Redevelopment Financing
New Jersey Environmental Infrastructure Financing Program

NJEIT / NJDEP Partnership
NJEIT

- State Independent Authority
- Infrastructure Projects
- $5.4 Billion Loans (87 – 2009)
- $385+ mil. Redevelop. Loans (past 6 yrs)
- $2.1 Billion: Borrower Savings
NJEIFP Loan Structure

EIFP Loan - Collateral: G.O. from each municipal borrower

Trust Loan [Trust] Source of Funds
- AAA, AAA, Aaa Rated Tax Exempt bonds (2012 Series-A)

State Revolving Fund [SRF]
- New federal EPA grants
- Prior SRF loan repayments
- Prior State G.O. bonds / Appropriations
- SRF Fund interest earnings

Bond Investors

Collateral: 6 months of DEP repays held as security

DEP

(SRF subordination helps procure AAA bond rating)
Why Borrow Through NJEIT?

AAA / Aaa Loan Rate Comparisons

Low “net” rate = blend of DEP 0% rate and AAA “market” rate

20 yr. savings on $1mm Borrowed:
~ $120,000 / each 1% saved
NJ EIFP Program Summary 1987 - 2010

- $5.6 B in total financings since inception
- $2.2 B in interest savings to borrowers*

* Assumes borrowers are able to issue bonds independently at Trust’s low AAA rate, and does not include savings to borrowers from shared pro-rata issuance costs
Redevelopment Financing

- Project Eligibility
- Loan Eligibility
Project Eligibility

- Permitting
- Prevailing Wage / SED
- Public Notice ~ hearing
- Cultural Resources
- Funded Activity
Funded Activity Criteria

- Water Quality Benefit
- Non-Vertical Development Activities
Funded Activities

- Traditional Program Funding
  - Wastewater
  - Land
  - Drinking water
  - Remediation
- Green Technology
Traditional Wastewater Projects

- Secondary and Advanced Wastewater Treatment Facilities
- Sludge Handling Facilities
- Infiltration and Inflow Corrections
- Correction of Combined Sewer Overflows
- Interceptors, Pumping Stations, Force Mains, Collection Systems
Wastewater (cont’d)

- Major Sewer System Rehabilitation
- Landfill Closures
- Landfill Construction
- Land Acquisition (Water Quality Justified)
Traditional Drinking Water Projects

- Treatment (Install or upgrade)
- Distribution, Transmission, and Pumping Stations
- Source Rehabilitation or Development
- System Consolidation
Remediation

- Planning
- Demolition
  - Subsurface
  - Surface*
- Sheeting
- Cap
- Surcharge*

- Eng. Controls*
- Fees*
  - Permitting
  - Applications
  - Engineering
  - Legal
Loan Eligibility

- Local Political Will
- Borrower’s Corporate Form
- Loan Guarantee \((credit\, worthiness)\)
- Bonding Capacity
- State approval (LFB)
- Official Approval (Bond ordinance)
Corporate Form

Local Government Unit or Conduit

- Security
  - GO Bonds
  - Letter of Credit/ other?

- Cash Flow
  - Revenue Bonds
  - Rabs/TIFF

Credit worthiness standards

What’s the cash flow for repayment
Program Incentives

- Traditional Blended Rates (50:50 / 75:25)
- Pooled Cost of Issuance
- Capitalized interest (during construction)
- Natural AAA rating
- 20 year term
- Level Debt Repayment
- No Arbitrage concerns
Project Management

- Trust staff tracks project thru NJDEP
- Project Shepherd w/ NJDEP
- Update borrower /consultants as to status (email)
- Responsive to borrower questions / concerns / unique circumstances
State and Trust Fees

- State origination fee: 2%
- Trust closing fee
- Trust administration fee
Steps to Financing

1. Prelim. meeting
2. Commitment/Planning
3. Design/Application
4. Financials
5. LFB/BPU Approval
6. Certification
7. Escrow
8. Sale

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SFY2013 Financing Program Schedule

Planning Documents
March, 2012

- NJDEP Application
- Design Documents
- Financial Addendum Form (FAF)
- All Permit applications submitted / (raw received).

Forms are available online at www.njeit.org/forms
Spring / Summer Milestones

- State Federal SRF Compliance
- Permitting approval
- Environmental Decision Documents
- Preaward Approval
Winter Milestones

- Preaward Approval
- LFB Approval
- Project Certification
- Closing Document approval
CASE STUDY
Carteret Redevelopment
Carteret Redevelopment
The Site

- Middlesex County
- 113 acres
- Closed landfills (1981)
Carteret Redevelopment

NJEIFP Loan: $40 mil

• Landfill Cap
• Leachate Collection System
• Preliminary onsite treatment
• Onsite Pumping Station
• Gas collection system
Carteret Redevelopment: The End Result

• $150 Million investment
• Distribution, manufacturing, import/export facilities
• Tax ratables
• Remove major source of water quality contamination to wetlands, surface water and groundwater
Questions?

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