



NEW JERSEY INFRASTRUCTURE BANK

SERIES 2018A-1 & 2018B-1 INVESTOR PRESENTATION

ENVIRONMENTAL INFRASTRUCTURE BONDS

April 2018

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FINANCING TEAM



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Series Trustee – Zions Bank

Eric Mitzel, *Vice President & Manager*

Master Program Trustee – US Bank Trust N.A.

Christopher J. Grell, *Vice President*



TRANSACTION OVERVIEW

Preliminary Issuance Details	
Issuer	New Jersey Infrastructure Bank ("NJIB")
Series	Environmental Infrastructure Bonds, Series 2018A-1 (Green Bonds) & Series 2018B-1 (Green Bonds) (AMT)
Estimated Par Amounts	Series 2018A-1 - \$21,290,000* Series 2018B-1 - \$15,490,000*
Security	The Bonds will be special obligations of the I-Bank, as a conduit issuer, secured primarily by: <ul style="list-style-type: none"> (i) the repayments by the Borrowers of the I-Bank Loans, (ii) the repayments by the Borrowers of the companion Fund Loans, (iii) certain of the repayments by those Borrowers in the Coverage Providing Financing Programs, that have received Coverage Providing Fund Loans, that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement, (iv) with respect to certain authority Borrowers only, moneys payable pursuant to (as applicable) (A) the Borrower Service Agreements or (B) the Government Borrower Guaranty, (v) with respect to one authority Borrower Gloucester County Utilities Authority (GCUA), moneys on deposit in the GCUA's Debt Service Reserve Fund thereof, and (vi) certain State-aid payable to the municipal Borrowers, certain municipal and county Participants and the Government Borrower Guarantor.
Use of Proceeds	(i) To finance, together with certain moneys of the State and moneys of certain of the Borrowers, various System improvements, as part of the Series 2018 (SFY2018) Water Bank Program; and (ii) fund a portion of the costs of issuance relating to the Series 2018 Bonds.
Bond Issue Ratings	Moody's Aaa (Stable) / Standard & Poor's AAA (Stable) / Fitch AAA (Stable)
Structure	Serial Bonds maturing on September 1, 2019 through September 1, 2037*; Term Bonds maturing September 1, 2042* and September 1, 2047*
Principal Payments	September 1, 2019-2047
Interest Payments	March 1 and September 1, commencing September 1, 2018
Call Feature	Bonds maturing 9/1/2028-2047 callable 9/1/2027 @ par
Expected Competitive Bond Sale Date	May 8, 2018
Expected Settlement Date	May 22, 2018

*Preliminary, subject to change



NEW JERSEY WATER BANK

- Jan 2018 - Enabling Act amended (*P.L.2016, c.56*)
 - NJEIT name changed to **New Jersey Infrastructure Bank** (“NJIB” or “I-Bank”)
- The I-Bank now manages two **separate** financing programs
 - The long-standing New Jersey Environmental Infrastructure Financing Program (“**Water Bank**”)
 - The newly formed New Jersey Transportation Infrastructure Financing Program (“**Transportation Bank**”)
- The two programs are set up by statute to function **completely independently** from each other
- No impact to the bonds secured by the Master Program Trust rated AAA for each borrowing since it was first created in 1995
- Master Program Trust provides additional bondholder security through cross-collateralization



NEW JERSEY WATER BANK

- **Water Bank Borrowers receive (2) loans**
 - **NJIB** = “I-Bank Loan” funded with AAA-rated bond proceeds, bear interest
 - **NJDEP** = “Fund Loan” funded with State Revolving Funds (SRF), 0% interest rate
- **Master Program Trust Agreement (MPTA) established in 1995**
 - “Coverage Providing Financing Program” subordinates Fund Loan payments to and provides collateral for “Coverage Receiving” I-Bank Bond principal and interest payments
 - All Fund Loan Coverage Providing payments are available to, first secure the payments of the companion I-Bank Bonds, and then to secure all other series of Coverage Receiving Bonds
 - Coverage Providing Fund Loans = **\$1.53B*** (all Fund Loan payments, including 2018A-1 & B-1)
 - Coverage Receiving I-Bank Bonds = **\$1.02B* Principal + \$267M Interest** (all I-Bank Bonds including 2018A-1 & B-1)
- **NJIB Credit Policy**
 - Experienced SRF lender with strong underwriting standards
 - Borrowers must have an investment grade rating, or satisfy the credit worthiness criteria outlined in the credit policy
https://cdn.njib.gov/njib/policies/njeit_credit_policy.pdf
 - NJIB Bonds secured by MPT have never had a payment default

*Preliminary, subject to change and includes estimates for Series 2018A-1 & Series 2018B-1



NEW JERSEY WATER BANK

DEP

- 0% Interest Fund Loans
- Administers Federal Capitalization Grants
- Establishes Intended Use Plans (IUP) and Project Priority List (PPL)
- Solicits loan applications (collaborative with NJIB)
- Approves eligible projects and funding amounts
- Monitors construction and disbursement of Fund Loan proceeds
- Ensures SRF program compliance

Water Bank

- Market-rate I-Bank Loans
- Solicits loan applications (collaborative with DEP)
- Warehouses and manages program data
- Reviews credit applications and ensures consistency with credit policy
- Coordinates documentation, loan closing and disbursement of I-Bank Loan proceeds
- Services Loans
- Monitors loan portfolio and credit risk
- Ensures post issuance compliance with federal tax law

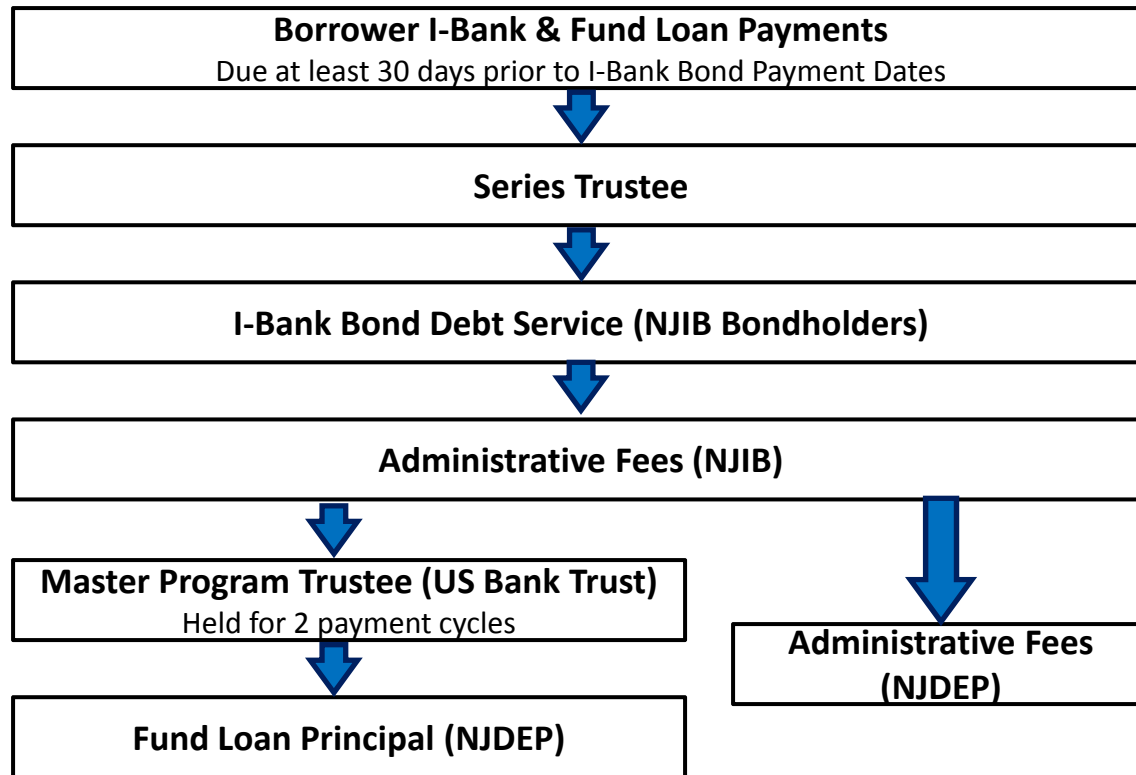


NEW JERSEY WATER BANK

- NJIB Special Obligation Bonds are secured by:
 - I-Bank and Fund Loan Repayments cross collateralized through the MPT
 - Debt Service Reserve Funds for financing programs prior to 2007
 - Administrative Fees
 - State Aid Intercept
- All I-Bank Loans and Coverage Providing Fund Loans are **closed in escrow** prior to the bond sale (ensures all project documentation is secured and projects and borrowers are compliant with both New Jersey statutory requirements and Federal **SRF lending** rules)
- Bonds are compliant with **IRS arbitrage** rules
- I-Bank Loans and Fund Loans are structured with the same final maturity
- **Refunding** of I-Bank bond deals lowers I-Bank Bond debt service, and **enhances debt service coverage** provided by Fund Loans



NEW JERSEY WATER BANK



NEW JERSEY WATER BANK

- **Series Level Coverage**

- Projected Series 2018A-1 loan repayments (both I-Bank loans and Fund loans) provide at least **2.48x¹** coverage of 2018A-1 I-Bank Bond debt service and projected Series 2018B-1 loan repayments (both I-Bank loans and Fund loans) provide at least **2.57x¹** coverage of 2018B-1 I-Bank Bond debt service

- **22 Borrowers, 27 Projects**

- 12 Clean Water Projects; 15 Drinking Water Projects
- 9 Borrowers with 30 year Loan Terms

Series 2018A-1				
General Obligation	I-Bank Loan		Fund Loan	
Cape May, City of	430,000	2.02%	1,252,948	2.14%
Carteret, Borough of	3,350,000	15.74%	7,318,812	12.50%
Clinton, Town of	445,000	2.09%	1,293,900	2.21%
Hightstown, Borough of	330,000	1.55%	963,975	1.65%
Lavallette, Borough of	280,000	1.32%	368,463	0.63%
Little Egg Harbor, Township of*	655,000	3.08%	1,906,506	3.26%
Little Egg Harbor, Township of*	555,000	2.61%	1,621,619	2.77%
Manasquan, Borough of*	375,000	1.76%	1,125,267	1.92%
Maple Shade, Township of	540,000	2.54%	1,615,099	2.76%
Mendham, Township of*	950,000	4.46%	2,770,324	4.73%
Millville, City of	2,355,000	11.06%	7,083,760	12.10%
Newark, City of	550,000	2.58%	1,230,290	2.10%
Rahway, City of	3,225,000	15.15%	9,578,797	16.36%
Saddle Brook, Township of	380,000	1.78%	1,136,423	1.94%
Stafford, Township of	595,000	2.79%	1,782,179	3.04%
Ventnor, City of	325,000	1.53%	726,891	1.24%
Total	\$15,340,000	72.05%	\$41,775,253	71.34%

Series 2018A-1				
Special Obligation	I-Bank Loan		Fund Loan	
Atlantic County UA	335,000	1.57%	743,976	1.27%
Bayshore Regional SA	405,000	1.90%	936,679	1.60%
Bayshore Regional SA	2,635,000	12.38%	7,144,396	12.20%
Berkeley Township MUA	130,000	0.61%	130,717	0.22%
Gloucester County UA	440,000	2.07%	1,285,809	2.20%
Sussex County MUA*	2,005,000	9.42%	6,538,469	11.17%
Total	\$5,950,000	27.95%	\$16,780,046	28.66%

Series 2018B-1				
Special Obligation	I-Bank Loan		Fund Loan	
Middlesex Water Company	2,425,000	15.66%	7,075,616	16.43%
NJ American Water Company	6,140,000	39.64%	17,914,575	41.60%
NJ American Water Company	6,925,000	44.71%	18,077,217	41.97%
Total	\$15,490,000	100.00%	\$43,067,408	100.00%

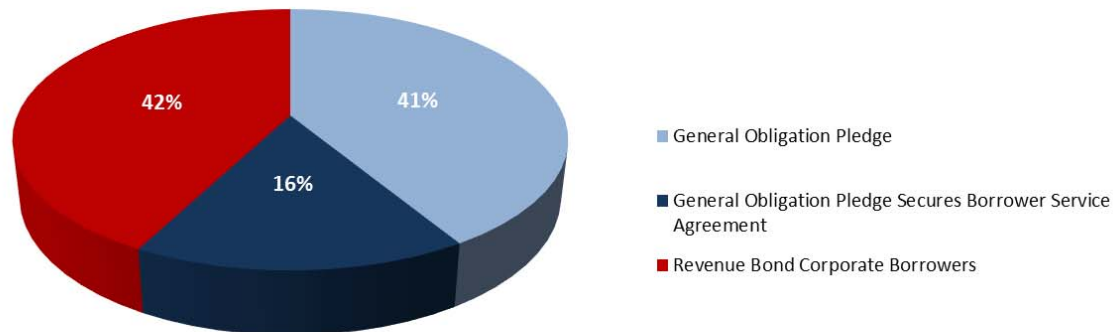
¹ Preliminary, subject to change

*Indicates a new borrower to the NJIB in the Spring 2018 financing program



NEW JERSEY WATER BANK

- **2018 Spring Financing Program will finance \$144.6 million of total project costs¹**
 - **8** Borrowers will receive **\$6.6** million Fund Loan **principal forgiveness** (not included in coverage providing cash flows).
 - Comprises **\$36.78** million I-Bank Loans² and **\$101.62** million of Fund Loans (Net of Principal Forgiveness)
 - I-Bank Loan proceeds are also used for Cost of Issuance and Underwriters Discount.



1. Preliminary, Subject to Change
2. \$38.2 Million in Proceeds (\$36.8 Million Par + \$1.4 Million Premium)



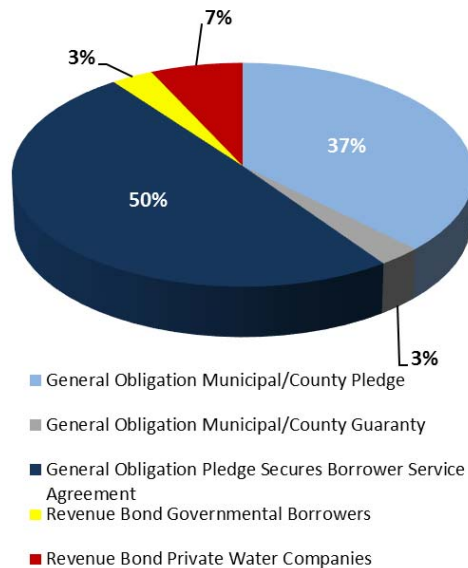
NEW JERSEY WATER BANK

- **Master Program Trust Debt Service Coverage Ratio and Default Tolerance**
 - Coverage Providing and Coverage Receiving Bonds provide:
 - Minimum Debt Service Coverage of **2.07x** per year
 - Weighted Average coverage of **2.19x** over the life of all remaining bonds
 - **Loan Portfolio can withstand over a 50% default rate and maintain 1.0x I-Bank Bond debt service coverage as calculated by the I-Bank's Financial Advisor**
 - **DSRs were NOT used during any stress test to calculate default tolerances, but serve to further strengthen the default tolerance for specific borrowers in certain Bond Series issued prior to 2007**



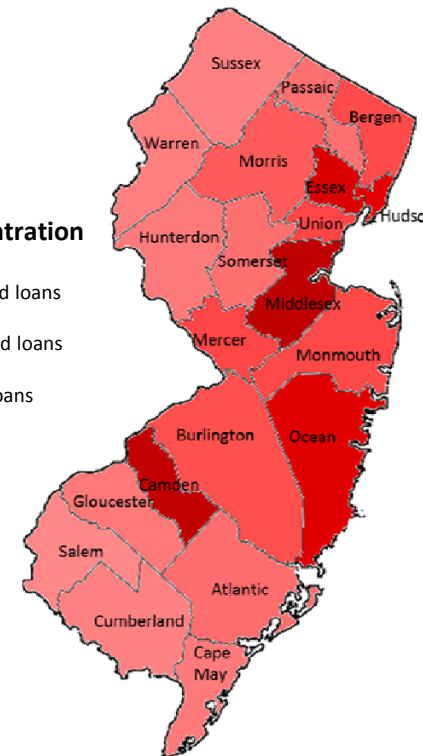
NEW JERSEY WATER BANK

- Large, diverse pool of borrowers
- Broad participation throughout the Garden State
- \$2.54 billion of loans outstanding to 317 different borrowers
- \$2.28 billion (90%) of loans secured by a direct or indirect General Obligation pledge or guaranty
- Top five borrowers represent 22.6% of loans outstanding
- 50% of loans outstanding are with borrowers each representing less than 1% of the total loan portfolio



I-Bank & Fund Loan Concentration

- Greater than \$200M in combined loans outstanding
- From \$100M-\$199M in combined loans outstanding
- Less than \$100M in combined loans outstanding



FINANCING PLAN AND SCHEDULE

- **March 16** **All Borrower Loans Closed in Escrow**
- **April 30** **Mail Preliminary Official Statement**
- **May 8** **Competitive Bond Sale**
- **May 22** **Closing**



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