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New Jersey Infrastructure Bank
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Lauren Kaltman, Chief Financial Officer

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Matt Magarity, Analyst

Bond Counsel – McCarter & English, LLP
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Gary Duescher, Partner
Sean Duane, Associate

Series Trustee – Zions Bank
Eric Mitzel, Vice President & Manager

Master Program Trustee – US Bank Trust N.A.
Christopher J. Grell, Vice President
TRANSACTION OVERVIEW

<table>
<thead>
<tr>
<th>Preliminary Issuance Details</th>
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<tr>
<td><strong>Issuer</strong></td>
</tr>
<tr>
<td><strong>Series</strong></td>
</tr>
</tbody>
</table>
| **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:  
(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

**Borrower I-Bank & Fund Loan Payments**
Due at least 30 days prior to I-Bank Bond Payment Dates

**Series Trustee**

**I-Bank Bond Debt Service (NJIB Bondholders)**

**Administrative Fees (NJIB)**

**Master Program Trustee (US Bank Trust)**
Held for 2 payment cycles

**Fund Loan Principal (NJDEP)**

**Administrative Fees (NJDEP)**
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

<table>
<thead>
<tr>
<th>Series 2018A-1</th>
<th>General Obligation</th>
<th>Special Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I-Bank Loan</td>
<td>Fund Loan</td>
</tr>
<tr>
<td>Cape May, City of</td>
<td>430,000</td>
<td>2.02%</td>
</tr>
<tr>
<td>Carteret, Borough of</td>
<td>3,350,000</td>
<td>15.74%</td>
</tr>
<tr>
<td>Clinton, Town of</td>
<td>445,000</td>
<td>2.09%</td>
</tr>
<tr>
<td>Hightstown, Borough of</td>
<td>330,000</td>
<td>1.55%</td>
</tr>
<tr>
<td>Lavallette, Borough of</td>
<td>280,000</td>
<td>1.32%</td>
</tr>
<tr>
<td>Little Egg Harbor, Township of*</td>
<td>655,000</td>
<td>3.08%</td>
</tr>
<tr>
<td>Little Egg Harbor, Township of*</td>
<td>555,000</td>
<td>2.61%</td>
</tr>
<tr>
<td>Manasquan, Borough of*</td>
<td>375,000</td>
<td>1.76%</td>
</tr>
<tr>
<td>Maple Shade, Township of</td>
<td>540,000</td>
<td>2.54%</td>
</tr>
<tr>
<td>Mendham, Township of*</td>
<td>950,000</td>
<td>4.46%</td>
</tr>
<tr>
<td>Millville, City of</td>
<td>2,355,000</td>
<td>11.06%</td>
</tr>
<tr>
<td>Newark, City of</td>
<td>550,000</td>
<td>2.58%</td>
</tr>
<tr>
<td>Rahway, City of</td>
<td>3,225,000</td>
<td>15.15%</td>
</tr>
<tr>
<td>Saddle Brook, Township of</td>
<td>380,000</td>
<td>1.78%</td>
</tr>
<tr>
<td>Stafford, Township of</td>
<td>595,000</td>
<td>2.79%</td>
</tr>
<tr>
<td>Ventnor, City of</td>
<td>325,000</td>
<td>1.53%</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$15,340,000</strong></td>
<td><strong>72.05%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Series 2018A-1</th>
<th>General Obligation</th>
<th>Special Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I-Bank Loan</td>
<td>Fund Loan</td>
</tr>
<tr>
<td>Atlantic County UA</td>
<td>335,000</td>
<td>1.57%</td>
</tr>
<tr>
<td>Bayshore Regional SA</td>
<td>405,000</td>
<td>1.90%</td>
</tr>
<tr>
<td>Bayshore Regional SA</td>
<td>2,635,000</td>
<td>12.38%</td>
</tr>
<tr>
<td>Berkeley Township MUA</td>
<td>130,000</td>
<td>0.61%</td>
</tr>
<tr>
<td>Gloucester County UA</td>
<td>440,000</td>
<td>2.07%</td>
</tr>
<tr>
<td>Sussex County MUA*</td>
<td>2,005,000</td>
<td>9.42%</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$5,950,000</strong></td>
<td><strong>27.95%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Series 2018B-1</th>
<th>General Obligation</th>
<th>Special Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I-Bank Loan</td>
<td>Fund Loan</td>
</tr>
<tr>
<td>Middlesex Water Company</td>
<td>2,425,000</td>
<td>15.66%</td>
</tr>
<tr>
<td>NJ American Water Company</td>
<td>6,140,000</td>
<td>39.64%</td>
</tr>
<tr>
<td>NJ American Water Company</td>
<td>6,925,000</td>
<td>44.71%</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$15,490,000</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

¹ Preliminary, subject to change
*Indicates a new borrower to the NJIB in the Spring 2018 financing program
• 2018 Spring Financing Program will finance **$144.6 million** of total project costs\(^1\)

- 8 Borrowers will receive **$6.6 million** Fund Loan **principal forgiveness** (not included in coverage providing cash flows).
- Comprises **$36.78 million** I-Bank Loans\(^2\) and **$101.62 million** Fund Loans (Net of Principal Forgiveness)
  - I-Bank Loan proceeds are also used for Cost of Issuance and Underwriters Discount.

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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
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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