



New Jersey Infrastructure Bank
3131 Princeton Pike
Building 4 Suite 216
Lawrenceville, NJ 08648-2201

Roger Ellis, Vice Chairperson
Mark Longo, Treasurer
Jack Kocsis, Jr., Secretary
Elizabeth Maher Muoio, State Treasurer
Catherine R. McCabe, DEP Commissioner
Diane Gutierrez-Scaccetti, DOT Commissioner
Sheila Oliver, DCA Commissioner
David E. Zimmer, Executive Director

October 1, 2020

PUBLIC NOTICE

Public notice is hereby given that the **Thursday, October 8, 2020** public meeting will **commence at 10:00 am and be held electronically.**

The October 8th public meeting will be held by webinar link – **REGISTRATION IS REQUIRED TO OBTAIN THE MEETING LINK** and is available up to and throughout the meeting. Pre-registration is encouraged. Formal action may be taken at the meeting. This notice is filed in accordance with the “Open Public Meetings Act,” L.1975, c.231, as amended.

GoToWebinar: You may join the meeting from your computer, tablet or smartphone with a link obtained by registering at: <https://attendee.gotowebinar.com/register/458580320585119502>

To the extent known, the agenda of the public meeting will be as follows:

1. **Call to Order – Vice Chairperson**
2. **Open Public Meetings Act Statement**
3. **Roll Call**
- 4.* **Approval of the Minutes of the September 10, 2020 Meeting**
5. **Announcements**
6. **Public Comment**
7. **Unfinished Business:**
 - A. Discussion of the **Water Bank Application** process (hand-out) (C. Jenkins)
 - B. Discussion of the **Transportation Bank Application** process (hand-out) (R. Fernandez)
 - C. Update on Water Bank, SAIL and Transportation Bank **Short-Term Loans** (D. Zimmer)
 - D. Update on Outstanding I-Bank **Requests for Proposals** (D. Zimmer)
 - E. Report on SFY2021-Q2 short-term interest rate for the Water and Transportation Bank Programs (L. Kaltman)
 - F. Report on the Occurrence of a Material Event under the Credit Policy in Connection with Certain Short-Term Loans (L. Kaltman)
8. **New Business:**
 - A.* Discussion and Acceptance of the August 2020 Treasurer’s Report (L. Kaltman)
 - B.* Discussion and Approval of the SFY2020 Audit Report (L. Kaltman)
 - C.* Discussion and Approval of a Resolution Authorizing the Execution and Delivery of the Master Program Trust Agreement for the New Jersey Transportation Infrastructure Bank Financing Program (D. Zimmer)
 - D.* Discussion and Approval of a Resolution Authorizing the Issuance of a Residual Loan to North Jersey District Water Supply Commission (L. Peterson)
 - E.* Discussion and Approval of a Resolution Approving SFY2021 NJ Water Bank Construction Financing Program Loans to Bergen County Utilities Authority, Woodbridge Township and North Hudson Sewer Authority (L. Peterson)
 - F.* Discussion and Approval of a Resolution Approving SFY2018 NJ Water Bank Construction Financing Program Loan Increase to North Bergen MUA (L. Peterson)
- 9.* **Executive Session (if necessary)**

*ACTION ITEMS

Please note these are proposed agenda and the New Jersey Infrastructure Bank may consider and take action on such other business, which may come before it at these public meetings. In addition, the New Jersey Infrastructure Bank may not act upon the items listed in the above-proposed agenda in its discretion.

TO: Lynda Jeannette ljeannette@njib.gov
Nancy Collazo ncollazo@njib.gov

FROM: Jesse Kirkham, Authorities Unit, Office of the Governor, State of New Jersey

DATE: September 10, 2020

RE: **New Jersey Infrastructure Bank Minutes**

This email is confirmation that the Authorities Unit received the minutes from the September 10, 2020 Board meeting on September 10, 2020. The calculated veto date is September 24, 2020.

Thank you.

Attachment

cc: Joy Johnson



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Sheila Oliver, DCA Commissioner
David E. Zimmer, Executive Director

September 10, 2020

Honorable Phil Murphy
Governor of the State of New Jersey
State House
PO Box 001
Trenton, New Jersey 08625

Dear Governor Murphy:

In accordance with the provisions of the New Jersey Infrastructure Trust Act, I hereby transmit for your review and consideration the minutes of the September 10, 2020 meeting of the New Jersey Infrastructure Bank. The New Jersey Infrastructure Trust Act provides that the Governor has ten days from the delivery of the minutes, excluding weekends and holidays, to review and accept such minutes. In the event that the minutes are not acted upon within the statutory time frame by you, the minutes become effective automatically.

Sincerely,

David E. Zimmer, CFA
Assistant Secretary

Enclosure

cc: Honorable Stephen Sweeney, President of the Senate
Honorable Craig Coughlin, Speaker of the General Assembly



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9/10/2020

NEW JERSEY INFRASTRUCTURE BANK

OPEN PUBLIC MEETING

Thursday, September 10, 2020

1. CALL TO ORDER:

A meeting of the New Jersey Infrastructure Bank was convened electronically on Thursday, September 10, 2020 via Go-To-Meeting. Vice Chairperson Ellis called the meeting to order at 10:04 a.m.

2. OPEN PUBLIC MEETING ACT STATEMENT:

Executive Director Zimmer read the Open Public Meeting Act Statement into the record.

3. ROLL CALL:

Ms. Nancy Collazo conducted roll call to which Ms. Brogle, Mr. Ellis, Ms. Holmes, Mr. Kanef, Mr. Longo and Mr. Russo all responded affirmatively.

DIRECTORS

Roger Ellis, Vice Chairperson*
Mark Longo, Treasurer *
Jack Kocsis, Secretary**
Janice Brogle*
(for DEP Commissioner Catherine R. McCabe)
Michael Kanef*
(for State Treasurer Elizabeth M Muoio)
Michael Russo*
(for DOT Commissioner Diane Gutierrez-Scaccetti)
Kimberly Holmes*
(for DCA Commissioner Sheila Oliver)

OTHERS

David E. Zimmer, Executive Director
Lauren Seidman Kaltman, Chief Financial Officer
Judy Karp, Legal and Compliance Officer & Assistant Director
Leigh Peterson, Chief Operating Officer - Water
Robert Fernandez, Chief Operating Officer - Transportation
James Schmidt, IT Manager
Charles Jenkins, DEP Municipal Finance & Construction Elem*
Joy Johnson, Governor's Authorities Unit*
Aimee Manocchio Nason, Deputy Attorney General*
Victoria Nilsson, Deputy Attorney General*
Richard Nolan, McCarter & English LLP*
Tricia Gasparine, Chiesa Shahinian Giantomasi PC*
Dorit Kressel, Chiesa Shahinian Giantomasi PC*
Heather Lamb, Lamont Financial*
Geoff Stewart, PFM*

(*) Participated via teleconference/Go-To-Meeting

(**) Mr. Kocsis joined the meeting at 10:10 am

4. APPROVAL OF THE MINUTES:

Vice Chairperson Ellis opened discussion of the minutes of the I-Bank's August 2020 Board meeting.

There were no comments or questions. Vice Chairperson Ellis requested a motion for approval.

Mr. Longo moved for the approval of the minutes. Ms. Holmes seconded the motion.

Ms. Collazo conducted roll call. The motion was carried with the 6 members who were present at the time voting in favor (note, Mr. Kocsis had not yet joined the meeting due to technical connection issues).

5. ANNOUNCEMENTS:

Executive Director Zimmer summarized a number of the substantive events and correspondence since the last Board meeting:

- On September 8, and 9, 2020, COO Fernandez and Construction Manager Rolon presented the Transportation Bank Financing Program to county and municipal representatives in Salem, Warren, Cumberland, and Morris Counties;
- On September 8, 2020, Executive Director Zimmer, and Board Vice Chair Ellis toured the PVSC sewerage facility, a facility with multiple large projects in the Water Bank pipeline;
- On September 3, 2020, Executive Director Zimmer, and IT Manager Schmidt participated in an introduction call with Domain Computer Services, the I-Bank's new MSP;
- On September 2, 2020, Executive Director Zimmer and CFO Kaltman participated in a conference call with Banking Facility Pool member Morgan Stanley to discuss the investment bank's short-term borrowing facility proposal;
- On September 1, 2020, Executive Director Zimmer, COO Peterson and members of the NJ DEP participated in a conference call with members of Newark's CSO team to discuss the Essex-Hudson Greenway Project;
- On September 1, 2020, COO Peterson, IT Business Analyst Sabherwal and Accountant Andujar participated in a webinar with representatives from the US EPA and other SRF Programs across the country for a demonstration of the new CBR/PBR reporting system that will be released later this year;
- On August 27, 2020, Executive Director Zimmer and CFO Kaltman participated in a conference call with Banking Facility Pool member JP Morgan Chase to discuss the commercial bank's short-term borrowing facility proposal;
- On August 18, 2020, Executive Director Zimmer participated in US EPA's Environmental Financial Advisory Board (EFAB) conference call initiating new Board members; and
- The next I-Bank Board meeting is scheduled for **Thursday, October 8, 2020 at 10:00 am** via GoToWebinar as will be noticed in advance.

A copy of the announcements is available on the I-Bank's webpage <https://www.njib.gov/nj/Board+Information.3> (locate under "Board Information", "2020 Board Meetings", then select "Minutes", the announcements will be at the end of the file.)

There were no comments or questions.

6. PUBLIC COMMENTS:

Vice Chairperson Ellis invited comments from the public. There were no comments.

7. UNFINISHED BUSINESS:

- A. Mr. Charles Jenkins reported on the status of the Water Bank project pipeline noting that 25 projects were either certified or received Authorization to Award in August 2020. Year-to-date, the DEP has issued Authorization to Award to 9 projects totaling \$240 million and certified 28 projects totaling \$569 million.

There were no comments or questions.

- B. Chief Operating Officer Fernandez reported on the status of the Transportation Bank project pipeline noting that no projects received an allocation in August 2020. The Transportation Bank has allocated a total of \$76.3 million to 17 projects and 9 of these projects, totaling \$41.1 million have received certification and concurrence of award.

There were no comments or questions.

- C. Executive Director Zimmer reported on the status of the Water Bank Construction and SAIL Loan Programs noting that the I-Bank received 7 loan applications in August 2020 totaling \$98.1 million. The Program has 40 Water Bank loan applications outstanding totaling \$384.3 million. The Water Bank closed 6 new construction loans and one operable segment upsize in August totaling \$18.7 million. The Program has 172 Construction and SAIL loans outstanding totaling \$1.132 billion. The Program disbursed \$16 million of funds to 38 projects in August 2020. 168 projects with open construction loans have received disbursements from the Water Bank totaling \$530.6 million, or approximately 46.9% of the outstanding short-term loan balance.

Executive Director Zimmer next reported on the status of the Transportation Construction Loan Program noting that the Transportation Bank received no new applications for financing in August 2020. The Transportation Bank has a total of 7 loan applications outstanding totaling \$32.5 million. The Transportation Bank closed no loans in August 2020. The Transportation Bank has 11 closed loans outstanding totaling \$49.5 million and had no disbursements in August 2020. 11 projects with open construction loans received disbursements from the Transportation Bank totaling \$13.1 million, or approximately 26.4% of the outstanding short-term loan balance.

There were no comments or questions.

- D. Executive Director Zimmer reported the following Request for Proposals.

On August 31, 2020, pursuant to Board Resolution No. 20-50, the I-Bank issued an RFP for IT Managed Services Security Provider. Responses are due by October 2, 2020 and recommendation for contract award is anticipated to be presented at the November Board Meeting.

On August 28, 2020, pursuant to Board Resolution No. 20-51, the I-Bank issued an RFP for Arbitrage Compliance Services. Responses are due by September 25, 2020 and recommendation for contract award is anticipated to be presented at the November Board Meeting.

There were no comments or questions.

- E. Pursuant to the Credit Policy, Executive Director Zimmer reported on loans made by the I-Bank after the occurrence of a Material Event. The Credit Policy requires the report to identify the borrower, the loan amount, and how the borrower satisfied the credit conditions involving the Material Event. COVID-19 was determined to be a system-wide Material Event for all prospective Borrowers. Executive Director Zimmer provided a report on the 7 borrowers who received loans in August under the COVID-19 Material Event totaling \$27.2 million, an amount that accounts for the full size of the closed loans.

8. NEW BUSINESS:

- A. Executive Director Zimmer introduced Chief Financial Officer Kaltman to present Resolution No. 20-53 accepting the July 2020 Treasurer's Report.

The I-Bank earned \$671,868 in July 2020 or 112% of the SFY2020 year-to-date budgeted amount. The I-Bank incurred expenses in July for products and services totaling \$582,569 or 86% of the SFY2020 year-to-date budgeted amount.

Chief Financial Officer Kaltman asked if there were any comments or questions. Hearing none, Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Longo and seconded by Mr. Kocsis.
Ms. Collazo conducted roll call. The motion was carried all 7 members voting in favor.

- B. Executive Director Zimmer introduced Chief Operating Officer Peterson to present Resolution No. 20-54 authorizing SFY2021 Environmental Infrastructure Financing Program Construction Loans to two clean water projects: (i) Camden County Municipal Utilities Authority for a loan not to exceed \$28,200,000 for Project No. S340640-26 for dredging and implementing erosion control to the Newton Creek, and (ii) North Hudson Sewer Authority for a loan not to exceed \$22,500,000 for Project No. S340952-33 for Phase 1 of construction for the H6/H7 Long-Term Control Plan project.

Chief Operating Officer Peterson asked if there were any comments or questions. Hearing none. Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Longo and seconded by Ms. Holmes.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

- C. Executive Director Zimmer introduced Chief Financial Officer Kaltman to present Resolution No. 20-55 authorizing the amended and restated I-Bank Credit Policy. The Resolution aligns the credit requirements of the Water Bank Program for loans made from State funds under one policy with those made with I-Bank funds. The amendments add a State of Emergency declaration by the Governor as a Material Event, clarify both the threshold credit rating for additional collateral, and the process for credit approval of loans which do not meet the Credit Policy requirements but are still eligible for a 100% State SRF loan.

Chief Financial Officer Kaltman asked if there were any comments or questions. Mr. Michael Kanef announced Treasury's support of the amendments to the policy. Ms. Janice Brogle inquired as to what credit enhancements are available for 100% State loan applicants. CFO Kaltman explained that the

options for credit enhancements are set forth for the Credit Policy and that 100% SRF loans are available pursuant to appropriation law. Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Kanef and seconded by Ms. Holmes.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

- D. Executive Director Zimmer introduced Assistant Director/Legal and Compliance Officer Karp to present Resolution No. 20-56 authorizing the I-Bank to issue a Request for Proposals ("RFP") for Custodial Banking Services for the Transportation Bank Financing Program for a term of two-years with two additional one-year extensions. The I-Bank's current contract with Wells Fargo will expire on February 21, 2021.

Assistant Director/Legal and Compliance Officer Karp asked if there were any comments or questions. Hearing none, Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Kocsis and seconded by Mr. Longo.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

- E. Executive Director Zimmer introduced Chief Operating Officer Peterson to present Resolution No. 20-57 authorizing the I-Bank to issue an RFP through a competitive process for Internal Controls Auditing Services for a term of two-years with two additional one-year extensions. The I-Bank's current contract with CohnReznick will expire on February 28, 2021.

Chief Operating Officer Peterson asked if there were any comments or questions. Hearing none, Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Kanef and seconded by Mr. Longo.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

9. EXECUTIVE SESSION:

Executive Director Zimmer noted that there was no need for an Executive Session nor was there any further action required by the Board.

Vice Chairperson Ellis then asked for a motion for an adjournment.

Ms. Holmes moved to adjourn the meeting. The motion was seconded by Mr. Longo.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

The meeting was adjourned at 10:41 am.

RESOLUTION NO. 20 - 53

**RESOLUTION AUTHORIZING APPROVAL OF THE
JULY 2020 TREASURER'S REPORT**

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank") has reviewed the Treasurer's Report for July 2020; and

WHEREAS, the I-Bank has placed in its files certain correspondence relating to expenses incurred in relation to the I-Bank.

NOW THEREFORE, BE IT RESOLVED, that the I-Bank hereby accepts the Treasurer's Report for July 2020 and requests that the same be entered into the record.

Adopted Date: September 10, 2020

Motion Made By: Mr. Mark Longo

Motion Seconded By: Mr. Jack Kocsis

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION NO. 20 - 54

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK APPROVING SFY2021 NJ WATER BANK CONSTRUCTION FINANCING PROGRAM LOANS TO CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY AND NORTH HUDSON SEWER AUTHORITY

WHEREAS, the New Jersey Infrastructure Bank (the “I-Bank”), in accordance with (i) the “New Jersey Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”) (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented (the “Act”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same may from time to time be amended and supplemented (the “Regulations”), is authorized, pursuant to an interim financing program for the New Jersey Water Bank (the “Water Bank Construction Financing Program”), to make loans (each, a “Construction Loan”) to eligible project sponsors (each, a “Borrower”) for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Construction Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(d), and the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the terms and provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for a Construction Loan for purposes of financing the allowable costs of the project of such Borrower pursuant to the Water Bank Construction Financing Program, provided each of the following conditions is satisfied in full: (i) the Project is listed on the project priority list that has been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 or N.J.S.A. 58:11B-20.1 (the “Priority List”); (ii) the proposed Borrower has submitted a complete application for the Project in accordance with N.J.A.C. 7:22-4.11; (iii) the proposed Borrower has complied with the I-Bank’s Credit Policy, as then in effect pursuant to formal adoption by the I-Bank; (iv) the Project has been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (v) the Projects is in the fundable range in the forthcoming funding cycle given the Projects’ rank and the anticipated availability of New Jersey Department of Environmental Protection (the “NJDEP”) and I-Bank monies; and (vi) the proposed Borrower has not previously received a Construction Loan through the Water Construction Financing Program for the same project scope (exclusive of a Construction Loan made solely for the purpose of extending the term of a prior Construction Loan or for a Supplemental Short Term Loan pursuant to N.J.S.A. 58:11B-9(d); and

WHEREAS, the I-Bank duly adopted Resolution No. 20-06 on February 20, 2020 entitled “Resolution of the New Jersey Infrastructure Bank Authorizing the Water Bank Construction Financing Program for State Fiscal Year 2021” (the “Authorizing Resolution”) to provide funding for the implementation of the Water Bank Construction Financing Program during State Fiscal Year 2021 including the Construction Financing Program (the “Construction Loan Program”); and

WHEREAS, pursuant to Section 1(a) of the Authorizing Resolution, up to a maximum of \$500,000 of Available I-Bank Revenues per Borrower may be available to finance loans under the Construction Loan Program at the discretion of an Authorized Officer; and

WHEREAS, it is the desire of the Board to authorize Water Bank Construction Loan Program loans (the "Construction Loans") pursuant to the Construction Loan Program for loan closings that occur in SFY2021; and

WHEREAS, pursuant to the terms and definitions of the Authorizing Resolution, the Authorized Officers are each severally authorized, after consultation with Bond Counsel to the I-Bank and the Office of the Attorney General of the State, to approve the participation of a Borrower in the Construction Loan Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of the Authorizing Resolution; and

WHEREAS, pursuant to Section 3 of the Authorizing Resolution, any Construction Loan approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed \$15 million in principal amount (the "Construction Loan Limitation") unless a higher principal amount thereof is authorized by official action of the Board; and

WHEREAS, pursuant to Section 2 of the Authorizing Resolution, revisions and modifications may be made to terms and provisions of the Construction Loan Program pursuant to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank; and

WHEREAS, Camden County Municipal Utilities Authority ("CCMUA") has requested from the I-Bank a construction loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340640-26, for the Newton Creek Dredging and Erosion Control Project (the "CCMUA Project"); and

WHEREAS, North Hudson Sewer Authority ("NHSA") has requested from the I-Bank a construction loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340952-33, for H6/H7 Long Term Control Plan Project (the "NHSA Project"); and

WHEREAS, pursuant to the CCMUA Project construction schedule, Construction Loans not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in CCMUA's request for a construction loan in an amount not to exceed \$28,200,000; and

WHEREAS, pursuant to the NHSA construction schedule, Construction Loans not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in NHSA's request for a construction loan in an amount not to exceed \$22,500,000; and

WHEREAS, with respect to the Authorizing Resolution's Construction Loan Limitations, any Construction Loan approved by any of the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed \$15 million in principal amount, subject to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank, the I-Bank now desires, given the facts and circumstances set forth in the recitals hereto, to create as an exception to such limitation of Construction Loans, as part of the Construction Loan Program, to the aforementioned project sponsors in amounts not to exceed the amount stated for the purpose of completing the CCMUA Project, S340640-26 and the NHSA Project, S340952-33; and

WHEREAS, with respect to the total amount of Available I-Bank Revenues available to one Borrower pursuant to the Authorizing Resolution, the I-Bank desires, given the anticipated amount of the Administrative Fee, of the CCMUA Project and the NHSA Project, to make an exception to such limitation as part of the Construction Loan Program, and approve the aforementioned Construction Loans to CCMUA and NHSA utilizing Available I-Bank Revenues in excess of \$500,000 to the extent required to finance the Administrative Fee as defined in Section 2(d) of the Authorizing Resolution; and

WHEREAS, it is the desire of the I-Bank that, other than the Authorizing Resolution's Construction Loan Limitations described in the immediately preceding recitals, the Borrowers shall comply with (i) all other requirements of the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Infrastructure Bank, as follows:

Section 1. Notwithstanding the Authorizing Resolution's Construction Loan Limitation providing that all Construction Loans approved by an Authorized Officer, following the requisite consultations, and made by the I-Bank to Borrowers as part of the Construction Loan Program, shall not exceed \$15 million in principal amount, the Board of Directors of the I-Bank, given the facts and circumstances set forth in the recitals hereto, hereby authorizes, as an exception to the Construction Loan Limitations, Construction Loans, as part of the SFY2021 Water Construction Loan Program, to CCMUA Project, S340640-26 and the NHSA Project, S340952-33, for the stated projects in an amount not to exceed the amount stated for the purpose of completing the projects.

Project Sponsor	Project #	Description	Total Authorized Loan Amount
Camden County Municipal Utilities Authority	S340640-26	Newton Creek Dredging and Erosion Control	\$28,200,000
North Hudson Sewer Authority	S340952-33	H6/H7 Long Term Control Plan Project	\$22,500,000

Section 2. Notwithstanding the limit on the amount of Available I-Bank Revenues available to one Borrower to finance loans under the Construction Loan Program, the Board hereby authorizes an exception to such limitation and approves the aforementioned Construction Loans to CCMUA and NHSA utilizing Available I-Bank Revenues in excess of \$500,000 to the extent required to finance the Administrative Fee; and

Section 3. Notwithstanding the stated loan amounts of \$28,200,000 to CCMUA and \$22,500,000 to NHSA, the Construction Loan Program funding commitment for the loan shall be limited to the operable segments certified, in amounts set forth in the Department's allowable cost determination for each such operable segment, and such funding commitment shall arise at the time of loan closing of the first such operable segment, and upon the NJDEP's allowable cost determination for each subsequent operable segment certified thereafter, recognizing that the terms and conditions of the long-term New Jersey Environmental Infrastructure Financing Program loans for each said project shall reflect the terms and conditions of the financing program year in which construction is certified.

Section 4. Other than the exceptions created by the provisions of Sections 1 and 2 of this Resolution, the Construction Loans made to the aforementioned Borrowers as part of the Construction Loan Program shall comply fully with (i) each of the terms, provisions and conditions precedent set forth in the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

Section 5. Further Action. Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his or her respective sole discretion after consultation with Legal Counsel, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Section 6. Effective Date. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date: September 10, 2020

Motion Made By: Mr. Mark Longo

Motion Seconded By: Ms. Kimberly Holmes

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION NO. 20 - 55

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK APPROVING THE I-BANK'S AMENDED AND RESTATED CREDIT POLICY

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank"), pursuant to and in accordance with the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (codified at N.J.S.A. 58:11B-1 et seq.), as the same has been, and in the future may from time to time be, amended and supplemented (the "Act"), is authorized to make and contract to make loans to project sponsors to finance a portion of the costs of the respective Environmental Infrastructure Financing Program ("Water Bank") projects and Transportation Infrastructure Financing Program ("Transportation Bank") projects thereof, which project sponsors may lawfully undertake or acquire and for which they are authorized by law to borrow funds, subject to such terms and conditions as the I-Bank shall determine to be consistent with the Act and the purposes of the I-Bank; and

WHEREAS, pursuant to Resolution 13-02, the I-Bank adopted the New Jersey Environmental Infrastructure Financing Program Credit Policy Statement to provide greater transparency in the I-Bank Financing Programs and to ensure the credit profile of the I-Bank Financing Programs (the "Credit Policy"); and

WHEREAS, the Board has amended and restated the Credit Policy from time to time to clarify language, establish metric measures, provide notifications to the Board, include new I-Bank programs and change the name of the policy to reflect the new statutory name of the New Jersey Environmental Infrastructure Trust to the New Jersey Infrastructure Bank; and

WHEREAS, most recently by Resolution 20-18, the Board amended and restated the Credit Policy to strengthen the Financing Programs' lending portfolio; and

WHEREAS, each project financed through the Water Bank typically consists of an I-Bank Loan and State (Fund) Loan; and

WHEREAS, it is the desire of the Board to satisfy the request of the State Treasurer to the Executive Director of the I-Bank, to apply the I-Bank creditworthiness standards, as set forth in the Credit Policy, for the State (Fund) Loan under the Water Bank; and

WHEREAS, the State Treasurer has indicated that upon Board adoption of the amended and restated Credit Policy, an official letter documenting the agreement will be executed authorizing the amended and restated Credit Policy to apply to all State (Fund) Loans and all applicants; and

WHEREAS, it is the desire of the Board to amend and restate the Credit Policy, in the form attached hereto as Exhibit A, and made a part hereof, to further enhance the strength of the creditworthiness requirements for the Credit Policy for both the Water Bank and the Transportation Bank.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the I-Bank, that the Board hereby authorizes and approves (i) the adoption by the I-Bank of the Amended Credit Policy, in the form attached hereto as Exhibit A and made a part hereof, with such immaterial modifications thereto as the Executive Director of the I-Bank shall approve, following consultation with Bond Counsel to the I-Bank,

the Office of the Attorney General of the State and the Financial Advisor to the I-Bank, (ii) the receipt of written agreement from the State Treasurer to apply the I-Bank Credit Policy for State (Fund) Loans under the Water Bank, and (iii) the implementation by the I-Bank of such Amended Credit Policy pursuant to the terms thereof. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date: September 10, 2020

Motion Made By: Mr. Michael Kanef

Motion Seconded By: Ms. Kimberly Holmes

Ayes: 7

Nays: 0

Abstentions: 0

EXHIBIT A

AMENDED CREDITWORTHINESS POLICY

NEW JERSEY INFRASTRUCTURE BANK



CREDIT POLICY

Revised – September 2020

POLICY AND PROCEDURE

NO. 1.21

SUBJECT: Credit Policy

REVISION HISTORY:	Adopted:	1/10/2013	Effective:	1/29/2013
	Revised:	10/17/2013	Effective:	10/31/2013
	Revised:	2/20/2014	Effective:	3/7/2014
	Revised:	6/12/2014	Effective:	6/30/2014
	Revised:	1/15/2015	Effective:	2/2/2015
	Revised:	6/9/2016	Effective:	6/24/2016
	Revised:	6/18/2018	Effective:	7/3/2018
	Revised:	3/20/2020	Effective:	4/3/2020
	Revised:	8/13/2020	Effective:	9/25/2020

PURPOSE: To define and clarify the credit worthiness standards required for participation in the New Jersey Environmental Infrastructure Financing Program (“Water Bank”) and the New Jersey Transportation Infrastructure Financing Program (“Transportation Bank”) (each a “Financing Program” and together the “Financing Programs”).

Credit Worthiness Policy for Loans of the New Jersey Infrastructure Bank

The I-Bank prides itself on staying true to its core mission:

- Promoting and facilitating the construction of:
 - Water quality and public health infrastructure projects throughout the State by providing low cost funding to local government units and drinking water systems;
 - Local transportation infrastructure projects throughout the State by providing low interest loans to local government units; and
- Fulfilling a fiduciary responsibility to ensure that the credit standards of the Water Bank and Transportation Bank provide the highest levels of protection of capital, thereby allowing future generations to borrow funds through each Financing Program at the lowest and most efficient costs available.

In simplest terms, the Water Bank and Transportation Bank are each pools of subsidized loans dedicated to financing improvements to New Jersey's water quality and transportation infrastructure, respectively. Central to the I-Bank's continued success is the dedication of infrastructure project funding in perpetuity through a revolving fund structure. When participating borrowers in the Water Bank and Transportation Bank ("Borrowers") repay the State-funded component of their loans, these funds are re-lent to other Borrowers to finance new projects, hence, the revolving fund moniker.

In the event a Borrower defaults on its repayment obligation to the Water Bank or the Transportation Bank, the consequences of the default are: 1) the loss of funds reduces the total amount of revolving loan funds available for future borrowers; and 2) the default negatively impacts the credit rating of bonds issued by the Water Bank or the Transportation Bank, as the case may be, thereby increasing the cost of financing for other Borrowers. Accordingly, the I-Bank maintains Borrower credit eligibility requirements as a precondition to qualification for a loan through either Financing Program. The Water Bank and Transportation Bank are not meant to be lenders of last resort. This Credit Policy protects each Financing Program as a sustainable source of low-cost infrastructure financing for current and future Borrowers.

Since the I-Bank's inception, the Water Bank has provided \$7.2 billion in zero percent and low interest rate long-term loans to local communities through a combination of federal and State funds and I-Bank bond proceeds, resulting in an estimated interest cost savings of over \$2.6 billion to these local communities. The Water Bank has made an additional \$1.1 billion of short-term construction loans to projects that will receive long-term financing from the Water Bank upon completion of construction. New Jersey's rate payers and taxpayers are the direct beneficiaries of the Water Bank's multiple cost savings, subsidies, and administrative benefits. The Transportation Bank, which was organized in 2018, and which has either allocated or issued short-term loan funds totaling \$76.3 million for project design and construction to date, was established to offer similar savings and benefits to local communities.

In this Credit Policy, the I-Bank addresses the requirement of credit worthiness through the analysis of risk that each loan applicant ("Applicant") presents. This risk analysis considers the

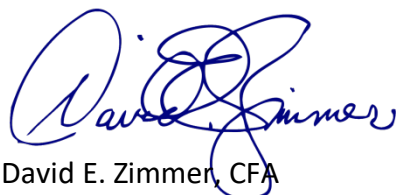
probability that a Borrower will not fulfill its annual debt service repayment obligation on its loan on time and in full, as well as how each loan is secured to minimize any corresponding loss. This Credit Policy articulates the I-Bank's credit requirements to address the complex range of projects and Applicants that are reviewed by the Water Bank and the Transportation Bank.

To apply this Credit Policy in a manner that is practical, transparent and fair to each Applicant, the Credit Policy considers (i) each Applicant's ability to repay its loan as demonstrated (in almost all cases) by an investment grade credit rating from Fitch Ratings, Inc., Moody's Investors Service or S&P Global Ratings, and (ii) the type of collateral that each Applicant will pledge as security for its loan, most typically, any of (a) a General Obligation ("G.O.") Bond pursuant to the terms of which a municipal or county Borrower has unconditionally and irrevocably pledged its full faith and credit and covenanted to exercise its unlimited *ad valorem* taxing powers to secure its payment obligations, (b) a G.O. pledge by the underlying county or municipality(ies) being served by the Borrower's system pursuant to the terms of a service agreement, or (c) in the case of certain Water Bank Loans only, a Revenue Bond, that is an obligation secured by the gross receipts of the water system or overall general revenues of the Borrower.

This Credit Policy segregates Applicants by Borrower-type (County, Municipality, Authority, or Private Water System), by collateral-type (G.O. Bond or Revenue Bond) and by Financing Program (Water Bank or Transportation Bank). Given the early stages of the Transportation Bank, this Credit Policy limits qualified Applicants to the Transportation Bank to municipalities and counties providing an investment grade rated G.O. pledge and qualifying regional transportation Authorities that secure and provide an investment grade rated G.O. pledge from the underlying County or municipality. Given the more secure and stable nature of cash flow streams from water-related projects relative to transportation projects, the Credit Policy provides more latitude for Applicants to the Water Bank by qualifying certain higher-risk Applicants, including Revenue Bond Applicants and non-rated de-minimis borrowers. In recognizing the value of an investment grade G.O. pledge, and in order to ensure that all future, qualified Applicants receive fair access to the Financing Program's subsidized zero percent and low interest loans (*a benefit that has saved the average Borrower more than 25% of its aggregate Financing Program loan principal amount*), this Credit Policy requires more collateral from certain, higher-risk Water Bank Applicants. In this way, the Water Bank is less prone to future default and loss risks.

If you have any questions regarding this Credit Policy, please do not hesitate to contact either the I-Bank or our legal or financial advisors. We look forward to providing you the top-rated and efficient service that has always been the hallmark of the I-Bank Financing Programs.

Respectfully,



David E. Zimmer, CFA
Executive Director
August 13, 2020

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New Jersey Infrastructure Bank Credit Policy Statement

Revised August 13, 2020

I. STATUTORY AUTHORITY

The I-Bank, originally organized in August of 1986 as the “New Jersey Wastewater Treatment Trust”, is a public body corporate and politic with corporate succession, constituted as an instrumentality of the State, exercising public and essential government functions, and organized and existing under and pursuant to N.J.S.A. 58:11B-1 et seq. (as amended from time to time, the “I-Bank Act”). Since 1987, the I-Bank and the State have provided loan financing for acquiring, constructing, improving or installing wastewater treatment projects for wastewater treatment systems undertaken by local government units in the State. In 1998, the I-Bank Act was amended, thereby expanding the program to finance the costs of drinking water supply projects undertaken by local government units, private entities, and nonprofit entities.

On October 14, 2016, the I-Bank Act was further amended pursuant to Public Law 2016, Chapter 56 (the “Amending Statute”), changing the name of the I-Bank to the “New Jersey Infrastructure Bank” and expanding its statutory authority. More specifically, the I-Bank’s statutory authority was expanded to make loans and provide other assistance to local government units to finance the cost of certain transportation infrastructure projects, as defined in the I-Bank Act. The Amending Statute became effective on January 16, 2018, pursuant to Public Law 2017, Chapter 327.

The I-Bank is structured organizationally as two distinct operating departments:

- (i) one department, the NJ Environmental Infrastructure Trust (“NJEIT”), partners with the NJ Department of Environmental Protection (“NJDEP”) (the I-Bank and the NJDEP, defined herein as Financing Program Principals) for the purpose of jointly operating and administering the New Jersey Environmental Infrastructure Financing Program, known as the New Jersey Water Bank (the “Water Bank”), and
- (ii) a second department, the NJ Transportation Infrastructure Bank, partners with the NJ Department of Transportation (“NJDOT”) for the purpose of jointly operating and administering the New Jersey Transportation Infrastructure Financing Program, known as the New Jersey Transportation Bank (the “Transportation Bank”).

The I-Bank is responsible for ensuring that I-Bank Loans in the Water Bank and the Transportation Bank are administered efficiently and fairly to all *qualified* Applicants in a fiscally responsible manner that safeguards the I-Bank’s future ability to make infrastructure loans in the most cost-efficient manner.¹

¹ Note: Capitalized terms used herein shall have the meaning ascribed to such terms in Article V hereof, unless otherwise noted.

II. OBJECTIVE

The I-Bank maintains minimum credit worthiness standards, compliance with which is a pre-condition to an Applicant's qualification to receive a Water Bank or Transportation Bank Loan. These credit worthiness standards help to ensure that (i) loans made through the Water Bank and the Transportation Bank are repaid on-time and in full, thereby enabling the I-Bank to relend these funds on a revolving basis to other Borrowers in the State, (ii) publicly issued I-Bank Environmental Infrastructure bonds maintain a AAA/Aaa/Aaa Credit Rating from the three Nationally Recognized Rating Agencies ("NRRAs") and, as a result, the I-Bank is able to issue its bonds at the lowest absolute rate for the benefit of all current and future Water Bank Borrowers, and (iii) publicly issued Transportation Infrastructure bonds receive the highest possible rating, given the size of the pool, from the three NRRAs and, as a result, the I-Bank is able to issue its bonds at a low rate for the benefit of all current and future Transportation Bank Borrowers.

Recognizing that one of the I-Bank's hallmarks has always been equal and shared access for all qualified Applicants to the I-Bank's low financing costs offered through the Water Bank and the Transportation Bank, the I-Bank was neither created to be, nor intended to perform as, the lender of last resort for every Applicant seeking financing for environmental infrastructure or transportation infrastructure projects in the State. Consequently, the purpose of this Credit Policy is to further define the financial conditions and requirements that must be satisfied by each Applicant so that all lending decisions and actions by the I-Bank continue to be consistent, transparent and, ultimately, fiscally prudent.

The creditworthiness standards and requirements established by this Credit Policy (including, without limitation, the Credit Eligibility Requirements contained in Section VI:2 hereof), as this Credit Policy may be amended further by the I-Bank from time to time, have been accepted and approved by the State Treasurer for application by the I-Bank to all financings provided by the State through the Water Bank Financing Program, including, without limitation, any loan made by the State through the NJDEP. Such acceptance and approval by the State Treasurer is evidenced by the letter of the State Treasurer, dated August 10, 2020, which is attached hereto as Appendix 1.

III. RECENT HISTORY

The Water Bank: The Water Bank Financing Program has been subject to a number of policy revisions and product innovations since its inception more than 33 years ago. These revisions and innovations include: the introduction of a water supply system or drinking water ("DW") component (1998), the introduction of the Master Program Trust Account ("MPTA"), which serves as Water Bank Loan coverage or a reserve fund that is capitalized with Fund Loan repayments owed to the State and that acts as additional collateral support for the I-Bank's Environmental Infrastructure Loan Program outstanding bonds (1995), the clarification and revision of the State's credit policy (2001), the Direct Loan Program (2001), introduction of the Financing Program's Enterprise Application Software system (2012), the Small System (NANO) Loan Program (2012), the Supplemental Financing Program (2012), the I-Bank's initial Credit

Policy (2013), the SAIL Disaster Relief Loan Program (2013), the multi-year Short-Term Construction Loan Program (2015), the rolling application process (2016) and the most recent articulation of the State's credit policy with respect to the State loan component of Water Bank Loans (2020).

Over 90% of the loans made by the Water Bank's Financing Program Principals to date are secured either by (i) a general obligation ("G.O.") bond issued by a taxing entity (a Municipality or county) and secured by a pledge of its full faith and credit or (ii) a Revenue Bond issued by an Authority and ultimately secured by a G.O. pledge of the full faith and credit of the municipal Participants served by that Authority. The Authority pledges to the Financing Program Principals, through its indenture or bond resolution, all payments payable to the Authority by the Participants pursuant to the Service Agreement. When applicable, these G.O. pledges obligate the Municipalities and/or counties to raise *ad valorem* taxes "without limitation as to rate or amount" in order to either (i) satisfy their debt service obligation to the Financing Program Principals or (ii) satisfy any payment obligations pursuant to the Service Agreement in order for the Authority to repay its debt service obligations to the Financing Program Principals.

The remainder of the outstanding Water Bank loans made by the I-Bank and/or the NJDEP (i.e., less than 10%) are secured by a Revenue Bond. Revenue Bonds are not secured by a G.O. pledge of one or more Municipalities or Counties. As such, these Revenue Bonds may pose greater repayment default AND loss risk to the Water Bank. While the I-Bank's publicly held bonds have never suffered a payment default, it is critical to establish and maintain policies that identify and safeguard against the risk of default and loss in the future.

The Transportation Bank: The SFY2019 Financing Program was the first full year of operation for the Transportation Bank. The Transportation Bank offers program loans to qualified Borrowers at extremely low interest rates to significantly reduce Borrower financing costs relative to independent financing.

IV. RISK PARAMETERS

This Credit Policy segregates default risk by Borrower-type and by credit pledge-type. In the event of a potential bankruptcy, Borrowers which are Municipalities, Counties or local Authorities must obtain the approval of the Local Finance Board within the Department of Community Affairs ("DCA") before they are legally able to commence bankruptcy proceedings. Given (i) the G.O. pledge that secures the I-Bank Loan and (ii) the additional legal hurdle and corresponding oversight from the State associated with bankruptcy proceedings, these entities have a greater hurdle, and therefore, a lower likelihood of experiencing default than their non-governmental/non-G.O. counterparts. In addition, the strength of a Borrower's security for its respective loan(s) has a limiting effect on both its probability of default as well as the magnitude of any principal or interest repayment loss should that Borrower default on its repayment obligation to the I-Bank. As such, any Borrower that can be compelled to raise, or compel a Participating municipality to raise, *ad valorem* taxes through its pledge of either a direct or

indirect G.O. will be less likely to default and, in the unlikely Event of Default, will be less likely to cause a loss on its repayment obligations to the I-Bank. With this in mind, this Credit Policy divides Water Bank Borrowers and Transportation Bank Borrowers into the following categories:

1. **Water Bank and Transportation Bank**
 - a. G.O. Pledge:
 - i. Municipality/County
 - ii. Authority
2. **Water Bank only**
 - a. G.O. Pledge
 - i. Redevelopment Project sponsored by an LGU
 - b. Revenue Pledge:
 - i. Authority
 - ii. Corporate/Private/Owned Water System
 - c. *De-minimis* Borrowers
 - d. SAIL Loans

(See Section VI for further discussion of risk categories and corresponding criteria.)

V. DEFINITIONS

“Aggregate Annual Debt Service” means, with respect to any given Applicant, the total of the annual debt service payments for both direct and indirect (i.e., as a result of such Applicant’s participation in an Authority) obligations of the Applicant to either the Water Bank or Transportation Bank, as applicable, due and payable, or in the instance of a Short-Term Loan, estimated to be payable on a long-term basis, each State Fiscal Year to the I-Bank with respect to all outstanding Water Bank Loans or all outstanding Transportation Bank Loans when aggregated, or to the State with respect to all outstanding Fund Loans when aggregated. Note, the Aggregate Annual Debt Service calculation facilitates the determination of *De-minimis* status.

“Applicant” means an entity having submitted, pursuant to the I-Bank Act and applicable regulations, project information and/or a Letter of Intent or Short-Term Financial Addendum Form or an application for the financing of a project through the Water Bank or Transportation Bank.

“Authority” means a State authority, a municipal, county or regional sewerage or utility authority, a municipal sewerage district, an improvement authority, or any other political subdivision of the State, *other than* a Municipality or county, that is authorized to construct, operate and maintain a wastewater treatment system or a public water supply system, or to construct, rehabilitate, operate or maintain water supply facilities or otherwise provide water for human consumption, or a regional transportation authority, or any other political subdivision of the State authorized to construct, operate, and maintain public highways or transportation projects.

“Borrower” means any entity that has any Water Bank or Transportation Bank loans outstanding with either the State and/or the I-Bank.

“Credit Eligibility Requirements” means those standards set forth in Section VI:2 below pursuant to an Applicant’s borrower-type and security pledge.

“Credit Rating” means an assessment by one or more of the three NRRAs of the credit worthiness (i) of an Applicant and the Applicant’s ability to repay principle and interest on its bonds, or (ii) of a Nationally Chartered Bank or a State Chartered Bank and its ability to satisfy its liabilities.

“De-minimis Loan Applicant” means an Applicant with respect to which the *Pro-Forma* Water Bank Aggregate Annual Debt Service owed to the I-Bank or the State is less than \$50,000. De-minimis Applicants must be an LGU or HOA that services multiple units and must provide the I-Bank with all information necessary for review at least 4 months prior to the date of loan closing.

“Direct Loan Closing” means the date on which a Borrower delivers to the I-Bank and State (if applicable), and the I-Bank and State accepts from such Borrower, a note or other obligation evidencing an I-Bank Loan and Fund Loan to such Borrower pursuant to the direct loan program of the Water Bank or Transportation Bank, established pursuant to the I-Bank Act and one or more resolutions of the I-Bank.

“Escrow Closing” means the date on which the I-Bank, the State (if applicable), a Borrower and an escrow agent appointed by the I-Bank each enter into an escrow agreement, pursuant to which (i) the I-Bank and the State each commit to make a loan to the Borrower with respect to a particular Environmental Infrastructure Project under the Water Bank or the I-Bank commits to make a loan to the Borrower with respect to a particular Transportation Infrastructure Project under the Transportation Bank; (ii) the Borrower commits to accept a loan from each of the I-Bank and the State with respect to such Environmental Infrastructure Project or the Borrower commits to accept a loan from the I-Bank with respect to such Transportation Infrastructure Project; and (iii) the I-Bank Loan Agreement and I-Bank Loan Bond for both Water and Transportation Infrastructure Projects and the Fund Loan Agreement and Fund Loan Bond for Water Bank Projects, together with certain other documents and legal opinions, are deposited into escrow, to be released by the escrow agent upon the issuance by the I-Bank of its bonds.

“Environmental Infrastructure Project” means the acquisition, construction, improvement, repair or reconstruction of all or part of any structure, facility or equipment, or real or personal property necessary for or ancillary to any (i) wastewater treatment system project, including any stormwater management or combined sewer overflow abatement projects, or (ii) water supply project, as authorized pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), including any water resources project, as authorized pursuant to P.L.2003, c.162.

“Event of Default” means any occurrence or event defined as an Event of Default pursuant to an I-Bank Loan Agreement or a Fund Loan Agreement.

“Financial Due Diligence Meeting” means a meeting convened by the I-Bank to discuss elements of an Applicant’s financial health, including, without limitation, the sources of funding for an Applicant’s Environmental or Transportation Infrastructure Project, the current Credit Rating, the potential impact of such an Environmental or Transportation Infrastructure Project on the Applicant’s Credit Rating, and other matters deemed necessary or appropriate by the I-Bank to aid it in assessing (i) an Applicant’s compliance with this Credit Policy and (ii) its financial eligibility to receive and repay an I-Bank Loan and Fund Loan. Financial Due Diligence Meetings may include the following representatives:

- Representatives of the NRRAs that rated the Applicant’s outstanding debt;
- The Applicant’s chief financial officer, highest elected official, and business administrator;
- One or more representatives of the developer of the Environmental or Transportation Infrastructure Project, if applicable, possessing knowledge and authority to provide detailed information regarding the Environmental or Transportation Infrastructure Project and its regulatory and financial details;
- A representative of each of the non-I-Bank entities, including other State Agencies, if any, providing funding for any aspect of the Environmental or Transportation Infrastructure Project;
- A representative of each entity that may provide a guarantee for the financing of the Environmental or Transportation Infrastructure Project, if applicable;
- Two representatives of the I-Bank’s senior management;
- A representative of any entity that may serve as signatory to an I-Bank Loan Agreement or Fund Loan Agreement, or another form of contractual obligation in connection with the financing of the Environmental or Transportation Infrastructure Project; and
- Such other individuals deemed necessary or appropriate by the I-Bank to aid in conducting financial due diligence including, without limitation, representatives from the New Jersey Department of Community Affairs and/or the New Jersey Board of Public Utilities.

“Financing Program Principals” means the I-Bank and the State, collectively, as parties to the Water Bank.

“Finding of Unacceptable Credit Risk” means a written finding by the I-Bank (i) that the Applicant fails to meet the Credit Eligibility Requirements, (ii) that one or more Material Events has occurred within the immediately preceding sixty (60) months, or (iii) that the I-Bank otherwise identifies credit, liquidity or operational risks deemed by the I-Bank to constitute unacceptable risks to the Water Bank or Transportation Bank.

“Fund Loan” means a loan provided by the State, acting by and through the NJDEP, to a Borrower for the financing as part of the Water Bank of all or a portion of an Environmental Infrastructure Project pursuant to the Federal Clean Water Act or the Federal Drinking Water Act.

“Fund Loan Agreement” means an agreement, by and between the State, acting by and through the NJDEP, and a Borrower, pursuant to which the State extends a Fund Loan to a Borrower in

connection with the financing of all or a portion of an Environmental Infrastructure Project, and the Borrower agrees to certain terms and conditions, including, without limitation, the construction of the Environmental Infrastructure Project and the repayment of the Fund Loan.

“Fund Loan Bond” means a senior lien bond issued by a Borrower to the State, acting by and through the NJDEP, in order to evidence and secure the Fund Loan repayment obligations of such Borrower to the State, all in connection with the financing of all or a portion of an Environmental Infrastructure Project. The State may, in its discretion, accept a Junior Lien Bond, in compliance with the provisions of Section VI.1. hereof, in lieu of a senior lien bond.

“I-Bank Investment Grade Rated” means an Applicant with either (i) at least one current rating assigned by an NRRRA that is BBB+ (S&P and Fitch) or Baa1 (Moody’s) or better, or (ii) at least two current ratings assigned by NRRAs that are BBB- (S&P and Fitch) or Baa3 (Moody’s) or better, as well as for both (i) and (ii) no Non-Investment Grade Rated Credit Ratings from any of the NRRAs.

“I-Bank Loan” means a loan made by the I-Bank to a Borrower for the financing, as part of the Water Bank or Transportation Bank, of all or a portion of an Environmental Infrastructure Project or Transportation Infrastructure Project pursuant to N.J.S.A. 58:11B-1 et seq.

“I-Bank Loan Agreement” means an agreement, by and between the I-Bank and a Borrower, pursuant to which the I-Bank extends an I-Bank Loan to a Borrower in connection with the financing of all or a portion of an Environmental Infrastructure Project or Transportation Infrastructure Project, and the Borrower agrees to certain terms and conditions, including, without limitation, the construction of the Environmental Infrastructure Project or the Transportation Infrastructure Project and the repayment of the I-Bank Loan on-time and in-full.

“I-Bank Loan Bond” means a senior lien bond issued by a Borrower to the I-Bank in order to evidence and secure the I-Bank Loan repayment obligations of such Borrower to the I-Bank, all in connection with the long-term financing of all or a portion of an Environmental Infrastructure Project or Transportation Infrastructure Project pursuant to N.J.S.A. 58:11B-1 et seq. The I-Bank may, in its discretion, accept a Junior Lien Bond, in compliance with the provisions of Section VI.1. hereof, in lieu of a senior lien bond.

“I-Bank Non-Investment Grade Rated” means an Applicant that possesses either (i) a Credit Rating assigned by an NRRRA that is lower than BBB- (S&P and Fitch) or Baa3 (Moody’s), or (ii) only one Credit rating and the rating assigned by an NRRRA is lower than BBB+ (S&P and Fitch) or Baa1 (Moody’s).

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto.

“Letter of Credit” or “LOC” means an irrevocable Letter of Credit issued by a Nationally Chartered Bank or a State Chartered Bank that secures the payment of the principal and/or interest on (as

applicable) the I-Bank Loan Bond and Fund Loan Bond issued to the I-Bank and the State, respectively, by the Applicant that procured such LOC.

“Loan Loss Reserve Fund” or “LLR” means a fund established by the I-Bank, pursuant to N.J.S.A. 58:11B-1 et seq., for the deposit of the annual Risk Premium as defined herein. Risk Premium payments will be deposited by the I-Bank into the LLR and shall secure repayments owed only on those Water Bank or Transportation Bank loans in connection with which Risk Premium payments are required.

“Local Government Unit” or “LGU” means (i) a State Authority, county, Municipality, municipal, county or regional sewerage or utility Authority, municipal sewerage district, joint meeting, improvement Authority, or any other political subdivision of the State authorized pursuant to law to construct, operate and maintain wastewater treatment systems, or (ii) a State Authority, district water supply commission, county, Municipality, municipal, county or regional utilities Authority, municipal water district, joint meeting or any other political subdivision of the State authorized pursuant to law to operate or maintain a public water supply system or to construct, rehabilitate, operate or maintain water supply facilities or otherwise provide water for human consumption; or (iii) a county, municipality, municipal, county or regional transportation authority, or any other political subdivision of the State authorized to construct, operate, and maintain public highways or transportation projects as defined pursuant to this section.

“LGU Sponsor” means a Local Government Unit whose participation in an I-Bank Loan Agreement and/or a Fund Loan Agreement, or any other form of contractual obligation, is necessary to satisfy Water Bank or Transportation Bank requirements, including, but not limited to, compliance with this Credit Policy for the purpose of assisting a third party in securing access to funding from the Water Bank for an Environmental Infrastructure Project or Transportation Bank for a Transportation Infrastructure Project of mutual benefit to such Local Government Unit and such third party.

“Material Event” means, with respect to a given Applicant, the occurrence of any one or more of the following: (i) an Event of Default under an existing short-term loan from the I-Bank, I-Bank Loan Agreement and/or Fund Loan Agreement to which the Applicant is a party; (ii) the Applicant’s receipt of notice of a criminal complaint, criminal investigation or indictment pertaining to the Applicant or any of its officers or directors; (iii) a material change in financial position demonstrating a material adverse effect upon the Applicant’s financial position within the last two fiscal years; (iv) the filing by the Applicant of a bankruptcy petition or the administration of the Applicant pursuant to the provisions of any applicable bankruptcy statute; (v) any written documentation that is produced by the NJDEP, NJDOT or the I-Bank which identifies (1) material mismanagement by the Applicant of (a) any of its Environmental or Transportation infrastructure facilities, or (b) the proposed Environmental or Transportation Infrastructure Project to be financed through the I-Bank, in which the Applicant has been unable to cure such material mismanagement or (2) failure of such Applicant to properly satisfy its repayment obligations with respect to any outstanding Water Bank or Transportation Bank Loans, including, without limitation, late payments or (3) failure of such Applicant to properly and

promptly apply unexpended proceeds of any outstanding Water Bank or Transportation Bank Loans; (vi) material misrepresentations by the Applicant in any Water Bank or Transportation Bank application documents; (vii) failure by the Applicant to submit timely responses to requests for information presented to the Applicant by the I-Bank and/or the NJDEP/NJDOT; (viii) failure of the Applicant to satisfactorily complete all filings with the LFB or any overseeing State agency; (ix) being placed under oversight by the LFB or any overseeing State agency; or (x) the declaration of a State of Emergency by the Governor of the State, either State-wide or within the county in which the Applicant is located, which Material Event shall continue for so long as such declared State of Emergency remains in effect. Applicants with Material events (A) may be required to enhance the security for their loans (including, without limitation, their I-Bank Loan and their Fund Loan) through mechanisms, such as Qualified Bonds, as shall be identified by the I-Bank and/or (B) may be subjected to enhanced due diligence review by the I-Bank, which may require the production by such Applicants of such financial and other data as shall be identified and required by the I-Bank.

“Municipality” means any city, borough, town, township or village situated within the boundaries of the State of New Jersey.

“Nationally Chartered Bank” means a banking institution chartered and supervised by the Office of the Comptroller of the Currency, an agency in the U.S. Treasury Department, pursuant to the National Bank Act, 12 U.S.C. § 21 *et seq.*

“Nationally Recognized Rating Agency” or “NRRRA” means any of Fitch Ratings, Inc. (“Fitch”), Moody’s Investors Service (“Moody’s”) or S&P Global Ratings (“S&P”).

“NJDEP” means the New Jersey Department of Environmental Protection.

“NJDOT” means the New Jersey Department of Transportation.

“New Jersey Infrastructure Bank” or “I-Bank” means a body corporate and politic organized under the laws of the State of New Jersey pursuant to N.J.S.A. 58:11B-1 *et seq.*

“Non-Rated” means an entity, which does not possess a current Credit Rating or ratings assessment from any of the three NRRAs.

“Participant” means one or more Municipalities and/or Authorities that have entered into a Service Agreement in which they have pledged their G.O. to a Special Obligation Entity.

“Preliminary Financial Information” means certain written information produced by an Applicant and delivered to the I-Bank pursuant to a written request submitted by the I-Bank, all in furtherance of the assessment by the I-Bank of the Applicant’s compliance with this Credit Policy.

“Privately-Owned Water System” means a drinking water system required to comply with New Jersey State primary drinking water regulations for which a Public Water System Identification number (“PWSID”) exists.

“Pro-forma Aggregate Annual Debt Service” means, with respect to any given Applicant for both direct and indirect obligations to the Water Bank or Transportation Bank separately, the sum of (i) the Aggregate Annual Debt Service and (ii) the additional annual debt service payments due and payable each State Fiscal Year with respect to the I-Bank Loan and Fund Loan for which the Applicant is then applying to the Water Bank or Transportation Bank.

“Qualified Bonds” means any bond issued by a Municipality pursuant to the provisions of the Qualified Bond Act, N.J.S.A. 40A:3-1 *et seq.*, which Act provides supplemental collateral as security for bonds issued thereunder in furtherance of satisfaction of the Credit Eligibility Requirements as set forth herein.

“Qualified Bond Debt Service Coverage Ratio” means the annual debt service to be paid by a municipality each fiscal year on any of its outstanding and authorized Qualified Bonds divided by the annual funds available for these payments pursuant to the Qualified Bond Act.

“Ratings” means:

Investment Grade Rating of the three major rating agencies				I-Bank Rank
	Moody's	S&P	Fitch	
Best Quality	Aaa	AAA	AAA	12
High Quality	Aa1	AA+	AA+	11
	Aa2	AA	AA	10
	Aa3	AA-	AA-	9
Upper Medium Grade	A1	A+	A+	8
	A2	A	A	7
	A3	A-	A-	6
Medium Grade	Baa1	BBB+	BBB+	5
	Baa2	BBB	BBB	4
	Baa3	BBB-	BBB-	3
Non-Investment Grade	Ba1	BB+	BB+	2
	Ba2	BB	BB	1
	Below Ba2	Below BB	Below BB	0

“Redevelopment Project” a project where a government unit serves as the applicant on behalf of, or in conjunction with, a private entity for the water quality component costs of a remediation or redevelopment project to statutorily qualify for NJEIFP loans and one or more of the following fact scenarios exists: (i) such government unit secures its repayment obligations pursuant to the provisions of the Redevelopment Area Bond Financing Law; (ii) the redeveloper’s contractor administers or oversees all or a portion of project construction; or (iii) the borrowed funds are provided by the government unit to a redeveloper or its agent to fund all or a portion of the project’s expenses (“Conduit Borrower”).

“Revenue Bond” means a bond supported by the revenue from the general revenues of the Applicant or specifically sponsored project.

“Risk Premium” means an annual premium imposed by the I-Bank on Borrowers providing Revenue Bonds to the I-Bank in an amount equal to 1% of the outstanding aggregate principal amount of the I-Bank Loan and the Fund Loan, provided, however, such amount shall be subject to the limitations imposed by the Internal Revenue Code as such limitations shall be interpreted and applied by the I-Bank following consultation with counsel.

“SAIL Loan” a short-term or temporary loan to repair environmental infrastructure that was damaged during a declared disaster or to improve the resiliency of such infrastructure that otherwise would have been damaged in future disasters pursuant to N.J.S.A. 58:11B-9.5.

“Service Agreement” means an agreement wherein a Special Obligation Entity agrees to provide wastewater treatment service or drinking water to one or more Participants in exchange for monetary compensation.

“Short-Term Loan Closing” means the date on which a Borrower delivers to the I-Bank, and the I-Bank accepts from such Borrower, a note or other obligation evidencing a short-term or temporary loan made by the I-Bank to such Borrower pursuant to the short-term loan program of the Water Bank, established pursuant to N.J.S.A. 9(d) and one or more resolutions of the I-Bank, or the short-term loan program of the Transportation Bank, established pursuant to N.J.S.A. 58:11B-9(g) and one or more resolutions of the I-Bank.

“Special Obligation Entity” means an Authority, a nonprofit entity, a private entity, or any other Applicant or Borrower with respect to which the obligation to repay the I-Bank Loan and the Fund Loan is not secured by the irrevocable pledge of such Applicant or Borrower to exercise its unlimited taxing powers for the timely payment thereof.

“State” means the State of New Jersey.

“State Chartered Bank” means a banking institution chartered and supervised by the New Jersey Department of Banking and Insurance pursuant to the laws of the State, including, without limitation, N.J.S.A. 17:9A-1 *et seq.*

“State Fiscal Year” or “SFY” means the period beginning on the first day of July of each calendar year and ending on the thirtieth of June of the next succeeding calendar year, such period of time being established as the fiscal year of the State pursuant to N.J.S.A. 52:5-1. Each State Fiscal Year shall be designated by the calendar year in which such State Fiscal Year concludes.

“Transportation Bank” means the New Jersey Transportation Infrastructure Financing Program implemented by the NJDOT and the I-Bank in partnership to provide loans to Borrowers for Transportation Infrastructure Projects pursuant to N.J.S.A. 58:11B-1 *et seq.*

“Transportation Infrastructure Project” means capital projects for public highways, approach roadways and other necessary land side improvements, ramps, signal systems, roadbeds, transit lanes or rights of way, pedestrian walkways and bridges connecting to passenger stations and servicing facilities, bridges and grade crossings as authorized pursuant to P.L.1985, c.334 (C.58:11B-1 *et seq.*).

“Water Bank” means the New Jersey Environmental Infrastructure Financing Program implemented by the NJDEP and the I-Bank in partnership to provide loans to Borrowers for Environmental Infrastructure Projects pursuant to N.J.S.A. 58:11B-1 *et seq.*, the Federal Clean Water Act and the Federal Drinking Water Act.

VI. LOAN APPLICANTS

1. GENERAL APPLICABILITY PROVISIONS

Introduction: Applicants must meet the Credit Eligibility Requirements of this Credit Policy as set forth in Section VI:2 below in order to evidence and secure (i) an I-Bank Loan repayment obligation or (ii) a Fund Loan repayment obligation, in either case through the issuance of privately negotiated bonds. Such Credit Eligibility Requirements shall apply to all Applicants seeking an I-Bank Loan and/or a Fund Loan. In assessing compliance by an Applicant with the Credit Eligibility Requirements, the I-Bank will consider credit, liquidity, and operational risk as well as any other factors deemed necessary and appropriate by the I-Bank to (i) evaluate the risk of repayment default and (ii) in order to determine that there are no existing Material Events.

Credit Ratings: For the purposes of this Credit Policy, Applicant Credit Ratings may be either a public rating or a ratings assessment. All public ratings must be currently under surveillance at the time of loan closing by the NRRRA that issued such public rating, and Borrowers with over \$2M in outstanding Loans to the I-Bank must maintain a rating until the maturity of the loan. The I-Bank may require an Applicant to have a rating re-affirmed if a Material Event has occurred since the last review by the Rating Agency. Any Applicant relying on a ratings assessment must have received such ratings assessment from a NRRRA within twelve months prior to the I-Bank’s determination of the Applicant’s compliance with the I-Bank’s Credit Eligibility Requirements, and Borrowers with over \$2M in outstanding Loans to the I-Bank must maintain and update annually the ratings assessment until the maturity of the loan. Separately, the unenhanced rating (i.e., giving no consideration to enhancement from, among other sources, the State’s “Chapter

72 School Bond Reserve Program”) of a contiguous school district may be cited and relied upon by a Municipality(ies) not possessing a Credit Rating or ratings assessment and which is providing either a direct or indirect obligation in order to evidence and secure its own I-Bank Loan repayment obligation or the repayment obligation of an Authority. In the case of an applicant that has entered into either a tri-party agreement or guarantee agreement, in a form acceptable to the I-Bank, that establishes a Municipal, County or other LGU guaranty or a corporate parent guaranty, such credit support may be cited and relied upon for the purposes of evaluation as to creditworthiness pursuant to the criteria set forth within.

Portfolio Limitations: The I-Bank retains the right to reject outright any Applicant for which the resulting I-Bank Loan Bond is a Revenue Bond, the aggregate principal amount of which will serve to increase the projected I-Bank Revenue Bond principal exposure to an amount that exceeds 10% of the projected principal amount of publicly issued I-Bank Environmental Infrastructure bonds. Further, the I-Bank retains the right to require a rating from a NRRR for a *De-minimis* Loan Applicant for which the resulting I-Bank Loan Bond is a Revenue Bond, the aggregate principal amount of which will serve to increase the I-Bank’s projected exposure to *De-minimis* Loan Borrowers to an amount that exceeds \$10 million.

Miscellaneous:

- i. Any supplemental collateral relied upon by an Applicant for purposes of satisfying the Credit Eligibility Requirements must comply fully with the terms of this Credit Policy but, in no event, shall such supplemental collateral be rated less than Baa3 by Moody’s or BBB- by Fitch or S&P.
- ii. The principal amount of each loan, other than a loan for asset management planning, must be no less than \$150,000.
- iii. In assessing an Applicant’s compliance with the Credit Eligibility Requirements of this Credit Policy, the I-Bank, at its sole discretion, may require the Applicant to participate in a Financial Due Diligence Meeting, regardless of the Applicant’s Credit Rating. The Applicant shall submit Preliminary Financial Information to the I-Bank no later than fifteen (15) business days following receipt of such written request from the I-Bank.

De-minimis Loan Requirement: For all *De-minimis* Loan Applicants, the Applicant shall provide to the I-Bank, in the case of an Applicant providing a direct or indirect G.O. pledge, evidence of either approval from the Local Finance Bond to incur debt through the I-Bank and/or NJDEP for the requested Loan amount or in the case of a Revenue Bond Applicant, evidence from the Board of Directors, or other governing body, of the Applicant, a resolution pursuant to which such governing body acknowledges and agrees to:

- i. The projected debt service repayment obligation of the Applicant over the course of the proposed I-Bank Loan and Fund Loan.
- ii. With respect to any Applicant that is a Local Government Unit, a contractual obligation to provide an annual certification of an authorized officer of the Applicant that the Applicant has timely provided to the Division of Local Government Services within the New Jersey Department of Community Affairs (the “DLGS”) a balanced budget for the forthcoming

fiscal year, and that such budget has been approved by the Director of the DLGS, all in accordance with the Local Budget Law or the Local Authorities Fiscal Control Law, as applicable.

- iii. A contractual obligation, to be set forth in the I-Bank Loan Agreement and Fund Loan Agreement of the Applicant that obligates the Applicant each year, a Program Loan is outstanding, to fix the rates it charges its service customers in an amount at least equivalent to pay all outstanding debt service, operation & maintenance charges, and further, to pay any other expenses necessary to operate the Applicant's system in compliance with applicable laws and regulations. The Applicant will further covenant to provide to the I-Bank and the State a certification of an authorized officer of the Applicant, on an annual basis at the conclusion of each fiscal year of the Applicant, to the effect that the Authority has for such fiscal year, complied with the rate covenant set forth above. Failure to provide such certification, upon the expiration of a thirty-day notice and cure period, shall be an Event of Default pursuant to each the I-Bank Loan Agreement and the Fund Loan Agreement, and shall give rise to a right of acceleration of the Program Loans by the I-Bank and the State, respectively.
- iv. In addition, the Applicant shall be subject to a covenant obligation to provide written notice to the I-Bank and the NJDEP within 30 days of the occurrence of any Event of Default, pursuant to and as defined in its indenture of trust or bond resolution, or any event that with the passage of time and/or the giving of notice shall constitute an Event of Default.

Junior Lien Bond Policy: Neither the Water Bank nor the Transportation Bank require debt service reserve funds of I-Bank Investment Grade Rated Authorities to act as security for the I-Bank Loan Bond or the Fund Loan Bond issued by such Authority. Furthermore, if such reserve funds are required by the Authorities' own indenture of trust or bond resolution, neither the Water Bank nor the Transportation Bank will make I-Bank Loan proceeds or Fund Loan proceeds available to Authorities to fund such debt service reserve funds. However, the Water Bank or Transportation Bank will accept from such Authorities a junior-lien bond as evidence of and security for the I-Bank Loan and Fund Loan repayment obligations of such Authority. While this junior-lien bond is subordinated to any senior-lien debt of that Authority, the Water Bank and the Transportation Bank each protect themselves from repayment default and loss by requiring each Authority to comply with the following: (i) compliance with Credit Eligibility Requirements; (ii) a Service Agreement that is secured by the full faith and credit of one or more Participants; and (iii) a contractual obligation set forth in the indenture of trust or bond resolution of the Authority that obligates the Authority to raise the rates it charges its service customers by an amount at least equivalent to pay all outstanding debt service (including debt service with respect to the Junior-Lien I-Bank Loan Bond and the Junior-Lien Fund Loan Bond), operation and maintenance charges, and further, to pay any other expenses necessary to operate the Authority in compliance with applicable laws and regulations. In addition, the Authority shall be subject to a covenant obligation to provide written notice to the I-Bank, and the NJDEP when applicable, immediately upon the occurrence of any Event of Default, pursuant to and as defined in its indenture of trust or bond resolution, or any event that with the passage of time and/or the giving of notice shall constitute an Event of Default. The failure by the Authority to satisfy the obligation set forth in

(iii), above, shall constitute an Event of Default, pursuant to and as defined in its I-Bank Loan Agreement and its Fund Loan Agreement.

Determination of Ineligibility: Any Finding of Unacceptable Credit Risk shall be issued in writing by the I-Bank to the Applicant and shall render the Applicant ineligible to receive an I-Bank Loan from the Water Bank or Transportation Bank for such Financing Program year.

Action by the I-Bank Pursuant to the Credit Policy: Any determination or action authorized or required to be undertaken by the I-Bank pursuant to the terms and provisions of this Credit Policy may be undertaken or performed by any authorized officer designated as such by the Board of Directors of the I-Bank through formal action, including but not limited to I-Bank Board Resolution No. 11-10 (Delegation to the Executive Director of the I-Bank to Evaluate and Bypass Applications for Loans) enacted on April 7, 2011.

Report of a Material Event to the Board: At the meeting of the Board that is scheduled to occur immediately subsequent to the execution and delivery of any loan instruments relating to a loan made to a Borrower by the I-Bank, in connection with which the Executive Director of the I-Bank has determined the occurrence of a Material Event (as defined in the Credit Policy of the I-Bank) with respect to such Borrower, the Executive Director of the I-Bank shall provide a report to the Board of Directors of the I-Bank concerning details of such transaction and the Material Event that was identified by the Executive Director of the I-Bank. Such report shall include, with respect to such Borrower that was a recipient of such loan, (i) the identity of the Borrower, (ii) a summary of the project(s) for which financing was provided, (iii) the nature of the Material Event at issue, and (iv) a discussion of the Borrower's compliance with the Credit Eligibility Requirements.

2. CREDIT ELIGIBILITY REQUIREMENTS

Applicants shall satisfy the I-Bank's Credit Eligibility Requirements. A determination as to compliance with the Credit Eligibility Requirements shall be made by the I-Bank at the earlier of the time of the Environmental Infrastructure Project's or Transportation Infrastructure Project's:

- i. Short-Term Loan Closing, including, without limitation, the Disaster Relief Emergency Loan Financing Program (SAIL), or
- ii. Escrow Closing, or
- iii. Direct Loan Program Closing, or
- iv. Notice from the I-Bank of a Finding of Unacceptable Credit Risk.

If a Borrower (i) does not satisfy the Credit Eligibility Requirements as outlined in this Credit Policy and (ii) is eligible pursuant to the Appropriations Act for a New Jersey Environmental Infrastructure Financing Program Fund Loan for 100 percent of the cost of the project, upon determination of (i) and (ii) above, the I-Bank shall, in consultation with the Director of DLGS, provide a credit report relating to the Borrower to the NJDEP Commissioner, or his/her Designee, in order that he/she may make a determination as to whether to provide a 100 percent Fund Loan to the Borrower, notwithstanding the Credit Eligibility Requirements set forth herein.

If a Borrower satisfies the Credit Eligibility Requirements at the time of Short-Term Loan Closing and is downgraded thereafter but prior to the closing of its Long-Term Loan to a level in which it would be required under this Credit Policy to provide additional collateral, the Borrower will be required to provide such additional collateral for its Long-Term Loan. If the Borrower is unable to meet such additional collateral requirements, the I-Bank may provide long-term funding, to the extent available, from outside of the regular program, such as through a separate bond series.

Excepting the existence of a Material Event(s) or the implementation of temporary additional credit guidelines, Credit Eligibility Requirements are waived for supplemental and residual loans that serve to supplement Water Bank or Transportation Bank funding previously provided via an outstanding I-Bank Loan and/or an outstanding Fund Loan. Supplemental and residual loans require, at a minimum, the same collateral and funding terms as the original I-Bank Loan and/or Fund Loan. However, if a Borrower is downgraded prior to the closing of the supplemental or residual loan to a level whereby it otherwise would be required under this Credit Policy to provide additional collateral, the Borrower will be required to provide such additional collateral for its supplemental or residual loan. If the Borrower is unable to meet such additional collateral requirements, the I-Bank may provide supplemental or residual loan funding, to the extent available, from outside of the regular program, such as through a separate bond series.

I. WATER BANK OR TRANSPORTATION BANK CREDIT ELIGIBILITY REQUIREMENTS

A. PLEDGED G.O., *provided that the Applicant is a Municipality/County which is:*

- i. **I-Bank Investment Grade Rated:** No additional requirements.
- ii. **I-Bank Non-Investment Grade Rated:** For an Applicant that is a Municipality, credit support is provided in the form of (i) a Qualified Bond, and (ii) a covenant obligation on the part of the Applicant to satisfy upon issuance of such Qualified Bond, the Qualified Bond Debt Service Coverage Ratio at $\leq 80\%$ and to immediately notify the I-Bank if, and when, the Applicant's Qualified Bond Debt Service Coverage Ratio exceeds 80% until the maturity of the I-Bank Loan Bond and Fund Loan Bond;
- iii. **Non-Rated:** A Credit Rating is obtained by the Municipality or the county from any of the three NRRAs and the applicable requirements relating to such Credit Rating as outlined in either Sections VI:2.I-A(i) or VI:2.I-A(ii) are satisfied.

A Municipality or a county failing to meet any one of the above criteria is ineligible to receive an I-Bank Loan and/or a Fund Loan under this provision.

B. PLEDGED G.O., *provided that the Applicant is an Authority which is:*

- i. **I-Bank Investment Grade Rated:** No additional requirements.
- ii. **I-Bank Non-Investment Grade Rated:** A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:

- a) with a Credit Rating(s) of no less than A+ (Fitch or S&P) or A1 (Moody's) and no Non-Investment Grade Credit Rating(s) from any of the three NRRAs; and
- b) which Letter(s) of Credit shall be maintained at least at A+ (Fitch or S&P) or A1 (Moody's), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); and
- c) licensed to do business in the State of New Jersey; and
- d) which secures the payment of the principal of and interest on (as applicable) the I-Bank Loan Bond and the Fund Loan Bond issued to the I-Bank and the State, respectively, by such Borrower for the term of the I-Bank Loan and Fund Loan.

iii. **Non-Rated:**

- a) A Credit Rating is obtained from any of the three NRRAs and the applicable requirements relating to such Credit Ratings as outlined in either Sections VI:2.I-B(i) or VI:2.I-B(ii) are satisfied; or
- b) The Authority has only one Participant and the Participant has an Investment Grade Rating.

An Authority failing to meet any one of the above criteria is ineligible to receive an I-Bank Loan and/or a Fund Loan under this provision.

II. **WATER BANK CREDIT ELIGIBILITY REQUIREMENTS**

A. **PLEDGED G.O., for a Redevelopment Project sponsored by a Local Government Unit which is:**

i. **I-Bank Investment Grade Rated:**

- a) A Financial Due Diligence Meeting is required to discuss the financial impact upon the LGU Sponsor of the proposed additional debt (note: if the NRRRA that has rated the LGU Sponsor does not attend the Financial Due Diligence Meeting, the LGU Sponsor shall present to the I-Bank a certification from an Authorized Official of the LGU Sponsor that the NRRRA has been informed in writing of the proposed financing and has chosen not to attend); and
- b) Additional requirements as appropriate are agreed upon to secure the LGU Sponsor including, but not limited to:
 - i. PILOT payments,
 - ii. Statutory rights pursuant to the Redevelopment Area Bond Financing Law,
 - iii. Reserve funds, and
 - iv. Corporate guarantees.

- ii. **I-Bank Non-Investment Grade Rated LGU Sponsor:**
 - a) A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:
 - i. with a Credit Rating(s) of no less than A+ (Fitch or S&P) or A1 (Moody's) and no Non-Investment Grade Credit Rating(s) from any of the three NRRAs; and
 - ii. which Letter(s) of Credit shall be maintained at least at A+ (Fitch or S&P) or A1 (Moody's), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); and
 - iii. licensed to do business in the State of New Jersey; and
 - iv. which secures the payment of the principal of and interest on (as applicable) the I-Bank Loan Bond and the Fund Loan Bond issued to the I-Bank and the State, respectively, by such Borrower for the term of the I-Bank Loan and Fund Loan; and
 - b) All requirements as set forth in Section VI:2.II-A(i) must be satisfied.
- iii. **Non-Rated LGU Sponsor:** A Credit Rating is obtained from any of the three Nationally Recognized Rating Agencies and the applicable requirements based on the ratings as outlined in either Sections VI:2.II-A(i) or VI:2.II-A(ii) are satisfied.

A redevelopment project failing to meet any one of the above criteria is ineligible to receive an I-Bank Loan and/or a Fund Loan under this provision.

B. REVENUE BOND, *provided that the Applicant is a(n):*

a. Authority and is:

- i. **I-Bank Investment Grade Rated:**
 - a) The indenture of trust or bond resolution pursuant to which the Authority issues its I-Bank Loan Bond and Fund Loan Bond shall include:
 - i. A debt service coverage ratio covenant; and
 - ii. A rate covenant; and
 - iii. A debt incurrence test,
 each deemed by the I-Bank to be acceptable; and
 - b) For any time during the life of the Loan that a Credit Rating has been assigned to the Authority by any NRRRA of less than A- or A3, the annual Risk Premium will be imposed by the I-Bank; provided, however, such amount shall be subject to the limitations imposed by the Internal Revenue Code as such limitations shall be interpreted and applied by the I-Bank following consultation with counsel. The payments will be deposited by the I-Bank into the LLR. This Provision will be enacted beginning with Water Bank Loans made in SFY2014.
- ii. **I-Bank Non-Investment Grade Rated:**
 - a) A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:

- i. with a Credit Rating(s) of no less than A+ (Fitch or S&P) or A1 (Moody's) and no Non-Investment Grade Credit Rating(s) from any of the three NRRAs; **and**
 - ii. which Letter(s) of Credit shall be maintained at least at A+ (Fitch or S&P) or A1 (Moody's), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); **and**
 - iii. licensed to do business in the State of New Jersey; **and**
 - iv. which secures the payment of the principal of and interest on (as applicable) the I-Bank Loan Bond and the Fund Loan Bond issued to the I-Bank and the State, respectively, by such Borrower for the term of the I-Bank Loan and Fund Loan; **and**
- b) The indenture of trust or bond resolution pursuant to which the Authority issues its I-Bank Loan Bond and Fund Loan Bond shall include (i) a debt service coverage ratio covenant, (ii) a rate covenant and (iii) a debt incurrence test, each deemed to be acceptable by the I-Bank;
- iii. **Non-Rated:** A Credit Rating is obtained from any of the three Nationally Recognized Rating Agencies and the applicable requirements relating to such Credit Ratings as outlined in either Sections VI:2.II-B.a(i) or VI:2.II-B.a(ii) are satisfied.

An Authority failing to meet any one of the above criteria is ineligible to receive an I-Bank Loan and/or a Fund Loan under this provision.

b. Privately-Owned Water System and is:

i. I-Bank Investment Grade Rated:

- a) The indenture of trust pursuant to which the Privately-Owned Water System issues its I-Bank Loan Bond and Fund Loan Bond shall include
 - i. A debt service coverage ratio covenant; **and**
 - ii. A rate covenant; **and**
 - iii. A debt incurrence test,
 each deemed by the I-Bank to be acceptable; **and**
- b) For any time during the life of the Loan that a Credit Rating has been assigned to the Privately-Owned Water System by a Nationally Recognized Rating Agency of less than A- or A3, the annual Risk Premium will be imposed by the I-Bank; provided, however, such amount shall be subject to the limitations imposed by the Internal Revenue Code as such limitations shall be interpreted and applied by the I-Bank following consultation with counsel. The Risk Premium payments will be deposited by the I-Bank into the LLR. This Provision will be enacted beginning with Loans made in SFY 2014.

ii. I-Bank Non-Investment Grade Rated:

- a) A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:

- i. with a Credit Rating(s) of no less than A+ (Fitch or S&P) or A1 (Moody's) and no Non-Investment Grade Credit Rating(s) from any of the three NRRAs; **and**
 - ii. which Letter(s) of Credit shall be maintained at least at A+ (Fitch or S&P) or A1 (Moody's), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); **and**
 - iii. licensed to do business in the State of New Jersey; **and**
- iv. which secures the payment of the principal of and interest on (as applicable) the I-Bank Loan Bond and the Fund Loan Bond issued to the I-Bank and the State, respectively, by such Borrower for the term of the I-Bank Loan and Fund Loan; **and**
 - b) The indenture of trust pursuant to which the Privately-Owned Water System issues its I-Bank Loan Bond and Fund Loan Bond shall include (i) a debt service coverage ratio covenant, (ii) a rate covenant and (iii) a debt incurrence test, each deemed to be acceptable by the I-Bank;
- iii. **Non-Rated:** A Credit Rating is obtained from any of the three Nationally Recognized Rating Agencies and the applicable requirements relating to such Credit Ratings as outlined in either Sections VI:2.II-B.b(i) or VI:2.II-B.b(ii) are satisfied.

A Privately-Owned Water System failing to meet any one of the above criteria is ineligible to receive an I-Bank Loan and/or a Fund Loan under this provision.

C. PLEDGED G.O. or REVENUE BOND, *De-minimis Loan Applicant, provided that the Applicant* is:

- i. **I-Bank Investment Grade Rated:** No additional requirements. The I-Bank reserves the right to require the Borrower to establish a debt service reserve account as collateral for the I-Bank Loan and Fund Loan. Funds for a debt service reserve fund may not be borrowed.
- ii. **I-Bank Non-Investment Grade Rated:** A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:
 - a) with a Credit Rating(s) of no less than A+ (Fitch or S&P) or A1 (Moody's) and no Non-Investment Grade Credit Rating(s) from any of the three NRRAs; **and**
 - b) which Letter(s) of Credit shall be maintained at least at A+ (Fitch or S&P) or A1 (Moody's), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); **and**
 - c) licensed to do business in the State of New Jersey; **and**
 - d) which secures the payment of the principal of and interest on (as applicable) the I-Bank Loan Bond and the Fund Loan Bond issued to the I-Bank and the State, respectively, by such Borrower for the term of the I-Bank Loan and Fund Loan.

- iii. **Non-Rated:** An Applicant meeting the established financial criteria, as set forth by the I-Bank from time to time and publicly disseminated (*See Attachment 1*), shall be eligible to receive an I-Bank Loan and Fund loan subject to the requirements as outlined in Section VI:2.II-C(i) above. Additionally, such Applicant shall provide proof of authorization to enter into the Loan Agreements with the NJDEP and the I-Bank from its governing body, such as a Board of Directors. Any Applicant not meeting the established financial criteria, as set forth by the I-Bank, is subject to the requirements as outlined in Section VI:2.II-C(ii) above.

A *De-minimis* Loan Applicant failing to meet any one of the above criteria is ineligible to receive an I-Bank Loan and/or a Fund Loan under this provision.

- D. **SAIL Loans:** Notwithstanding anything in this Credit Policy to the contrary, except as stated below, in the event that an Applicant providing a General Obligation pledge seeks financing through the SAIL Program and at least 50% of the loan amount has been obligated by and is anticipated to be reimbursed by FEMA or other similar Federal grant program, such Applicant shall be deemed compliant with the Credit Eligibility Requirements of the Credit Policy.
- E. **Declaration of a State of Emergency:** Upon the declaration of a State of Emergency by the Governor, and as long as such State of Emergency continues, the I-Bank Executive Director may declare a Statewide Material Event that applies to all Applicants. During such a State of Emergency, the Executive Director of the I-Bank may implement additional credit guidelines that are applicable to all Applicants. For the avoidance of doubt, all Applicants, including Applicants seeking financing through the SAIL Program, must satisfy these additional credit guidelines to qualify for a loan (including, without limitation, an I-Bank Loan and/or a Fund Loan) from either of the Financing Programs during the declared State of Emergency

APPENDIX

APPENDIX 1

Letter from State Treasurer Maher Muoio

To: David Zimmer, CFA
Cc: Nancy Collazo
Subject: RE: Request for consolidation of credit policies for NJ's SRF / I-Bank Water Program

From: Muoio, Elizabeth <Elizabeth.Muoio@treas.nj.gov>
Sent: Monday, August 10, 2020 3:56 PM
To: David Zimmer, CFA <dzimmer@njib.gov>
Cc: Michael Kanef <Michael.Kanef@treas.nj.gov>; David Zimmer, CFA <dzimmer@njib.gov>; Lauren Seidman Kaltman <lskaltman@njib.gov>; Aimee Manocchio-Nason <Aimee.Manocchio-Nason@law.njoag.gov>; Victoria Nilsson <victoria.nilsson@law.njoag.gov>; Betsy Davis <betsy.davis@treas.nj.gov>; Alessi, Sharon <Sharon.Alessi@treas.nj.gov>; Lynda Jeannette <jeannette@njib.gov>
Subject: RE: Request for consolidation of credit policies for NJ's SRF / I-Bank Water Program

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David –

Thank you for reaching out and forwarding the information and proposed changes with regard to the I-Bank Credit Policy. I have reviewed and discussed the proposed language with Michael Kanef and agree with the changes. I will await notification of adoption of the new policy and will submit any supporting documentation required.

Thank you again –

Elizabeth Maher Muoio
State Treasurer
Department of the Treasury
State of New Jersey
(609) 292-3078

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ATTACHMENTS

Attachment 1

Deminimis Credit Metrics Criteria Municipality -- General Obligation Pledge

Water Utility Fund Primary Factors (Required)

Debt Service Coverage Ratio	≥ 1.1
Liabilities to Asset Ratio	$\leq 65\%$
Quick Ratio	> 1.0

Secondary Factors (3 of 5 Required)

Fund Balance (Reserve) as % of Revenue	$\geq 10\%$ for last three years
Long Term Debt per customer Year 1 - Pro Forma	$\leq \$1,500$
Long Term Debt per customer Year 5 - Pro Forma	$\leq \$1,500$
Account Growth	\geq Stable
Water Charge as % of Median Household Income	$< .75\%$
Water and Sewer Charge as % of Median Household Income	$< 1.5\%$

Additional Factors (Considered)

Demographics:	
Median Household Income Relative to County	
Median Home Value relative to County	
Town Metrics	
NJ fund Balance as percentage of Muni Revenue	$\geq 10\%$ for last three years
Total Full Value per Capita	$\geq \$100,000$
County Credit Ratings	
Number of Households Served	

Deminimis Credit Metrics Criteria Utility Authority -- No General Obligation Pledge

Primary Factors (Required)

Debt Service Coverage Ratio	≥ 1.25
Liabilities to Asset Ratio	≤ 65%
Quick Ratio	> 1.0
Board Resolution Acknowledging and Agreeing to Loan Terms, Program Requirements and Repayment Obligations	Passed Prior to any Program Financing

Secondary Factors (3 of 5 Required)

Cashflow	Positive for prior two years
Long Term Debt per customer Year 1	≤ \$1,500
Long Term Debt per customer Year 5	≤ \$1,500
Account Growth	≥ Stable
Water Charge as % of Median Household Income	< .75 %
Water and Sewer Charge as % of Median Household Income	< 1.5%

Additional Factors (Considered)

Demographics:
Median Household Income
Median Home Value
Town and County Credit Ratings
Number of Households Served

Deminimis Credit Metrics Criteria

Small Systems/HOA's No General Obligation Pledge

Primary Factors (Required)

Debt Service Coverage Ratio	≥1.5%
Liabilities to Asset Ratio	≤ 65%
Quick Ratio	> 1.1
Board Resolution Acknowledging and Agreeing to Loan Terms, Program Requirements and Repayment Obligations	Passed Prior to any Program Financing
Reserves - separate line item for reserve contributions	Minimum at least 10% of gross expenses
Delinquent HOA Dues/Policy	No more than 10% of total units can be in arrears, past 30 days for fee payments, a copy of delinquent dues collection policy and procedure must be submitted
Special Assessment	(If Yes) Certified explanation is required

Secondary Factors (3 of 5 Required)

Cashflow	Positive for prior two years
Long Term Debt per customer Year 1	≤ \$1,500
Long Term Debt per customer Year 5	≤ \$1,500
Account Growth	≥ Stable
Water Charge as % of Median Household Income	< .75 %
Water and Sewer Charge as % of Median Household Income	< 1.5%

Additional Factors (Considered)

Demographics:
Median Household Income Relative to County
Median Home Value relative to County
Town and County Credit Ratings
Number of Households Served

Attachment 2

Definitions for Municipalities (G.O. Pledge)

“DEBT SERVICE COVERAGE RATIO” (DSCR) - measures the ability of a System to pay current debt obligations plus pro forma. DSCR is net operating income expressed as a percentage of debt obligations due within one year, including interest, principal, sinking-fund and lease payments. The higher the ratio, the greater the ability of a system to pay its creditors. These figures are located on the applicant’s Statement of Operations & Changes in Fund Balance.

DSCR is calculated as follows:

$$\text{DSCR} = \text{Net Operating Income} / \text{Annual Debt Service}$$

Net Operating Income = Gross Revenues less Operating Expenses.

Annual Debt Service = Principal, Interest and Lease payments due per year.

Gross Revenues = Annual revenues including all taxes collected, operating service fees, connection charges, wholesale supply charges, consulting fees, etc.

Operating Expenses = Total annual expenditures including all Operations & Maintenance (n.b. excludes capital replacement expenditures).

“LIABILITIES TO ASSET RATIO” means a municipality’s liabilities divided by its total assets as listed in the Statement of Assets, Liabilities, Reserves & Fund Balance of the Current Fund. A measure of leverage which indicates the degree to which a municipality’s assets are financed through borrowing and other obligations. A ratio closer to 0.0 indicates a low level of municipal assets are financed through long-term obligations.

“QUICK RATIO” (Q.R.) equals current assets divided by current liabilities as listed in the most recent Statement of Assets, Liabilities, Reserves & Fund Balance of the applicant’s Current Fund. The Q.R. is a measure of liquidity and indicates the ability of the municipality to pay all current liabilities, meet short-term expenses and emergencies.

QR is calculated as follows:

$$\text{Q.R.} = \text{Current Assets} / \text{Current Liabilities}$$

“FUND BALANCE” means the difference between a governmental fund’s current assets (i.e., cash, short-term investments, inventories, receivables, and other unrestricted assets expected to be available to finance operations in the immediate future) and its current liabilities. A positive difference of current assets minus current liabilities gives an indication of the resources immediately available to finance ongoing operations. The Fund Balance is located on the applicant’s Statement of Operations & Changes in Fund Balance.

“FUND BALANCE AS % OF REVENUE” means a Municipality’s Fund Balance as a percentage of the Total (annual) Revenues within the Current Fund located on the applicant’s Statement of Operations & Changes in Fund Balance. This ratio measures the ability of a municipality to supplement annual revenues without increasing rates.

Fund Bal/Revenue is calculated as follows:
= Fund Balance/Total Revenues

“LONG-TERM DEBT PER CUSTOMER” means the ratio of total bonded debt of the municipality divided by the number of (commercial, non-profits, households) customers located within the municipality as of the most recent U.S. Census.

“ACCOUNT GROWTH” related to service area demographics is growth in a municipality’s residential, commercial, industrial, and government customer bases as well as its customer concentration. Stable growth is considered 3% per annum or less and moderate/rapid growth exceeds 3% per year.

“WATER CHARGE AS % OF MEDIAN HOUSEHOLD INCOME” the percentage of average annual household water charges of the system divided by the Median Household Income as of the latest U.S. Census figures. This figure is calculated in the Applicant’s Environmental Decision Document (EDD) issued by NJDEP.

“WATER AND SEWER CHARGE AS % OF MEDIAN HOUSEHOLD INCOME” the percentage of average annual household water and sewer charges of the system divided by the Median Household Income as of the latest U.S. Census figures. This figure is provided by the Applicant and calculated in the Applicant’s Environmental Decision Document (EDD), issued by NJDEP.

“MEDIAN HOUSEHOLD INCOME RELATIVE TO COUNTY” means the applicant’s Median Household Income divided by the County Median Household Income according to the latest U.S. Census figures.

“MEDIAN HOME VALUE RELATIVE TO COUNTY” means the Municipality’s Median Home Value divided by the County Median Home Value according to the latest U.S. Census figures.

“TOTAL FULL VALUE PER CAPITA” means an applicant’s full property value (the value of all taxable property as calculated by the tax assessor) divided by the population of the municipality as of the latest U.S. Census figures.

“COUNTY CREDIT RATING” means an assessment issued by one or more of the three Nationally Recognized Rating Agencies relating to the credit worthiness of the County in which the Applicant is located indicating the County’s ability to repay principle and interest on its bonds in full and on time.

“NUMBER OF HOUSEHOLDS SERVED” means the number of households in the Municipality served by the specific Applicants water or water and sewer system.

Attachment 3

Definitions for Utility Authorities (No G.O. Pledge)

“DEBT SERVICE COVERAGE RATIO” (DSCR) - measures the ability of a System to pay current debt obligations. DSCR is net operating income expressed as a percentage of debt obligations due within one year, including interest, principal, sinking-fund and lease payments. The higher the ratio, the greater the ability of a system to pay its creditors. These figures are located on the applicant’s Statement of Operations & Changes in Fund Balance.

DSCR is calculated as follows:

$$\text{DSCR} = \text{Net Operating Income} / \text{Annual Debt Service}$$

Net Operating Income = Gross Revenues less Operating Expenses.

Annual Debt Service = Principal, Interest and Lease payments due per year.

Gross Revenues = Annual revenues including operating service fees, connection charges, wholesale supply charges, consulting fees etc.

Operating Expenses = Total annual expenditures including all Operations & Maintenance (excludes capital replacement expenditures).

“LIABILITIES TO ASSET RATIO” means a Utility Authority’s liabilities divided by its total assets as listed in the Statement of Net Position. A measure of leverage which indicates the degree to which a Utility Authority’s assets are financed through borrowing and other obligations. A ratio closer to 0.0 indicates a low level of the authority’s assets are financed through long-term obligations.

“QUICK RATIO” (Q.R.) equals current assets divided by current liabilities as listed in the most recent Statement of Assets, Liabilities, Reserves & Fund Balance of the applicant’s Current Fund. The ability of the utility authority to pay all current liabilities, meet short-term expenses and emergencies, measures liquidity.

QR is calculated as follows:

$$\text{Q.R.} = \text{Current Assets} / \text{Current Liabilities}$$

“NET POSITION” means the difference between (1) assets and deferred outflows of resources, and (2) liabilities and deferred inflows of resources. Governments display net position in three components; (i) net investment in capital assets, (ii) restricted, and (iii) unrestricted. Net Position can be located in the applicant’s Statement of Net Position.

“NET POSITION AS % OF REVENUE” means a Utility Authority’s Net Position as a percentage of the Current Fund Total Revenues located on the applicant’s Statement of Revenues, Expenses & Changes in Net Position.

“CASH FLOW” means Incomings and outgoings of cash, representing the operating activities of an organization, the difference in amount of cash available at the beginning of a period (opening balance) and the amount at the end of that period (closing balance). It is called positive if the closing balance is higher than the opening balance, otherwise called negative. Cash flow is increased by (1) selling more

goods or services, (2) selling an asset, (3) reducing costs, (4) increasing the selling price, (5) collecting faster, (6) paying slower, (7) bringing in more equity, or (8) taking a loan.

“NUMBER OF HOUSEHOLDS SERVED” means the number of households in the Authority’s service area served by the specific applicant’s water or water and sewer system.

“LONG-TERM DEBT PER CUSTOMER” means the ratio of total bonded debt of the utility divided by the number of (commercial, non-profits, households) customers located within the utility’s service area as of the most recent U.S. Census.

“ACCOUNT GROWTH” related to service area demographics is growth in a utility’s residential, commercial, industrial, and government customer bases as well as its customer concentration. Stable growth is considered 3% per annum or less and moderate/rapid growth exceeds 3% per year.

“WATER CHARGE AS % OF MEDIAN HOUSEHOLD INCOME” the percentage average annual household water charges of the system divided by the Median Household Income as of the latest U.S. Census figures. This figure is calculated in the Applicant’s Environmental Decision Document (EDD) issued by NJDEP.

“WATER AND SEWER CHARGE AS % OF MEDIAN HOUSEHOLD INCOME” the percentage average annual household water and sewer charges of the system divided by the Median Household Income as of the latest U.S. Census figures. This figure is calculated in the Applicant’s Environmental Decision Document (EDD) issued by NJDEP.

“MEDIAN HOUSEHOLD INCOME” (MHI) means the calculation computed by the U.S. Census Bureau - Income of Households - This includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. Because many households consist of only one-person, average household income is usually less than average family income. The median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one-half above the median. For households and families, the median income is based on the distribution of the total number of households and families including those with no income. The median income for individuals is based on individuals 15 years old and over with income. Median income for households, families, and individuals is computed on the basis of a standard distribution.

“MEDIAN HOME VALUE” (MHV) means that one half of all homes were worth more and one-half were worth less. The midway point of all the houses/units sold at market **price** (or sold amount) over a set period (monthly, yearly, quarterly, etc.). (See US Census Reports).

“TOWN AND COUNTY CREDIT RATING” means an assessment issued by one or more of the three Nationally Recognized Rating Agencies relating to the credit worthiness of the Town and County in which the Applicant is located indicating the Town’s and County’s ability to repay principle and interest on its bonds in full and on time.

Attachment 4

Definitions for Small Systems/HOAs (No G.O. Pledge)

“DEBT SERVICE COVERAGE RATIO” (DSCR) - measures the ability of a Homeowner’s Association (HOA) to pay current debt obligations. DSCR is net operating income expressed as a percentage of debt obligations due within one year, including interest, principal, sinking-fund and lease payments. The higher the ratio, the greater the ability of a system to pay its creditors. These figures are located on the applicant’s Statement of Operations & Changes in Fund Balance.

DSCR is calculated as follows:

$$\text{DSCR} = \text{Net Operating Income} / \text{Annual Debt Service}$$

Net Operating Income = Gross Revenues less Operating Expenses.

Annual Debt Service = Principal, Interest and Lease payments due per year

Gross Revenues = Annual fees assessed and collected plus any other miscellaneous charges.

Operating Expenses = Total annual expenditures including all Operations & Maintenance (n.b. excludes capital replacement expenditures).

“LIABILITIES TO ASSET RATIO” means a HOA’s liabilities divided by its total assets as listed in the Statement of Net Position. A measure of leverage which indicates the degree to which a HOA’s assets are financed through borrowing and other obligations. A ratio closer to 0.0 indicates a low level of the HOA’s assets are financed through long-term obligations.

“QUICK RATIO” (Q.R.) equals current assets divided by current liabilities as listed in the most recent Statement of Assets, Liabilities, Reserves & Fund Balance of the applicant’s Current Fund. The ability of the HOA to pay all current liabilities, meet short-term expenses and emergencies, measures liquidity.

QR is calculated as follows:

$$\text{Q.R.} = \text{Current Assets} / \text{Current Liabilities}$$

“RESERVES” means the funds that are earmarked by an Applicant from its operations set aside for future use, such as for the payment of likely-to-be-incurred bad debts.

“BOARD RESOLUTION ACKNOWLEDGING AND AGREEING TO LOAN TERMS, PROGRAM REQUIREMENTS AND REPAYMENT OBLIGATIONS” means a formally adopted resolution of the Applicant’s governing body acknowledging and agreeing to the loan terms and program requirements of the NJEIFP, and obligating the HOA members to the repayment of any liability on time and in full.

“DELINQUENT HOA DUES/POLICY” means the Small System/HOA Board approved delinquency policy for collection of unpaid dues/assessments. A sound policy will include: due date, grace period, late fee amount and/or penalty amount, timing of collection letters (often on 30-60-90-day schedule, when the matter will be turned over to the association attorney, when a lien will be filed of record, when foreclosure will begin.

“DELINQUENT ACCOUNT BALANCE” means the number of HOA units in arrears (both # and dollar amount), or past 30 days due for fee payments or assessments. At any point over the past 2 years, no more than 10% of the total HOA units can be in arrears, past 30 days for fee payments or assessments.

“SPECIAL ASSESSMENT” means an amount of money that a condominium trust/homeowner’s association (HOA) needs in order to pay for a project or outstanding debt that was not part of the annual budget/assessment. The trustees of the condominium/HOA levy the special assessment against all unit owners and require them to pay their fractional interest of the money being requested. The payment of the special assessment is divided by each unit owner’s interest in the common area. The amount may be requested immediately from each unit owner or may be broken into installments depending on how the trustees have decided to handle it.

“CASH FLOW” means Incomings and outgoings of cash, representing the operating activities of an organization, the difference in amount of cash available at the beginning of a period (opening balance) and the amount at the end of that period (closing balance). It is called positive if the closing balance is higher than the opening balance, otherwise called negative. Cash flow is increased by (1) selling more goods or services, (2) selling an asset, (3) reducing costs, (4) increasing the selling price, (5) collecting faster, (6) paying slower, (7) bringing in more equity, or (8) taking a loan.

“NUMBER OF HOUSEHOLDS SERVED” means the number of households in the small system’s service area served by the specific Applicants water or water and sewer system.

“LONG-TERM DEBT PER CUSTOMER” means the ratio of total debt of the HOA divided by the number of households being serviced by the system.

“ACCOUNT GROWTH” related to service area demographics is growth in a utility’s residential, commercial, industrial, and government customer bases as well as its customer concentration. Stable growth is considered 3% per annum or less and moderate/rapid growth exceeds 3% per year.

“WATER CHARGE AS % OF MEDIAN HOUSEHOLD INCOME” the percentage average annual household water charges of the system divided by the Median Household Income as of the latest U.S. Census figures. This figure is calculated in the Applicant’s Environmental Decision Document (EDD) issued by NJDEP.

“WATER AND SEWER CHARGE AS % OF MEDIAN HOUSEHOLD INCOME” the percentage average annual household water and sewer charges of the system divided by the Median Household Income as of the latest U.S. Census figures. This figure is calculated in the Applicant’s Environmental Decision Document (EDD) issued by NJDEP.

“MEDIAN HOUSEHOLD INCOME” (MHI) means the calculation computed by the U.S. Census Bureau - Income of Households - This includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. Because many households consist of only one-person, average household income is usually less than average family income. The median divides the income distribution into two equal parts with 50% of the cases falling below the median income and 50% above the median. For households and families, the median income is based on the distribution of the total number of households and families, including those with no income. The median income for individuals is based on individuals 15 years old and over with income. Median income for households, families, and individuals is computed on the basis of a standard distribution.

“MEDIAN HOME VALUE” (MHV) means that one half of all homes were worth more and one-half were worth less. The midway point of all the houses/units sold at market **price** (or sold amount) over a set period (monthly, yearly, quarterly, etc.). (See US Census Reports).

“TOWN AND COUNTY CREDIT RATING” means an assessment issued by one or more of the three Nationally Recognized Rating Agencies relating to the credit worthiness of the Town and County in which the Applicant is located indicating the Town’s and County’s ability to repay principle and interest on its bonds in full and on time.

RESOLUTION NO. 20 - 56

**RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK AUTHORIZING
THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR CUSTODIAL BANKING SERVICES
FOR THE NEW JERSEY TRANSPORTATION INFRASTRUCTURE FINANCING PROGRAM**

WHEREAS, pursuant to Section 5(d) of the New Jersey Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (codified at N.J.S.A. 58:11B-1 et seq.), the New Jersey Infrastructure Bank (“I-Bank”) is authorized to enter agreements necessary to the performance of its duties; and

WHEREAS, there is a need for the I-Bank to hire a designated public depository to perform custodial banking services for the New Jersey Transportation Infrastructure Financing Program (“Transportation Bank”); and

WHEREAS, the current contract for custodial banking services for the Transportation Bank expires on February 21, 2021.

NOW THEREFORE BE IT RESOLVED, that the I-Bank Board of Directors (“Board”) hereby authorizes the Executive Director, in consultation with counsel, to prepare and distribute a Request for Proposals (“RFP”) for a provider of custodial banking services for the Transportation Bank as may be determined in accordance with the provisions of I-Bank Policy and Procedure 4.00, “Purchase of Goods and Services” for a contract period of two years with options for two additional one-year terms upon approval by the Board; and

BE IT FURTHER RESOLVED, that the Executive Director is further authorized to solicit proposals, convene an evaluation committee to independently review and rank the proposals received in accordance with the I-Bank’s Policy and Procedures and to make a report and recommendation to the Executive Director for concurrence and presentation to the Board as to the selection of a Custodial Banking Services Provider for the Transportation Bank; and

BE IT FURTHER RESOLVED that the Executive Director is authorized to take all other actions consistent with approved procedures to facilitate the procurement of the services of a Custodial Banking Services Provider for the Transportation Bank.

Adopted Date: September 10, 2020

Motion Made By: Mr. Jack Kocsis

Motion Seconded By: Mr. Mark Longo

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION NO. 20 - 57

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR INTERNAL CONTROL AUDITING SERVICES

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank") is organized and existing under the New Jersey Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (codified at N.J.S.A. 58:11B-1 et seq.), the New Jersey Infrastructure Bank ("I-Bank", as the same may from time to time be amended and supplemented (the "Act")); and

WHEREAS, pursuant to Section 5(l) of the Act, the I-Bank is authorized to engage the services of advisors; and

WHEREAS, there is a need for the I-Bank to hire a public accounting firm to perform internal control auditing services to ensure the I-Bank is performing its duties effectively, efficiently, and in a diligent manner that minimizes risk to the I-Bank; and

WHEREAS, the current contract for internal control auditing services expires on February 28, 2021; and

WHEREAS, the current and prior Internal Control Auditing firms have 1) conducted a high level risk assessment and evaluation of the I-Bank's primary business process and operational functions and risks, 2) developed a business process detail for each risk category, 3) identified existing internal controls to mitigate risks, 4) identified process gaps, weaknesses or opportunities for improvement, 5) evaluated and refined job descriptions, and 6) performed design and operational effectiveness testing of I-Bank controls; and

WHEREAS, there are more operations to be tested and key policies, procedures and accounting processes to be revised, and there exists a continued need for ongoing internal control auditing of the I-Bank;

NOW THEREFORE BE IT RESOLVED, that the I-Bank Board of Directors ("Board") hereby authorizes the Executive Director, in consultation with counsel, to prepare and distribute a Request for Proposals ("RFP") for a provider of internal control auditing services as may be determined in accordance with the provisions of I-Bank Policy and Procedure 4.00, "Purchase of Goods and Services" for a contract period of two years with options for two additional one-year terms upon approval by the Board; and

BE IT FURTHER RESOLVED, that the Executive Director is further authorized to solicit proposals, convene an evaluation committee to review and rank the proposals in accordance with the I-Bank's Policy and Procedure 4.00 and to make a report and recommendation to the Executive Director for concurrence and presentation to the Board as to the selection of a Internal Control Auditing Services Provider; and

BE IT FURTHER RESOLVED that the Executive Director is authorized to take all other actions consistent with approved procedures to facilitate the procurement of the services of a Internal Control Auditing Services Provider.

Adopted Date: September 10, 2020

Motion Made By: Mr. Michael Kanef

Motion Seconded By: Mr. Mark Longo

Ayes: 7

Nays: 0

Abstentions: 0

SUMMARY OF ANNOUNCEMENTS:

Executive Director Zimmer summarized the substantive events and correspondence issued since the last I-Bank Board meeting.

- On **September 8, and 9, 2020**, COO Fernandez and Construction Project Manager Rolon presented the Transportation Bank Financing Program to county and municipality representatives in Salem, Warren, Cumberland, and Morris Counties;
- On **September 8, 2020**, Executive Director Zimmer and Board Vice Chairperson Ellis, given the size of pending projects in the Water Bank pipeline, toured the PVSC sewerage facility;
- On **September 3, 2020**, Executive Director Zimmer and IT Manager Schmidt participated in an introduction call with Domain Computer Services, the I-Bank's new MSP;
- On **September 2, 2020**, Executive Director Zimmer and CFO Kaltman participated in a conference call with Morgan Stanley to discuss the investment bank's short-term borrowing facility proposal;
- On **September 1, 2020**, Executive Director Zimmer, COO Peterson and members of the NJDEP attended the Newark CSO meeting to discuss the Essex Hudson Greenway Project – CSO Stormwater Mitigation;
- On **September 1, 2020**, Executive Director Zimmer attended the Expand Resilience Funding & Financing Strategy Meeting to discuss possible agency actions for the Climate Change Resilience Strategy in detail as a follow-up to July 31's Interagency Council on Climate Resilience meeting;
- On **September 1, 2020**, COO Peterson, IT Business Analyst Sabherwal and Accountant Andujar participated in a webinar with representatives from the US EPA and other SRF Programs across the country for a demonstration of the new CBR/PBR reporting system that will be released later this year;
- On **August 27, 2020**, Executive Director Zimmer and CFO Kaltman participated in a conference call with JP Morgan Chase to discuss the commercial bank's short-term borrowing facility proposal;
- On **August 19, 2020**, Executive Director Zimmer and Construction Project Manager Rolon presented the Transportation Bank Financing Program to the NJ Society of Municipal Engineers;
- On **August 18, 2020**, Executive Director Zimmer participated in US EPA's Environmental Financial Advisory Board (EFAB) conference call where new Board members were initiated;
- **Since the August 13, 2020 Board meeting**, Program staff participated in various conference calls to discuss project financing issues or pre-planning and prospective financing program participation with:

Water Bank

- | | |
|-------------------------------------|---|
| ○ Joint Meeting of Essex & Union | September 9 th , August 26 th |
| ○ New Jersey American Water | September 8 th |
| ○ North Bergen Utilities Authority | September 8 th |
| ○ Carteret Borough | September 4 th |
| ○ Kearny Town | September 3 rd , August 20 th |
| ○ Sussex County | September 2 nd |
| ○ Bergen County Utilities Authority | September 1 st , August 18 th |
| ○ Trenton | August 19 th |
| ○ Jersey City MUA | August 18 th |
| ○ Perth Amboy | August 14 th |
| ○ Downe Township | August 13 th |

Transportation Bank

- None since the last board meeting
- Executive Director Zimmer continues to participate on the monthly CIFA (the Council of Infrastructure Financing Authorities) Board of Directors and Legislative Committee meetings;
- Assistant Director and Chief Legal & Compliance Officer Karp is serving as the point person for the I-Bank,

holding regular meetings with counterparts at NJDOT and NJDEP regarding the development and adoption of Program regulations for the Transportation Bank and Water Bank, respectively;

- Chief Operating Officer Peterson continues to hold regular meetings with JCMUA regarding their Project's status;
- Chief Operating Officer Peterson, senior staff of the DEP and bond counsel Rich Nolan of McCarter & English continue to hold regular meetings with the Joint Meeting of Essex and Union Counties, regarding project financing;
- Chief Operating Officer Peterson and senior staff from the DEP continue to hold regular meetings with New Jersey American Water Company regarding their Lead Service Line Replacement projects;
- Executive Director Zimmer, Assistant Director/LCO Karp, CFO Kaltman, COO Peterson, COO Fernandez and bond counsel Tricia Gasparine and Dorit Kressel of CSG, and Richard Nolan of McCarter & English continue to participate in weekly calls regarding TIFIA/WIFIA Fund Loan programs; and
- The next Board meeting is scheduled for **Thursday, October 8, 2020 at 10:00 am** via GoToWebinar.

A copy of the announcements is available on the I-Bank's webpage (located under "Board Information", "2020 Meetings". Select "Minutes", the announcements will be at the end of the file).

<https://www.njib.gov/nj/Board+Information.3>.

RESOLUTION NO. 20 - xx

**RESOLUTION AUTHORIZING APPROVAL OF THE
AUGUST 2020 TREASURER'S REPORT**

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank") has reviewed the Treasurer's Report for August 2020; and

WHEREAS, the I-Bank has placed in its files certain correspondence relating to expenses incurred in relation to the I-Bank.

NOW THEREFORE, BE IT RESOLVED, that the I-Bank hereby accepts the Treasurer's Report for August 2020 and requests that the same be entered into the record.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 20 - xx

**RESOLUTION APPROVING THE NEW JERSEY INFRASTRUCTURE BANK
STATE FISCAL YEAR 2020 AUDITED FINANCIALS**

WHEREAS, the New Jersey Infrastructure Bank's ("I-Bank")'s Financials are required to be audited once each year pursuant to N.J.S.A. 58:11B-24 and Executive Order No. 37 (Corzine 2006) (hereafter "EO 37"); and

WHEREAS, pursuant to Resolution No. 19-05, the I-Bank retained the services of CliftonLarsenAllen LLP, ("CLA") to conduct the audit of the I-Bank's State Fiscal Year ("SFY") 2020 Financials; and

WHEREAS, pursuant to Resolution 18-09 and Executive Order No. 122 (McGreevey 2004) the Audit Committee of I-Bank (the "Audit Committee") is charged with oversight of the annual audit conducted by an independent auditor to audit the financial statements, books and accounts of the I-Bank; and

WHEREAS, the I-Bank accounting staff assisted with the preparation of the I-Bank's financial statements inclusive of Statements of Net Position, Statements of Revenues and Expenses and Changes in Net Positions, Statements of cash Flow, and related notes. ("Financials"); and

WHEREAS, CLA has audited the SFY2020 Financials and prepared an independent auditor's report ("SFY2020 Audited Financials"); and

WHEREAS, pursuant to Executive Order 37, CLA presented the I-Bank's SFY2020 Audited Financials to the Audit Committee to review the audit results, comments, and recommendations; and

WHEREAS, Chapter IV, Section 4 of the I-Bank's Bylaws requires the I-Bank to approve the Audited Financials; and

WHEREAS, the Audit Committee recommends the acceptance of the I-Banks' SFY2020 Audited Financials.

NOW THEREFORE BE IT RESOLVED, the I-Bank hereby adopts the I-Bank's SFY2020 Audited Financials.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 20 - xx

**RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK AUTHORIZING THE EXECUTION
AND DELIVERY OF THE MASTER PROGRAM TRUST AGREEMENT FOR THE NEW JERSEY
TRANSPORTATION INFRASTRUCTURE FINANCING PROGRAM**

WHEREAS, the New Jersey Infrastructure Trust Act (codified at N.J.S.A. 58:11B-1 et seq., the “Act”), establishes the New Jersey Transportation Infrastructure Financing Program (“Transportation Bank”) within the New Jersey Infrastructure Bank (“I-Bank”) and authorizes the I-Bank to make loans and provide other assistance to one or more local government units or consortia thereof to finance the cost of transportation projects;

WHEREAS, pursuant to Sections 5(i) and 6(a) and (h) of the Act, the I-Bank is authorized to secure the bonds it issues for any of its corporate purposes through the establishment of reserves or other funds pledged to secure the payment of I-Bank bonds;

WHEREAS, the I-Bank desires to secure the I-Bank bonds it intends to issue for Transportation Bank (“Transportation Bank Bonds”) financing programs through the establishment of a fund entitled the “Transportation Bank Master Program Trust Account,” which account will be held in trust for the holders of such Transportation Bank Bonds by a master program trustee;

WHEREAS, moneys and securities will be deposited in the Transportation Bank Master Program Trust Account and will be payable therefrom to provide additional security for such Transportation Bank Bonds at the times, in the amounts and pursuant to all other terms set forth in that certain Transportation Bank Master Program Trust Agreement (the “Agreement”) to be entered into by the I-Bank and the appointed program trustee thereunder; and

WHEREAS, the additional security provided by the Agreement will enhance the collateral of the I-Bank’s Transportation Bank Bonds allowing the I-Bank to lower the effective cost of borrowing from the Transportation Bank for local government unit participants.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The I-Bank Board of Directors does hereby authorize and direct the Chairperson or Vice Chairperson of the I-Bank to execute and deliver and the Secretary of the I-Bank to attest and execute the Agreement in substantially the form of the Agreement attached hereto as Exhibit A, at such time as the I-Bank has appointed a Master Program Trust Agreement Trustee, with such changes thereto as the Executive Director of the I-Bank shall determine, after consultation with the Chairperson or Vice Chairperson of the I-Bank, and with the advice of bond counsel and the Attorney General of the State, to be necessary, desirable or convenient to achieve the purposes

- of providing additional security to the holders of such I-Bank bonds and to reduce the cost of borrowing to local government units.
2. The Executive Director of the I-Bank, in consultation with the Chairperson or Vice Chairperson of the I-Bank, is hereby authorized and directed to take all such other actions as he shall deem necessary, desirable or convenient to achieve the purposes set forth in Section 1 of this resolution.
 3. This resolution shall become effective in accordance with the Act.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 20 - xx

**RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK
APPROVING AN SFY2021 CONSTRUCTION LOAN TO
NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION
IN EXCESS OF \$15 MILLION**

WHEREAS, the New Jersey Infrastructure Bank (the “I-Bank”), in accordance with (i) the “New Jersey Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”) (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented (the “Act”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same may from time to time be amended and supplemented (the “Regulations”), is authorized, pursuant to an interim financing program for the New Jersey Water Bank (the “Water Bank Construction Financing Program”), to make loans (each, a “Construction Loan”) to eligible project sponsors (each, a “Borrower”) for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Construction Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(d), and the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the terms and provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for a Construction Loan for purposes of financing the allowable costs of the project of such Borrower pursuant to the Water Bank Construction Financing Program, provided each of the following conditions is satisfied in full: (i) the Project is listed on the project priority list that has been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 or N.J.S.A. 58:11B-20.1 (the “Priority List”); (ii) the proposed Borrower has submitted a complete application for the Project in accordance with N.J.A.C. 7:22-4.11; (iii) the proposed Borrower has complied with the I-Bank’s Credit Policy, as then in effect pursuant to formal adoption by the I-Bank; (iv) the Project has been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (v) the Projects is in the fundable range in the forthcoming funding cycle given the Projects’ rank and the anticipated availability of New Jersey Department of Environmental Protection (the “Department” or “NJDEP”) and I-Bank monies; and (vi) the proposed Borrower has not previously received a Construction Loan through the Water Construction Financing Program for the same project scope (exclusive of a Construction Loan made solely for the purpose of extending the term of a prior Construction Loan or for a Supplemental Short Term Loan pursuant to N.J.S.A. 58:11B-9(d); and

WHEREAS, the I-Bank duly adopted Resolution No. 20-06 on February 20, 2020 entitled “Resolution of the New Jersey Infrastructure Bank Authorizing the Water Bank Construction Financing Program for State Fiscal Year 2021” (the “Authorizing Resolution”) to provide funding for the implementation of the Interim Financing Program during State Fiscal Year 2021 including the Construction Financing Program (the “Construction Loan Program”); and

WHEREAS, pursuant to Section 1(a) of the Authorizing Resolution, up to a maximum of \$500,000

of Available I-Bank Revenues per Borrower may be available to finance loans under the Construction Loan Program at the discretion of an Authorized Officer; and

WHEREAS, it is the desire of the Board of Directors of the I-Bank (“Board”) to authorize Construction Loan Program loans (the “Construction Loans”) pursuant to the Construction Loan Program for Construction Loan closings that occur in SFY2021; and

WHEREAS, pursuant to the terms and definitions of the Authorizing Resolution, the Authorized Officers are each severally authorized, after consultation with Bond Counsel to the I-Bank and the Office of the Attorney General of the State, to approve the participation of a Borrower in the Construction Loan Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of the Authorizing Resolution; and

WHEREAS, pursuant to Section 3 of the Authorizing Resolution, any Construction Loan approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed \$15 million in principal amount (the “Construction Loan Limitation”) unless a higher principal amount thereof is authorized by official action of the Board; and

WHEREAS, pursuant to Section 2 of the Authorizing Resolution, revisions and modifications may be made to terms and provisions of the Construction Loan Financing Program pursuant to further official action in the form of the adoption of a resolution by the Board; and

WHEREAS, North Jersey District Water Supply Commission (“NJDWSC”) has requested additional financing from the Water Bank in the amount of \$25,500,000 to finance the construction of Project No. 1613001-025R to design and construct lagoon/decant treatment technologies to comply with State permit requirements (the “NJDWSC Project”); and

WHEREAS, NJDWSC previously received a construction loan from the I-Bank in the amount of \$3,603,831 for Project No. 1613001-025 to fund the NJDWSC Project; and

WHEREAS, Section 9(d) of the Act authorizes the I-Bank to issue one short-term supplemental loan for residual project expenses upon receipt by the Department of a certification that states that the time required by the project sponsor to complete construction exceeds the maximum maturity date of the project sponsor’s outstanding short term loan; and

WHEREAS, the Department has certified the need for additional time to complete the NJDWSC Project; and

WHEREAS, it is the desire of the I-Bank to finance the additional \$25.5 million with a Construction Loan; and

WHEREAS, with respect to the Authorizing Resolution’s Construction Loan Limitation providing that any Construction Loan approved by any of the Authorized Officers, following the requisite

consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed \$15 million in principal amount, subject to further official action in the form of the adoption of a resolution by the Board, the I-Bank now desires, given the facts and circumstances set forth in the recitals hereto, to create as an exception to such limitation upon Construction Loans, as part of the Construction Loan Program, and approve the aforementioned Construction Loan to NJDWSC in an amount not to exceed the amount stated for the purpose of completing the NJDWSC Project; and

WHEREAS, with respect to the total amount of Available I-Bank Revenues available to one Borrower pursuant to the Authorizing Resolution, the I-Bank desires, given the anticipated amount of the Administrative Fee of the NJDWSC Project, to make an exception to such limitation as part of the Construction Loan Program, and approve the aforementioned Construction Loan to NJDWSC utilizing Available I-Bank Revenues in excess of \$500,000 to the extent required to finance the Administrative Fee as defined in section 2(d) of the Authorizing Resolution (the “Administrative Fee”); and

WHEREAS, it is the desire of the I-Bank that, other than the Authorizing Resolution’s Construction Loan Limitations described in the immediately preceding recitals, NJDWSC shall comply with (i) all other requirements of the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Infrastructure Bank, as follows:

Section 1. Notwithstanding the Authorizing Resolution’s Construction Loan Limitation providing that all Construction Loans approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to Borrowers as part of the Construction Loan Program, shall not exceed \$15 million in principal amount, the Board of Directors of the I-Bank, given the facts and circumstances set forth in the recitals hereto, which are incorporated by reference, hereby authorizes, as an exception to the Construction Loan Limitation, a Construction Loan, as part of the Construction Loan Program, to NJDWSC for the NJDWSC Project in an amount not to exceed the amount stated for the purpose of completing the NJDWSC Project.

Project #	Description	Authorized Amount
1613001-025	Phase 1 - Recycle Clear Phase to the Head of the Treatment Plant (Long-Term financed)	\$ 3,603,831*
1613001-025R	Phase 2 – Recycle Clear Phase to the Head of the Treatment Plant (Residual Loan)	\$ 25,500,000
	Total Authorized Project Amount:	\$ 29,103,831
	Total Authorized SFY2021 Construction Loan Amount:	\$ 25,500,000

*Phase 1 of the NJDWSC Project was converted to a Long-Term Loan in May of 2020.

Section 2. Notwithstanding the limit on the amount of Available I-Bank Revenues available to one Borrower to finance loans under the Construction Loan Program, the Board hereby authorizes an exception to such limitation and approves the aforementioned Construction Loan to NJDWSC utilizing Available I-Bank Revenues in excess of \$500,000 to the extent required to finance the Administrative Fee; and

Section 3. Notwithstanding the stated SFY2021 Construction Loan amount of \$25,500,000 to NJDWSC, the Construction Financing Program funding commitment for the Construction Loan shall be limited to the operable segments certified, in amounts set forth in the Department's allowable cost determination for each such operable segment, and such funding commitment shall arise at the time of loan closing of the first such operable segment, and upon the Department's allowable cost determination for each subsequent operable segment certified thereafter, recognizing that the terms and conditions of the long-term New Jersey Environmental Infrastructure Financing Program loans for said NJDWSC Project shall reflect the terms and conditions of the financing program year in which construction is certified.

Section 4. Other than the exceptions created by the provisions of Sections 1 and 2 of this Resolution, the Construction Loan made to NJDWSC as part of the Construction Loan Program shall comply fully with (i) each of the terms, provisions and conditions precedent set forth in the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

Section 5. Further Action. Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his or her respective sole discretion after consultation with Legal Counsel, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Section 6. Effective Date. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Nays:

Abstentions:

RESOLUTION NO. 20 - xx

**RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK APPROVING SFY2021 NJ
WATER BANK CONSTRUCTION FINANCING PROGRAM LOANS TO BERGEN COUNTY
UTILITY AUTHORITY, WOODBRIDGE TOWNSHIP AND NORTH HUDSON SEWER
AUTHORITY**

WHEREAS, the New Jersey Infrastructure Bank (the “I-Bank”), in accordance with (i) the “New Jersey Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”) (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented (the “Act”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same may from time to time be amended and supplemented (the “Regulations”), is authorized, pursuant to an interim financing program for the New Jersey Water Bank (the “Water Bank Construction Financing Program”), to make loans (each, a “Construction Loan”) to eligible project sponsors (each, a “Borrower”) for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Construction Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(d), and the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the terms and provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for a Construction Loan for purposes of financing the allowable costs of the project of such Borrower pursuant to the Water Bank Construction Financing Program, provided each of the following conditions is satisfied in full: (i) the Project is listed on the project priority list that has been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 or N.J.S.A. 58:11B-20.1 (the “Priority List”); (ii) the proposed Borrower has submitted a complete application for the Project in accordance with N.J.A.C. 7:22-4.11; (iii) the proposed Borrower has complied with the I-Bank’s Credit Policy, as then in effect pursuant to formal adoption by the I-Bank; (iv) the Project has been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (v) the Projects is in the fundable range in the forthcoming funding cycle given the Projects’ rank and the anticipated availability of New Jersey Department of Environmental Protection (the “Department” or “NJDEP”) and I-Bank monies; and (vi) the proposed Borrower has not previously received a Construction Loan through the Water Bank Construction Financing Program for the same project scope (exclusive of a Construction Loan made solely for the purpose of extending the term of a prior Construction Loan or for a Supplemental Short Term Loan pursuant to N.J.S.A. 58:11B-9(d)); and

WHEREAS, the I-Bank duly adopted Resolution No. 20-06 on February 20, 2020 entitled “Resolution of the New Jersey Infrastructure Bank Authorizing the Water Bank Construction Financing Program for State Fiscal Year 2021” (the “Authorizing Resolution”) to provide funding for the implementation of the Water Bank Construction Financing Program during State Fiscal Year 2021 including the Construction Financing Program (the “Construction Loan Program”); and

WHEREAS, pursuant to Section 1(a) of the Authorizing Resolution, up to a maximum of \$500,000 of Available I-Bank Revenues per Borrower may be available to finance loans under the Construction Loan Program at the discretion of an Authorized Officer; and

WHEREAS, it is the desire of the Board to authorize Water Bank Construction Loan Program loans (the “Construction Loans”) pursuant to the Construction Loan Program for loan closings that occur in SFY2021; and

WHEREAS, pursuant to the terms and definitions of the Authorizing Resolution, the Authorized Officers are each severally authorized, after consultation with Bond Counsel to the I-Bank and the Office of the Attorney General of the State, to approve the participation of a Borrower in the Construction Loan Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of the Authorizing Resolution; and

WHEREAS, pursuant to Section 3 of the Authorizing Resolution, any Construction Loan approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed \$15 million in principal amount (the “Construction Loan Limitation”) unless a higher principal amount thereof is authorized by official action of the Board; and

WHEREAS, pursuant to Section 2 of the Authorizing Resolution, revisions and modifications may be made to terms and provisions of the Construction Loan Program pursuant to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank; and

WHEREAS, Bergen County Utilities Authority (“BCUA”) has requested from the I-Bank a Construction Loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340386-15, for the Power Supply Mitigation Improvements Project (the “BCUA Mitigation Project”); and

WHEREAS, BCUA has requested from the I-Bank a Construction Loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340386-16, for the Plant-wide Improvements Project (the “BCUA Plant-wide Improvements Project”); and

WHEREAS, Woodbridge Township has requested from the I-Bank a Construction Loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340433-11, for the Control of Odors and Corrosion in the Port Reading Interceptor Project (the “Woodbridge Township Project”); and

WHEREAS, North Hudson Sewer Authority (“NHSA”) has requested from the I-Bank a construction loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340952-33, for H6/H7 Long Term Control Plan Project (the “NHSA Project”); and

WHEREAS, pursuant to the BCUA Mitigation Project construction schedule, a Construction Loan not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in BCUA's request for a construction loan in an amount not to exceed \$57,000,000; and

WHEREAS, pursuant to the BCUA Plant-wide Improvements Project construction schedule, a Construction Loan not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in BCUA's request for a construction loan in an amount not to exceed \$18,000,000; and

WHEREAS, pursuant to the Woodbridge Township construction schedule, a Construction Loan not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in Woodbridge Township's request for a construction loan in an amount not to exceed \$15,300,000; and

WHEREAS, pursuant to the NHTSA construction schedule, a Construction Loan not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in NHTSA's request for a construction loan in an amount not to exceed \$27,000,000; and

WHEREAS, with respect to the Authorizing Resolution's Construction Loan Limitations, any Construction Loan approved by any of the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed \$15 million in principal amount, subject to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank, the I-Bank now desires, given the facts and circumstances set forth in the recitals hereto, to create as an exception to such limitation of Construction Loans, as part of the Construction Loan Program, to the aforementioned project sponsors in amounts not to exceed the amount stated for the purpose of completing the BCUA Mitigation Project, S340386-15, the BCUA Plant-wide Improvements Project, S340386-16, the Woodbridge Township Project, S340433-11 and the NHTSA Project, S340952-33; and

WHEREAS, with respect to the total amount of Available I-Bank Revenues available to one Borrower pursuant to the Authorizing Resolution, the I-Bank desires, given the anticipated amount of the Administrative Fee, of the BCUA Mitigation Project, the BCUA Plant-wide Improvements Project, the Woodbridge Township Project, and the NHTSA Project, to make an exception to such limitation as part of the Construction Loan Program, and approve the aforementioned Construction Loans to BCUA, Woodbridge Township, and NHTSA utilizing Available I-Bank Revenues in excess of \$500,000 to the extent required to finance the

Administrative Fee as defined in Section 2(d) of the Authorizing Resolution; and

WHEREAS, it is the desire of the I-Bank that, other than the Authorizing Resolution's Construction Loan Limitations described in the immediately preceding recitals, the Borrowers shall comply with (i) all other requirements of the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Infrastructure Bank, as follows:

Section 1. Notwithstanding the Authorizing Resolution's Construction Loan Limitation providing that all Construction Loans approved by an Authorized Officer, following the requisite consultations, and made by the I-Bank to Borrowers as part of the Construction Loan Program, shall not exceed \$15 million in principal amount, the Board of Directors of the I-Bank, given the facts and circumstances set forth in the recitals hereto, hereby authorizes, as an exception to the Construction Loan Limitations, Construction Loans, as part of the SFY2021 Water Construction Loan Program, to BCUA Mitigation Project, S340386-15, the BCUA Plant-wide Improvements Project, S340386-16, the Woodbridge Township Project, S340433-11 and the NHSA Project S340952-33, for the stated projects in an amount not to exceed the amount stated for the purpose of completing the projects.

Project Sponsor	Project #	Description	Total Authorized Loan Amount
Bergen County Utilities Authority	S340386-15	Power Supply Mitigation Improvements Project	\$57,000,000
Bergen County Utilities Authority	S340386-16	Plant-wide Improvements Project	\$18,000,000
Woodbridge Township	S340433-11	Control of Odors and Corrosion in the Port Reading Interceptor Project	\$15,300,000
North Hudson Sewer Authority	S340952-33	H6/H7 Long Term Control Plan Project	\$27,000,000

Section 2. Notwithstanding the limit on the amount of Available I-Bank Revenues available to one Borrower to finance loans under the Construction Loan Program, the Board hereby authorizes an exception to such limitation and approves the aforementioned Construction Loans to BCUA, Woodbridge Township and NHSA utilizing Available I-Bank Revenues in excess of \$500,000 to the extent required to finance the Administrative Fee; and

Section 3. Notwithstanding the stated loan amounts of \$57,000,000 and \$18,000,000 to BCUA, \$15,300,000 to Woodbridge Township and \$27,000,000 to NHSA the Construction Loan Program funding commitment for the loans shall be limited to the operable segments certified, in amounts set forth in the Department's allowable cost determination for each such operable

segment, and such funding commitment shall arise at the time of loan closing of the first such operable segment, and upon the Department's allowable cost determination for each subsequent operable segment certified thereafter, recognizing that the terms and conditions of the long-term New Jersey Environmental Infrastructure Financing Program loans for each said project shall reflect the terms and conditions of the financing program year in which construction is certified.

Section 4. Other than the exceptions created by the provisions of Sections 1 and 2 of this Resolution, the Construction Loans made to the aforementioned Borrowers as part of the Construction Loan Program shall comply fully with (i) each of the terms, provisions and conditions precedent set forth in the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

Section 5. Further Action. Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his or her respective sole discretion after consultation with Legal Counsel, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Section 6. Effective Date. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 20 - xx

**RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK APPROVING AN
INCREASE IN SFY2018 WATER BANK CONSTRUCTION FINANCING LOAN TO NORTH BERGEN
MUNICIPAL UTILITY AUTHORITY**

WHEREAS, the New Jersey Infrastructure Bank (the “I-Bank”), in accordance with (i) the “New Jersey Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”) (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented (the “Act”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same may from time to time be amended and supplemented (the “Regulations”), is authorized, pursuant to an interim financing program for the New Jersey Water Bank (the “Water Bank Construction Financing Program”), to make loans (each, a “Construction Loan”) to eligible project sponsors (each, a “Borrower”) for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Construction Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(d), and the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the terms and provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for a Construction Loan for purposes of financing the allowable costs of the project of such Borrower pursuant to the Water Bank Construction Financing Program, provided each of the following conditions is satisfied in full: (i) the Project is listed on the project priority list that has been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 or N.J.S.A. 58:11B-20.1 (the “Priority List”); (ii) the proposed Borrower has submitted a complete application for the Project in accordance with N.J.A.C. 7:22-4.11; (iii) the proposed Borrower has complied with the I-Bank’s Credit Policy, as then in effect pursuant to formal adoption by the I-Bank; (iv) the Project has been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (v) the Projects is in the fundable range in the forthcoming funding cycle given the Projects’ rank and the anticipated availability of New Jersey Department of Environmental Protection (the “Department” or “NJDEP”) and I-Bank monies; and (vi) the proposed Borrower has not previously received a Construction Loan through the Water Bank Construction Financing Program for the same project scope (exclusive of a Construction Loan made solely for the purpose of extending the term of a prior Construction Loan or for a Supplemental Short Term Loan pursuant to N.J.S.A. 58:11B-9(d); and

WHEREAS, the I-Bank duly adopted Resolution No. 17-11 on February 15, 2017 entitled “Resolution Authorizing the Construction Loan Financing Program for State Fiscal Year 2018” (the “Authorizing Resolution”) to provide funding for the implementation of the Water Bank Construction Financing Program during State Fiscal Year 2018 including the Construction Financing Program (the “Construction Loan Program”); and

WHEREAS, pursuant to Section 1 of the Authorizing Resolution, up to a maximum of \$500,000 of Available Trust Revenues per Borrower may be available to finance loans under the Construction Loan Program at the discretion of an Authorized Officer; and

WHEREAS, pursuant to the terms and definitions of the Authorizing Resolution, the Authorized Officers are each severally authorized, after consultation with Bond Counsel to the I-Bank and the Office of the Attorney General of the State, to approve the participation of a Borrower in the Construction Loan Programs, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of the Authorizing Resolutions; and

WHEREAS, pursuant to Section 5 of the Authorizing Resolution, Construction Loans approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Programs shall not exceed \$10 million in principal amount (the "Construction Loan Limitation"); and

WHEREAS, pursuant to Section 2 of the Authorizing Resolution, revisions and modifications may be made to terms and provisions of the Construction Loan Program pursuant to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank; and

WHEREAS, North Bergen Municipal Utilities Authority ("NBMUA") has requested from the I-Bank a construction loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340652-14, for the Woodcliff Additional Improvements Project (the "NBMUA Project") in the original amount not to exceed \$21,000,000 (the "Original NBMUA Project Construction Loan Amount"); and

WHEREAS, pursuant to Resolution No. 17-27, the Board authorized a SFY2018 Construction Loan in the amount of \$21,000,000 for the NBMUA Project at its April 13, 2017 meeting; and

WHEREAS, the I-Bank closed on a SFY2018 Construction Loan with NBMUA in the amount of \$19,892,394 for the NBMUA Project in August 2017; and

WHEREAS, with respect to the Construction Loan Limitation, any Construction Loan approved by any of the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed \$10 million in principal amount, subject to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank, the I-Bank now desires, given the facts and circumstances set forth in the recitals hereto, to create an exception to such limitation on Construction Loans which are part of the SFY2018 Construction Loan Program, for the NBMUA loan represented by the Increased the NBMUA Project Construction Loan stated for the purposes of completing the NBMUA Project; and

WHEREAS, it is the desire of the I-Bank that, other than the Construction Loan Limitations described in the immediately preceding recitals, the Borrower shall comply with (i) all other requirements of the Authorizing Resolutions, (ii) all applicable requirements of the Acts, and (iii) all applicable requirements of the Regulations.

WHEREAS, it is the desire of the I-Bank to authorize the increases in the Original NBMUA Project Construction Loan Amount to be increased to the Increased NBMUA Project Construction Loan Amount and in the Original NJWSA Project Construction Loan Amount to be increased to the Increased NJWSA Project Construction Loan Amount and the and to further authorize closings on the above described increases in SFY2021.

WHEREAS, with respect to the Authorizing Resolution's Construction Loan Limitations, any Construction Loan approved by any of the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed \$10 million in principal amount subject to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank, the I-Bank now desires, given the facts and circumstances set forth in the recitals hereto, to create as an exception to such limitations of Construction Loans, as part of the Construction Loan Program, to the aforementioned project sponsor in amounts not to exceed the amounts stated for the purpose of completing the NBMUA Project, S340652-14; and

WHEREAS, with respect to the total amount of Available I-Bank Revenues available to one Borrower pursuant to the Authorizing Resolutions, the I-Bank desires, given the anticipated amount of the Administrative Fee, of the NBMUA Project, to make an exception to such limitation as part of the Construction Loan Program, and approve the aforementioned Construction Loans to NBMUA utilizing Available I-Bank Revenues in excess of \$500,000 to the extent required to finance the Administrative Fee as defined in Section 2(c) of the Authorizing Resolution; and

WHEREAS, it is the desire of the I-Bank that, other than the Authorizing Resolution's Construction Loan Limitations described in the immediately preceding recitals, the Borrowers shall comply with (i) all other requirements of the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Infrastructure Bank, as follows:

Section 1. Notwithstanding the Authorizing Resolution's Construction Loan Limitation providing that all Construction Loans approved by an Authorized Officer, following the requisite consultations, and made by the I-Bank to Borrowers as part of the Construction Loan Program, shall not exceed \$10 million in principal amount, the Board of Directors of the I-Bank, given the facts and circumstances set forth in the recitals hereto, hereby authorizes, as an exception to the Construction Loan Limitations, increases in the Construction Loans, as part of the SFY2018 Water Construction Loan Program, to NBMUA Project, S340652-14, for the stated project in an amount not to exceed the amount stated for the purpose of completing the project.

Project Sponsor	Project #	Description	Previously Authorized Amount	Increase	Total Authorized Loan Amount
North Bergen Municipal Utilities Authority	S340652-14	Woodcliff Additional Improvements	\$21,000,000	\$7,000,000	\$28,000,000

Section 2. Notwithstanding the limit on the amount of Available I-Bank Revenues available to one Borrower to finance loans under the Construction Loan Program, the Board hereby authorizes an exception to such limitation and approves the aforementioned Construction Loans to NBMUA utilizing Available I-Bank Revenues in excess of \$500,000 to the extent required to finance the Administrative Fee; and

Section 3. Notwithstanding the stated increased loan amounts of \$28,000,000 to NBMUA, the Construction Loan Program funding commitment for the loan shall be limited to the operable segments certified, in amounts set forth in the Department's allowable cost determination for each such operable segment, and such funding commitment shall arise at the time of loan closing of the first such operable segment, and upon the NJDEP's allowable cost determination for each subsequent operable segment certified thereafter, recognizing that the terms and conditions of the long-term New Jersey Environmental Infrastructure Financing Program loans for each said project shall reflect the terms and conditions of the financing program year in which construction is certified.

Section 4. Other than the exceptions created by the provisions of Sections 1 and 2 of this Resolution, the Construction Loans made to the aforementioned Borrowers as part of the Construction Loan Program shall comply fully with (i) each of the terms, provisions and conditions precedent set forth in the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

Section 5. Further Action. Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his or her respective sole discretion after consultation with Legal Counsel, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Section 6. Effective Date. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

Agenda Item 9

RESOLUTION NO. 20 - xx

EXECUTIVE SESSION

BE IT HEREBY RESOLVED, That pursuant to N.J.S.A. 10:4-12 and N.J.S.A. 10:4-13, the members of the New Jersey Infrastructure Bank (I-Bank) convene an executive session regarding contract negotiations, personnel matters and advice from counsel.

BE IT FURTHER RESOLVED, That discussions undertaken at this executive session will be made public once a final position is adopted by the Trust regarding such actions.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions: