

RESOLUTION NO. – 19-29

**RESOLUTION OF THE
NEW JERSEY INFRASTRUCTURE BANK
RELATING TO THE WATER BANK DIRECT LOAN PROGRAM**

WHEREAS, pursuant to Section 5(m) and Section 9(a) of the New Jersey Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”), as amended and supplemented (N.J.S.A. 58:11B-1 *et seq.*) (the “Act”), the New Jersey Infrastructure Bank, a public body corporate and politic under the laws of the State, created pursuant to the Act (the “I-Bank”), is authorized to make and contract to make loans (each a “Water Bank Loan”) to project sponsors (each a “Project Sponsor”) to finance a portion of the costs of the respective environmental infrastructure system projects thereof (each a “Project”), 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 N.J.S.A. 58:11B(9)(a), the I-Bank may establish loan terms and conditions as it deems necessary in making a Water Bank Loan, and such Water Bank Loans shall bear interest at a rate agreed upon by the I-Bank and the loan recipients; and

WHEREAS, the I-Bank provides funding to qualifying Project Sponsors for qualifying Projects through the provision to such Project Sponsors of a Water Bank Loan, such Water Bank Loans being funded with the proceeds of the Environmental Infrastructure Bonds issued by the I-Bank (the “Environmental Infrastructure Bonds”) pursuant to its annual Environmental Infrastructure Financing Program (the “Water Bank Financing Program”); and

WHEREAS, as an alternative to the funding of a Project with the proceeds of Environmental Infrastructure Bonds, from time to time the Board of Directors of the I-Bank (the “Board”), by official action of the Board, determines that it is in the administrative interests of the I-Bank that a Project be financed as a so-called direct loan (each a “Water Bank Direct Loan”) as part of the direct loan initiative of the I-Bank (the “Water Bank Direct Loan Program”); and

WHEREAS, once the Board, by official action of the Board, has determined that a Project qualifies for funding through the Water Bank Direct Loan Program, such Project is financed with a combination of (i) the proceeds of a Water Bank Direct Loan from the I-Bank and (ii) a loan from the New Jersey Department of Environmental Protection (the “NJDEP”); and

WHEREAS, a Water Bank Direct Loan by the I-Bank to a qualifying and approved Project Sponsor pursuant to the Water Bank Direct Loan Program shall be funded by the I-Bank from (i) investment earnings available to the Water Bank Financing Program for such purposes and/or (ii) operating funds of the Water Bank Financing Program that are not required for, or committed to, the operation of the Water Bank Financing Program for the then current and succeeding fiscal years; and

WHEREAS, the I-Bank has developed criteria for use by the Board for the purpose of identifying a Project that shall be appropriate for funding through the Water Bank Direct Loan Program, and such criteria (the “Water Bank Direct Loan Program Criteria”) shall include the following: (i) the Water Bank Direct Loan by the I-Bank to the Project Sponsor shall not exceed \$500,000, and (ii) the outstanding

aggregate principal amount of all Water Bank Direct Loans made by the I-Bank at any time to any one Project Sponsor shall not exceed \$1,000,000; and

WHEREAS, pursuant to the Water Bank Direct Loan Program, the rate of interest to be paid by the Project Sponsor to the I-Bank with respect to the repayment of the Water Bank Direct Loan shall be calculated in the following manner (the “Interest Rate Calculation”), so as to achieve an objectively determined rate of interest that is reflective of the policy goals as set forth in this Resolution and the market as of the date of closing for the Water Bank Direct Loan: (i) the interest rate as determined, on the date of closing for the Water Bank Direct Loan, by either (a) the Municipal Market Advisors pursuant to the Thompson Financial TM3 AAA Municipal Market Data (MMD) General Obligation Index for local government units (as such term is defined in the Act) or (b) the Thompson Financial TM3 “AAA” Municipal Market Data General Obligation Index (AMT) for public water utilities (as such term is defined by the Act), a small water company (as such term is defined in the Act), any other private person, or a local government unit on behalf of any private person, (ii) plus 0.50%; and

WHEREAS, it is the desire of the Board to approve, as the policy of the I-Bank with respect to the implementation and administration of the Water Bank Direct Loan Program, the following (collectively, the “Water Bank Direct Loan Program Policy”): the terms and provisions of the Water Bank Direct Loan Program as described in the preambles hereto, including, without limitation, (i) Water Bank Direct Loan Program Criteria; and (ii) the Interest Rate Calculation; and

WHEREAS, notwithstanding the approval hereby of the Water Bank Direct Loan Program Policy pursuant to the terms hereof, (i) the granting of any Water Bank Direct Loan by the I-Bank pursuant to the Water Bank Direct Loan Program and the Water Bank Direct Loan Program Policy shall be subject to separate official action of the Board and (ii) at the time of the separate official action of the Board with respect to any Water Bank Direct Loan by the I-Bank pursuant to the Water Bank Direct Loan Program, the Board, by the terms of such official action, may elect to deviate from the Water Bank Direct Loan Program Policy to the extent expressly identified and authorized in such official action of the Board.

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

Section 1. The Board hereby approves, as the policy of the I-Bank with respect to the implementation and administration of the Water Bank Direct Loan Program, the Water Bank Direct Loan Program Policy for application to each Water Bank Direct Loan made on and subsequent to the effective date of this Resolution. Any previously issued and currently outstanding Water Bank Direct Loan shall continue to be subject to the terms and provisions of the prior resolution of the Board, and the policies approved thereby, pursuant to which such Water Bank Direct Loan was made.

Section 2. Notwithstanding the provisions of Section 1 of this Resolution, (i) the granting of any Water Bank Direct Loan by the I-Bank pursuant to the Water Bank Direct Loan Program and the Water Bank Direct Loan Program Policy shall be subject to separate official action of the Board and (ii) at the time of the separate official action of the Board with respect to any Water Bank Direct Loan by the I-Bank pursuant to the Water Bank Direct Loan Program, the Board, by the terms of such official action, may elect to deviate from the Water Bank Direct Loan Program Policy to the extent expressly identified and authorized in such official action of the Board.

Section 3. The Water Bank Direct Loan Program Policy may be further revised by the Board from time to time by means of an amendment to this Resolution.

Section 4. 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: May 9, 2019

Motion Made By: Mr. Roger Ellis

Motion Seconded By: Mr. Mark Longo

Ayes: 7

Nays: 0

Abstentions: 0