/18	P-1	A-1	798,288
HSBC USA Inc	08/07/18	A2	A	1,049,430
BNP Paribas NY Branch	12/14/18	P-1	A-1	1,977,600
MUFG Bank	01/04/19	P-1	A-1	1,974,453
JPMorgan Chase & Co	01/28/19	A3	A-	1,872,030
American Express Credit	03/18/19	A2	A-	1,867,804
CT State Taxable GO Bonds	04/15/19	A1	A	981,976
African Development Bank	09/20/19	Aaa	AAA	786,192
Burlington North Corp	10/01/19	A3	A+	511,311
Intl Bank Of Recon And Dev	11/27/19	Aaa	AAA	882,108
General Elec Cap Corp	01/08/20	A2	A	1,668,845
Wells Fargo & Company	01/30/20	A2	A-	1,848,696
Microsoft Corp	02/06/20	Aaa	AAA	760,161
Toyota Motor Credit Corp	03/12/20	Aa3	AA-	533,498
Toyota Motor Credit Corp	04/17/20	Aa3	AA-	840,291
Home Depot Inc	06/05/20	A2	A	427,176
Walt Disney Co	06/05/20	A2	A+	977,665
American Honda Finance	07/20/20	A2	A+	372,117
Caterpillar Financial Services	09/04/20	A3	A	657,322
Intl Bank Of Recon And Dev	09/04/20	Aaa	AAA	1,466,895
Intl Bank Of Recon And Dev	09/12/20	Aaa	AAA	1,755,270
Procter & Gamble Co	10/23/20	Aa3	AA-	582,428
Apple Inc	11/13/20	Aa1	AA+	1,766,904
Wal-Mart Stores Inc	12/15/20	Aa2	AA	1,885,992
IBM Corp	01/20/21	A1	A+	872,109
IBM Corp	02/05/21	A1	A+	495,262
International Finance Corp	03/09/21	Aaa	AAA	892,192
African Development Bank	03/22/21	Aaa	AAA	1,892,117
UPS Corp	04/01/21	A1	A+	741,340
Bank of NY Mellon Corp	05/03/21	A1	A	993,031
Branch Banking & Trust Corp	05/10/21	A2	A-	507,294
Hershey Company Corp	05/15/21	A1	A	360,404
State Street Corp	05/19/21	A1	A	279,009
PepsiCo Inc	10/06/21	A1	A+	478,150
IBM Corp	05/11/22	A1	A+	486,116
Apple Inc	05/13/22	Aa1	AA+	196,854
Toyota Motor Credit Corp	09/08/22	Aa3	AA-	429,166
Microsoft Corp	11/03/22	Aaa	AAA	491,748
John Deere Capital	01/06/23	A2	A	853,888
U.S. Treasury Notes and Bonds	Demand	Aaa	AA+	52,272,616
Other U.S. Government Notes and Bonds	Demand	Aaa	AA+	25,253,048
				<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, 2017, the I-Bank had the following investments, maturities and credit ratings all of which are reported by the Water Bank:

Investment	Maturities	S&P Credit Rating	Moody's Credit Rating	June 30, 2017 Fair Value
US Treasury Bill	07/06/17	A-1+	P-1	\$ 1,999,874
BNP Paribas NY Branch	07/18/17	A-1	P-1	799,523
Credit Agricole CIB NY	08/02/17	A-1	P-1	799,119
Bank Tokyo-Mit UFJ NY	10/13/17	A-1	P-1	797,002
Toyota Motor Credit Corp	01/12/18	AA-	Aa3	100,059
John Deere Capital Corp	01/16/18	A	A2	1,873,459
IBM Corp	02/06/18	A+	Aa3	2,346,475
Exxon Mobil Corporation	03/06/18	AA+	Aaa	1,898,849
American Honda Finance	03/13/18	A+	A1	1,415,971
Bank of NY Mellon Corp	05/22/18	A	A1	825,433
Cisco Systems Inc	06/15/18	AA-	A1	1,628,226
Toyota Motor Credit Corp	07/13/18	AA-	Aa3	100,174
HSBC USA Inc	08/07/18	A	A2	1,905,358
JPMorgan Chase & Co	01/28/19	A-	A3	1,889,278
American Express Credit	03/18/19	A-	A2	1,883,991
CT State Taxable GO Bonds	04/15/19	A+	Aa3	988,388
African Development Bank	09/20/19	AAA	Aaa	791,607
Burlington North Corp	10/01/19	A	A3	531,567
General Elec Cap Corp	01/08/20	AA-	A1	1,753,684
Wells Fargo & Company	01/30/20	A	A2	1,879,821
Microsoft Corp	02/06/20	AAA	Aaa	771,963
Toyota Motor Credit Corp	03/12/20	AA-	Aa3	543,086
Toyota Motor Credit Corp	04/17/20	AA-	Aa3	854,736
Home Depot Inc	06/05/20	A	A2	435,199
Walt Disney Co	06/05/20	A+	A2	997,845
Bank of NY Mellon Corp	05/03/21	A	A1	1,015,618
Branch Banking & Trust Corp	05/10/21	A-	A2	520,903
State Street Corp	05/19/21	A	A1	284,363
PepsiCo Inc	10/06/21	A+	A1	489,441
U.S. Treasury Notes and Bonds	Demand	AA+	Aaa	49,111,363
Other U.S. Government Notes and Bonds	Demand	AA+	Aaa	32,151,127
				<u>\$ 113,383,502</u>

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Notes to Financial Statements

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

As of June 30, 2018, and 2017, the I-Bank had the following investments, all of which are reported by the Water Bank, at fair value measurement by level, (as of the Transportation Bank did not have any investment holdings, as all funds were cash equivalents):

	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)
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
U.S. Government 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	\$ 115,838,766	\$ -	\$ 115,838,766

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	\$ 115,838,766

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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, 2017				
Investments by fair value level:				
Debt securities:				
U.S. Treasury Notes	\$ 51,111,237	\$ -	\$ 51,111,237	\$ -
Corporate bonds/Notes/CP	29,132,750	-	29,132,750	-
U.S. Government other	32,151,127	-	32,151,127	-
Municipal bonds	988,388	-	988,388	-
Total debt securities	113,383,502	-	113,383,502	-
Total investments by fair value level	\$ 113,383,502	\$ -	\$ 113,383,502	\$ -

Investments as reported on the statement of financial position:

Current:

Unrestricted	\$ 3,709,139
Restricted	23,135,897

Noncurrent:

Unrestricted	-
Restricted	86,538,466
Total investments	\$ 113,383,502

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.

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. Most 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 June 30, 2018 and 2017, the direct loans balance net of undisbursed funds was \$7,901,639 and \$8,733,978, respectively. Included in this balance are amounts owed from borrowers primarily for contributions made by the I-Bank on their behalf for defeasances of \$2,195,664 and \$2,525,010 as of June 30, 2018 and 2017, respectively.

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Notes to Financial Statements

Note 4. Loans Receivable and Commitment (Continued)

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 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. As of June 30, 2018 and 2017, the balance for the loans described was \$165,619,453 and \$131,960,343, respectively. As of June 30, 2018, and 2017, the balance for the loans outstanding with a 0% interest rate was \$163,575,045 and \$115,787,835, respectively.

The Water Bank had a net loans receivable balance of \$173,521,092 and \$140,694,322 as of June 30, 2018 and 2017, respectively. This consisted of outstanding loans issued of \$173,652,518 and \$140,961,178 net of undisbursed loan funds of \$131,426 and \$266,856 for 2018 and 2017, respectively. Undisbursed loan funds include loan funds that have been committed to a specific borrower and held 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 years ended June 30, 2018 and 2017, two borrowers accounted for 34% and two borrowers accounted for 36% of loans receivable, respectively

The Water Bank is also committed to fund short-term loans to borrowers of approximately \$485 million that had not been requisitioned as of June 30, 2018.

Annual maturities for Water Bank loans receivable are as follows:

	SAIL and Short-Term	Direct Loans	Total
Years ending June 30:			
2019	\$ 69,114,363	\$ 764,935	\$ 69,879,298
Less undisbursed loan funds	-	(131,426)	(131,426)
Current loans	<u>69,114,363</u>	<u>633,509</u>	<u>69,747,872</u>
2020	53,774,292	618,918	54,393,210
2021	37,725,649	1,735,271	39,460,920
2022	2,960,740	426,881	3,387,621
2023	-	528,459	528,459
2024 through 2028	2,044,409	2,187,616	4,232,025
2029 through 2033	-	1,571,495	1,571,495
2034 through 2038	-	165,920	165,920
2039 through 2043	-	17,276	17,276
2044 through 2048	-	16,294	16,294
Noncurrent loans	<u>96,505,090</u>	<u>7,268,130</u>	<u>103,773,220</u>
Loans receivable, net	<u>\$ 165,619,453</u>	<u>\$ 7,901,639</u>	<u>\$ 173,521,092</u>

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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, 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	121,110	-	-	121,110
Vehicles	43,766	-	-	43,766
Total original book value	293,083	-	-	293,083
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
Total accumulated depreciation	197,619	58,198	-	255,817
Capital assets (net)	\$ 95,464	\$ (58,198)	\$ -	\$ 37,266
	Balance at June 30, 2016	Additions	Disposals	Balance at June 30, 2017
Capital assets being depreciated:				
Leasehold improvements	\$ 68,828	\$ -	\$ -	\$ 68,828
Office furniture	59,379	-	-	59,379
Computers and office equipment	121,110	-	-	121,110
Vehicles	43,766	-	-	43,766
Total original book value	293,083	-	-	293,083
Less accumulated depreciation:				
Leasehold improvements	26,568	9,832	-	36,400
Office furniture	39,782	4,430	-	44,212
Computers and office equipment	73,273	16,095	-	89,368
Vehicles	18,886	8,753	-	27,639
Total accumulated depreciation	158,509	39,110	-	197,619
Capital assets (net)	\$ 134,574	\$ (39,110)	\$ -	\$ 95,464

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Note 6. 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 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.

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Notes to Financial Statements

Note 7. Commitments and Contingencies

Leases: In November 2012, the I-Bank entered an operating lease for the use of premises at 3131 Princeton Pike, Lawrenceville, New Jersey 09648. The lease was for a five-year term from move in date December 1, 2013 through November 30, 2018, with annual rent of \$64,000 and additional amounts for utilities and maintenance. Rental expenditures reported for the years ended June 30, 2018 and 2017 were \$122,339 and \$114,946, respectively. As of June 30, 2018, the I-Bank has not signed a new lease; the following is a summary of the future minimum rental commitments under the current lease through November 30, 2018:

Year ending June 30:	
2019	<u><u>\$ 51,448</u></u>

Note 8. 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 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. The bonds have been classified as conduit debt.

Not included in the accompanying financial statements are these various conduit debt obligations issued under the name of the I-Bank (formerly known as the New Jersey Environmental Infrastructure Trust). 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 deposits 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.

Loans to borrowers in the 2018 program combine proceeds of the bond sale, lent at market rate, with interest free loans from the State, 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 21, 2017, the I-Bank issued \$18,840,000 of Environmental Infrastructure Bonds, Series 2017A-2 (Green Bonds) to capitalize 23 projects and \$3,860,000 of Environmental Infrastructure Bonds, Series 2017B-1 (Green Bonds) to capitalize three projects in the 2018 Water Bank Program.

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Notes to Financial Statements

Note 8. Conduit Debt – Water Bank (Continued)

On May 22, 2018, the I-Bank issued \$21,105,000 of Environmental Infrastructure Bonds, Series 2018A-1 (Green Bonds) to capitalize 25 projects and \$15,100,000 of Environmental Infrastructure Bonds, Series 2018B-1 (Green Bonds) to capitalize 4 projects in the 2018 Water Bank Program.

At June 30, 2018 and 2017, the aggregate principal amount of conduit debt obligations outstanding totaled \$1,103,105,027 and \$1,138,297,784, respectively, as detailed in the following schedules.

Changes in conduit debt obligations of the Water Bank for the year ended June 30, 2018 were as follows:

	Balance at June 30, 2017	Issued	Retired	Balance at June 30, 2018	Amount Due Within One Year
2006 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2020, at interest rate of 5.00%	\$ 21,125,000	\$ -	\$ 4,905,000	\$ 16,220,000	\$ 5,150,000
Series B Bonds, uninsured, maturing serially through 2019, at interest rate of 5.00%	10,484,438	-	3,372,757	7,111,681	3,467,962
Series C Bonds, uninsured	2,240,000	-	2,240,000	-	-
2007 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2021, at interest rates of 5.00% to 5.25%	38,850,000	-	7,040,000	31,810,000	7,385,000
Series B Bonds, uninsured, maturing serially through 2022, at interest rates of 5.25%	27,220,000	-	3,980,000	23,240,000	4,200,000
Series C Bonds, uninsured, maturing serially through 2022, at interest rate of 5.00%	38,830,000	-	5,720,000	33,110,000	6,030,000
2008 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rates of 4.50%	5,735,000	-	2,800,000	2,935,000	2,935,000
2008 Series:					
Series A Bonds, uninsured, maturing serially through 2028, at interest rates from 5.00% to 5.50%	13,075,000	-	6,370,000	6,705,000	6,705,000
2009 Series:					
Series A Bonds, uninsured, maturing serially through 2029, at interest rates from 3.50% to 5.00%	7,220,000	-	3,085,000	4,135,000	3,255,000
Series C Bonds, uninsured, maturing serially through 2029, at interest rates of 4.50%	4,530,000	-	260,000	4,270,000	270,000
2010 A Series:					
Series A Bonds, uninsured, maturing serially through 2029, at interest rates from 4.00% to 5.00%	10,240,000	-	4,260,000	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%	32,125,000	-	3,490,000	28,635,000	3,500,000
Series B Bonds, uninsured, maturing serially through 2020, at interest rates of 4.00%	800,000	-	230,000	570,000	230,000
2010 B & C Series:					
Series B Bonds, uninsured, maturing serially through 2030, at interest rate of 5.00%	15,630,000	-	4,965,000	10,665,000	5,200,000
Series C Bonds, uninsured, maturing serially through 2030, at interest rates from 4.00% to 4.375%	6,095,000	-	355,000	5,740,000	365,000

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Note 8. Conduit Debt – Water Bank (Continued)

	Balance at June 30, 2017	Issued	Retired	Balance at June 30, 2018	Amount Due Within One Year
2011 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rates of 3.00%	\$ 945,000	\$ -	\$ 470,000	\$ 475,000	\$ 475,000
Series B Bonds, uninsured, maturing serially through 2021, at interest rates from 4.00% to 5.00%	6,685,000	-	1,600,000	5,085,000	1,680,000
Series C Bonds, uninsured, maturing serially through 2022, at interest rates of 5.00%	6,070,000	-	930,000	5,140,000	955,000
2012 Series:					
Series A Bonds, uninsured, maturing serially through 2031, at interest rates from 3.00% to 5.00%	58,960,000	-	2,805,000	56,155,000	2,960,000
Series B Bonds, uninsured, maturing serially through 2031, at interest rates from 4.00% to 5.00%	17,430,000	-	825,000	16,605,000	865,000
Series C Bonds, uninsured, maturing serially through 2031, at interest rates from 3.00% to 4.00%	4,135,000	-	220,000	3,915,000	225,000
2012 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2026, at interest rates of 4.00%	157,770,000	-	13,800,000	143,970,000	14,345,000
Series B Bonds, uninsured, maturing serially through 2021, at interest rate of 3.00%	470,000	-	80,000	390,000	90,000
Series C Bonds, uninsured, maturing serially through 2023, at interest rate of 3.00%	6,125,000	-	800,000	5,325,000	835,000
2013 Series:					
Series A Bonds, uninsured, maturing serially through 2032, at interest rates from 3.00% to 5.00%	26,480,000	-	1,220,000	25,260,000	1,290,000
Series B Bonds, uninsured, maturing serially through 2032, at interest rates from 3.00% to 3.25%	890,000	-	45,000	845,000	45,000
2014 Series:					
Series A Bonds, uninsured, maturing serially through 2033, at interest rates from 3.00% to 5.00%	53,200,000	-	2,645,000	50,555,000	2,265,000
Series B Bonds, uninsured, maturing serially through 2033, at interest rates from 3.00% to 5.00%	4,755,000	-	210,000	4,545,000	215,000
2015 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2034, at interest rates from 4.00% to 5.00%	45,180,000	-	1,995,000	43,185,000	1,760,000
2015 B- Refunding Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2024, at interest rates from 4.00% to 5.00%	7,270,000	-	515,000	6,755,000	1,045,000
Series B Bonds, uninsured AMT, maturing serially through 2025, at interest rates from 4.00% to 5.00%	1,660,000	-	15,000	1,645,000	175,000
2015 A-2 Series:					
Series A Bonds, uninsured, maturing serially through 2035, at interest rates from 3.00% to 5.00%	9,555,000	-	355,000	9,200,000	380,000
2015 A-R1 Refunding Series (AMT):					
Series A Bonds, uninsured AMT, maturing serially through 2027, at interest rate of 5.00%	106,945,000	-	10,460,000	96,485,000	10,985,000

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Notes to Financial Statements

Note 8. Conduit Debt – Water Bank (Continued)

	Balance at June 30, 2017	Issued	Retired	Balance at June 30, 2018	Amount Due Within One Year
2015B-R2 Refunding Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2026, at interest rates from 4.00% to 5.00%	\$ 12,300,000	\$ -	\$ 995,000	\$ 11,305,000	\$ 1,040,000
2016 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2045, at interest rates from 2.00% to 5.00%	23,925,000	-	795,000	23,130,000	850,000
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	-
2016 A-R2 Refunding Series :					
Series A Bonds, uninsured, maturing serially through 2030, at interest rates from 4.50% to 5.00%	63,610,000	-	245,000	63,365,000	-
2016 A-2 Series:					
Series A Bonds, uninsured, maturing serially through 2046, at interest rates from 4.00% to 5.00%	7,200,000	-	-	7,200,000	240,000
2017 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2046, at interest rates from 3.00% to 5.00%	31,610,000	-	-	31,610,000	835,000
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	-
2017 A-R1 Series:					
Series A Bonds, uninsured, maturing serially through 2029, at interest rate of 4.00%	33,525,000	-	-	33,525,000	-
2017 A-R2 Series:					
Series A Bonds, uninsured, maturing serially through 2029, at interest rate of 4.00%	72,830,000	-	-	72,830,000	-
2017 B-1 Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2047 at interest rate from 3.13% to 5.00%	-	3,860,000	-	3,860,000	-
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	-
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	-
Total of bonds payable covered by Master Program Trust Account	1,049,884,438	58,905,000	94,097,757	1,014,691,681	98,227,962
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>\$ 1,138,297,784</u>	<u>\$ 58,905,000</u>	<u>\$ 94,097,757</u>	<u>\$ 1,103,105,027</u>	<u>\$ 98,227,962</u>

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Notes to Financial Statements

Note 8. Conduit Debt – Water Bank (Continued)

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

	Principal	Interest	Total
Years ending June 30:			
2019	\$ 98,227,962	\$ 41,619,323	\$ 139,847,285
2020	99,188,717	37,026,898	136,215,615
2021	94,630,000	32,450,429	127,080,429
2022	91,299,999	28,111,191	119,411,190
2023	84,215,003	24,078,870	108,293,873
2024 through 2028	429,763,346	70,060,391	499,823,737
2029 through 2033	143,545,000	20,783,610	164,328,610
2034 through 2038	38,415,000	6,711,519	45,126,519
2039 through 2043	11,905,000	3,252,457	15,157,457
2044 through 2048	11,915,000	1,025,240	12,940,240
	<u>\$1,103,105,027</u>	<u>\$ 265,119,928</u>	<u>\$1,368,224,955</u>

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Notes to Financial Statements

Note 8. 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, 2018, are comprised of the following:

Issue	Principal Amount Outstanding June 30, 2018
<u>Refundings</u>	
2016A-R1/2008 Series A	\$ 62,690,000
2016A-R2/2010 Series B	71,975,000
2017A-R1/2009 Series A	35,425,000
2017A-R2/2010 Series A	77,720,000
Total refundings	<u>\$ 247,810,000</u>
<u>Individual borrower defeasances:</u>	
1999 Series A	\$ 793,321
2000 Series A	200,000
2000 Series B	1,085,000
2002 Series A	1,820,000
2006 Series A	75,000
2007 Series A	1,175,000
2008 Series A	17,185,000
2009 Series A	3,785,000
2010 Series A	8,045,000
2010 Series B	9,430,000
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
Total defeasances	<u>\$ 45,668,321</u>

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Notes to Financial Statements

Note 8. 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 60 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 performed as provided in the preceding paragraph. Rebate payments that are determined to be payable shall be made at the conclusion of every fifth bond year. The I-Bank prepares annual rebate calculations for purposes of determining any contingent liability for rebate. As of June 30, 2018, 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 net 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 (the Resolutions) 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. The Auditors compliance statement filed with the Trustee for SFY 17 was not in strict accordance with Section 8.04 of the resolutions. The Trustee indicated that whether delivery of a compliance statement containing language that is not identical to that set out in Section 8.04 of the Resolutions constitutes a breach of the resolutions has not been determined. Unless directed and indemnified pursuant to the resolutions, the Trustee does not intend to pursue further determinations or take remedial action in this matter regarding any related potential resolutions breach. Therefore, while management is aware of this, management does not believe this to be a material violation.

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Notes to Financial Statements

Note 8. 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, 2017, calculation date, the cumulative debt service reserve requirement, as adjusted for refundings and defeasances was \$62,680,016. As of June 30, 2018, 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, 2018 and 2017, in all of the debt service reserve fund accounts was \$74,936,888 and \$79,376,166, 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, 2018 and 2017, the total cash and investments balance for conduit debt was \$118,028,705 and \$135,846,909, 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 report 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, 2018, the total revenues, administrative fees and state administrative fees collected for conduit debt was \$282,647,943 and \$284,124,180, respectively.

Note 9. Subsequent Events

Management has evaluated subsequent events and transactions that occurred after the statement of net position date, but before October 11, 2018, 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 July 1, 2018, the budget for the State was signed into law, which appropriated \$22.6 million, dedicated to the State Transportation Infrastructure Bank Fund for use by the I-Bank in SFY2019 for financing transportation infrastructure projects via the Transportation Infrastructure Financing Program (TIFP) once the TIFP becomes operative. The \$22.6 million was received on September 24, 2018.

On August 10, 2018, the Trust and NJ DEP appropriation bills were signed into law. This authorized the expenditure of approximately \$810 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.

Subsequent to year-end, the Trust has closed a total of ten short-term loans totaling \$64,758,922.

**New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)**

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, 2018 and 2017, was \$33,675,128 and \$33,354,280, 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:					
2019	\$ 98,227,962	\$ 41,619,323	\$ 150,178,155	\$ 290,025,440	\$ 139,847,285
2020	99,188,717	37,026,898	145,795,087	282,010,702	136,215,615
2021	94,630,000	32,450,429	139,281,374	266,361,803	127,080,429
2022	91,299,999	28,111,191	134,091,988	253,503,178	119,411,190
2023	84,215,003	24,078,870	125,429,728	233,723,601	108,293,873
2024	79,400,000	20,390,048	118,595,014	218,385,062	99,790,048
2025	76,880,000	16,925,497	112,124,974	205,930,471	93,805,497
2026	69,790,000	13,683,344	101,944,873	185,418,217	83,473,344
2027	63,205,000	10,753,212	89,977,317	163,935,529	73,958,212
2028	52,075,000	8,308,290	76,323,656	136,706,946	60,383,290
2029	41,875,000	6,461,756	63,261,633	111,598,389	48,336,756
2030	36,990,000	5,004,534	52,395,281	94,389,815	41,994,534
2031	26,795,000	3,864,316	43,138,417	73,797,733	30,659,316
2032	22,265,000	3,034,763	36,500,498	61,800,261	25,299,763
2033	15,620,000	2,418,241	28,606,456	46,644,697	18,038,241
2034	13,500,000	1,934,703	23,509,932	38,944,635	15,434,703
2035	9,740,000	1,537,531	17,077,032	28,354,563	11,277,531
2036	6,775,000	1,257,119	12,350,031	20,382,150	8,032,119
2037	4,845,000	1,062,950	8,963,863	14,871,813	5,907,950
2038	3,555,000	919,216	6,677,740	11,151,956	4,474,216
2039	2,245,000	819,150	4,908,980	7,973,130	3,064,150
2040	2,325,000	738,197	4,908,980	7,972,177	3,063,197
2041	2,425,000	653,741	4,908,980	7,987,721	3,078,741
2042	2,515,000	565,063	4,774,068	7,854,131	3,080,063
2043	2,395,000	476,306	4,502,476	7,373,782	2,871,306
2044	2,470,000	388,094	4,498,943	7,357,037	2,858,094
2045	2,560,000	296,734	4,492,406	7,349,140	2,856,734
2046	2,645,000	202,181	4,388,800	7,235,981	2,847,181
2047	2,575,000	108,084	3,713,617	6,396,701	2,683,084
2048	1,665,000	30,147	1,847,002	3,542,149	1,695,147
Total⁴	\$ 1,014,691,681	\$ 265,119,928	\$ 1,529,167,301	\$ 2,808,978,910	\$ 1,279,811,609

¹ Reflects the application to Trust Bond debt service of reductions in the aggregate principal amount of Trust Bonds Outstanding as a result of the partial defeasance of certain Trust Bonds.

² Fund Loan repayment obligations do not bear interest.

³ The Fund Loan repayments with respect to Principal Forgiveness Fund Loans, as such repayments are set forth herein, assume and reflect the successful application of principal forgiveness.

⁴ Totals may not add due to rounding.



RSM US LLP

**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***

Independent Auditor's Report

Board of Directors
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major enterprise fund of New Jersey Infrastructure Bank (the I-Bank) f/k/a New Jersey Environmental Infrastructure Trust, a component unit of the State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the I-Bank's basic financial statements, and have issued our report thereon dated October 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the I-Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the I-Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the I-Bank's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the I-Bank's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the I-Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

New York, New York
October 11, 2018

2019 I-BANK MEETING DATES

JANUARY 17, 2019

FEBRUARY 14, 2019

MARCH 14, 2019

APRIL 11, 2019

MAY 9, 2019

JUNE 13, 2019

JULY 11, 2019

AUGUST 8, 2019

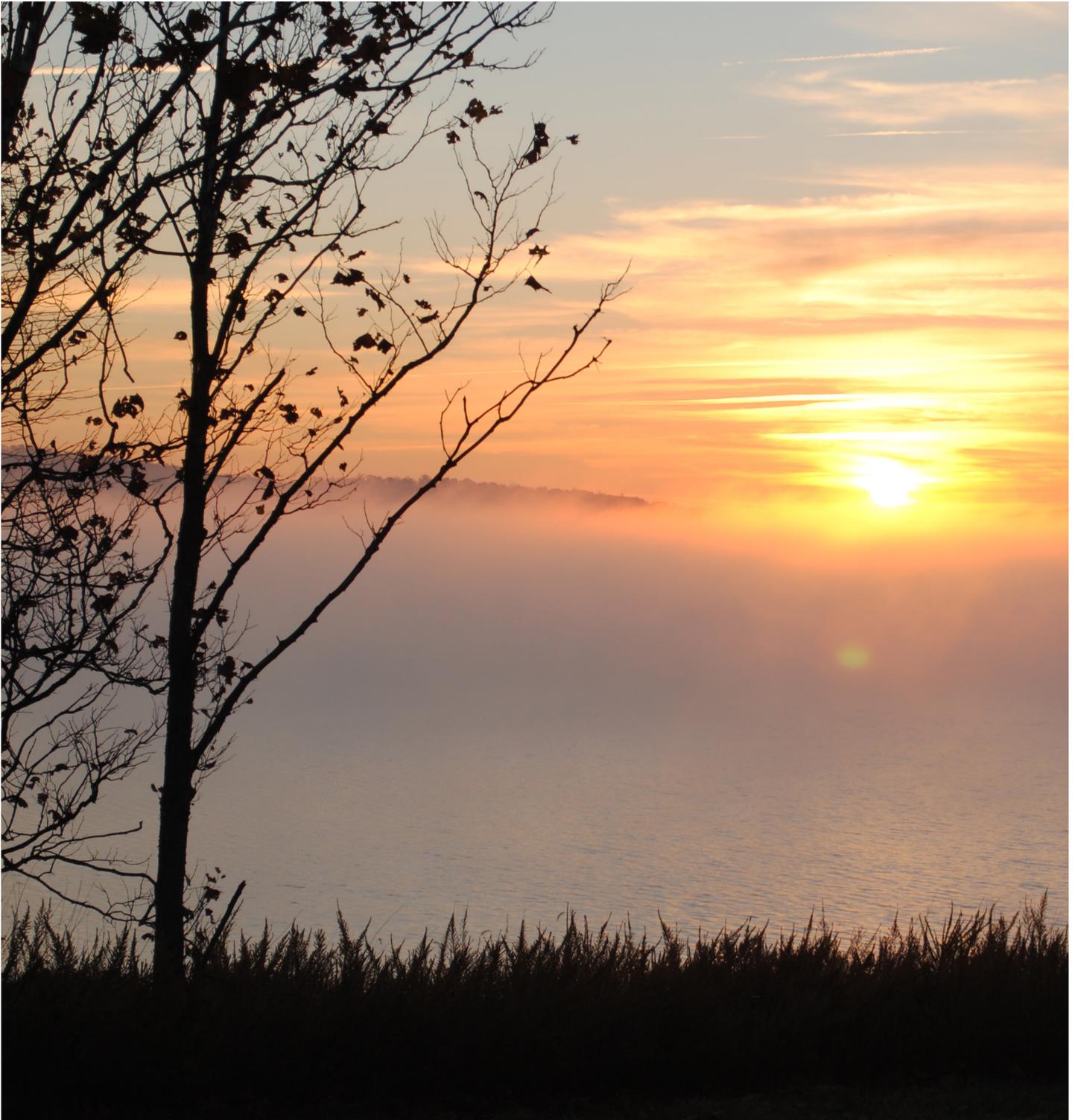
SEPTEMBER 12, 2019

OCTOBER 10, 2019

NOVEMBER 14, 2019

DECEMBER 12, 2019

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