

RESOLUTION NO. 19 - 34

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK AUTHORIZING THE INTEREST RATE FOR THE WATER BANK CONSTRUCTION FINANCING PROGRAM FOR STATE FISCAL YEAR 2020

WHEREAS, the New Jersey Infrastructure Bank (the “I-Bank”), pursuant to and in accordance with (i) the “New Jersey Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (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”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same have been, and in the future may from time to time be, amended and supplemented (the “Regulations”), is authorized, pursuant to an interim financing program for the I-Bank’s Water Bank (the “Water 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 (each, a “Project”), 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 provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for an Interim Loan pursuant to the Interim Financing Program, provided all of the following conditions are satisfied in full: (i) the projects are listed on the project priority list developed in accordance with N.J.A.C. 7:22-4.8(a) for funding in the forthcoming State Fiscal Year; (ii) the proposed project sponsors have submitted a complete application for the project in accordance with N.J.A.C. 7:22-4.11; (iii) the projects have been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (iv) the projects are in the fundable range in the forthcoming funding cycle given the projects’ rank and the anticipated availability of Department of Environmental Protection (the “Department”) and I-Bank monies; and (v) the proposed project sponsors have not previously received an Interim Loan through the Interim Financing Program for the same project scope; and

WHEREAS, the I-Bank duly adopted Resolution No. 19-09 on February 14, 2019 entitled “Resolution of the New Jersey Infrastructure Bank Authorizing the Water Bank Construction Financing Program for State Fiscal Year 2020” (the “SFY2020 Authorizing Resolution”) to provide funding for the implementation of the Interim Financing Program during State Fiscal Year 2020 including the Construction Financing Program (the “2020 Construction Loan Program”); and

WHEREAS, pursuant to the terms and provisions of the SFY2020 Authorizing Resolution, each Construction Loan shall bear interest at a rate that shall be determined in accordance with the Interest Rate Calculation (the “Interest Rate Calculation”) which shall be calculated in a manner consistent with the terms and provisions of the then-applicable Financial Plan, as prepared for each State Fiscal Year and as submitted to the State Legislature by the I-Bank, all pursuant to, and in satisfaction of the requirements of, sections 21, 21.1, 22 and 22.1 of the Act (the “Financial Plan”); and

WHEREAS, pursuant to the terms and provisions of the SFY2020 Authorizing Resolution, all or any portion of such interest may be capitalized and included in the principal amount and the Interest Rate Calculation shall be reflective of the policy goals of the I-Bank as set forth in the Authorizing Resolution and the market as of the respective dates on which the Interest Rate Calculation is performed.

WHEREAS, on May 15, 2019, the Financial Plan was duly submitted to the State Legislature; and

WHEREAS, the Financial Plan directs that the interest rates or calculation methodology on Construction Loans shall be set at the beginning of each calendar quarter during SFY2020 and posted on the I-Bank website; and

WHEREAS, the Financial Plan authorizes the delegation of the authority to set the interest rates or calculation methodology on Construction Loans to the I-Bank’s Executive Director.

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

Section 1. Interest Rate. The Interest Rate Calculation shall be a fixed rate for each quarter of SFY2020 calculated as the product of (i) 0.5 and (ii) the sum of (a) one-year LIBOR and (b) 50 basis points. The resulting rate may be rounded up or down no more than a quarter percentage at the discretion of the Executive Director to account for market forces.

Section 2. Delegation as to Establishment of Rate. The Executive Director is hereby authorized and directed to calculate the Rate for each quarter of SFY2020 Construction Loan Program on the first business day of each quarter.

Section 3. Interest Cost. Interest shall not be charged until loan funds are utilized from a Credit Instrument as defined in the SFY2020 Authorizing Resolution. In the event that a Credit Instrument is utilized as a source for loan funds, interest will be charged on the outstanding principal amount as defined in Section 3 of the SFY2020 Authorizing Resolution in accordance with the Interest Rate Calculation. Such charges will accrue to the I-Bank to offset the costs of the Credit Instrument.

Section 4. Posting on Website. The interest rates or calculation methodology on Construction Loans shall be posted on the I-Bank website.

Section 5. Report to the Board. At the meeting of the Board that is scheduled to occur during the month next succeeding the month during which the Interest Rate Calculation is set for each quarter of SFY2020, the Executive Director of the I-Bank shall provide a report to the Board concerning the details of the Interest Rate Calculation therefore.

Adopted Date: June 11, 2019

Motion Made By: Mr. Mark Longo

Motion Seconded By: Ms. Kimberly Holmes

Ayes: 7

Nays: 0

Abstentions: 0

EXHIBIT A

FORMS OF OBLIGATION