



# I-BANK BULLETIN

VOL. 24-02

**Water Bank finances record \$1.04 Billion in new loans in SFY2024**

## SFY2025 LONG-TERM FINANCING

**Water Bank:** Due to the limited number of projects which are currently at or near construction completion and ready for conversion to long-term financing, the next opportunity to convert short-term loans to long-term financing under the Water Bank Financing Program is expected to be in the Spring of 2025. Scheduling the next bond sale in the Spring will allow a critical mass of projects to access the bond market promptly upon completion, result in a larger, more liquid bond offering and provide better relative pricing and rates to the I-Bank's program participants.

**Transportation Bank and Champ:** Projects in the Transportation Bank and the NJ CHAMP programs will be converted to long-term financing via the I-Bank's Direct Loan Program as each project is deemed ready for financing by the respective program. Questions regarding the timing of long-term financing for any specific project may be directed to the I-Bank's COO, George Rolon at [grolon@njib.gov](mailto:grolon@njib.gov).

## SHORT-TERM INTEREST CREDITS AVAILABLE FOR EFFICIENT REQUISITIONS

### In this Issue:

- Long-Term Financing
- Short-Term Interest Credits
- Water Bank T/A Program
- WISE Calculator Update



In response to federal grant requirements and to incentivize the timely deployment and the efficient use of federal and State funds, I-Bank short-term program borrowers have the opportunity in SFY2025 to receive a reduction in the annualized cost of their short-term loan interest rate (an "Interest Rate Credit") for six-month periods beginning each September 1<sup>st</sup> and March 1<sup>st</sup> ("Period Start Dates").

On each Period Start Date, the Executive Director will determine the Interest Rate Credit for that period between 0% and 0.20% for the Water Bank and between 0% and 0.50% for the Transportation Bank. To qualify for the Interest Rate Credit, cumulative requisitions on the Period Start Dates must equal or exceed 10% times the number of Period Start Dates for which the loan has been outstanding (the "Requisition Goal"). If a Borrower's project has achieved its Requisition Goal for that point in time, the Interest Rate Credit will be applied to all loan funds outstanding for that project during the entirety of that six-month period. In general, a borrower with an SFY2024 average loan size of \$6.56 million in the Water Bank program and \$4.57 million in the Transportation Bank program, which meets the minimum Requisition Goal for each semi-annual period, would receive the maximum Interest Rate Credit in each period, and can expect to save an additional \$36,000 and \$62,000 in interest expense respectively. See [New Jersey Infrastructure Bank \(njib.gov\)](http://www.njib.gov) for more detailed information.

As has always been the case for the I-Bank's construction loan programs, all borrowers will continue to benefit from the below-market interest rates of the I-Bank's short-term loan programs. This Interest Rate Credit initiative further enhances the benefits of the I-Bank's short-term loan program for those borrowers who requisition funds in an expeditious manner.

## WATER BANK'S TECHNICAL ASSISTANCE PROGRAM

In SFY2025 the Water Bank is providing technical assistance (T/A) to clean water and drinking water systems free of charge by offering assessments and engagement services to systems, inclusive of community outreach, to all project sponsors that either i) meet the DEP's Affordability Criteria or ii) are considered overburdened communities as identified by the DEP. Project sponsors that are participating in the no-cost T/A services provided by the Water Bank's pool of consultants are also

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eligible (to the extent funds remain available) to receive up to \$2 million in grants for planning and design services to develop eligible capital improvement projects, and up to \$2 million in principal forgiveness (or the best available funding package) for the construction costs of a resulting capital improvement project that utilizes funding from the Water Bank.

To date, fifteen communities that meet the DEP's Affordability Criteria have submitted requests for and will receive the no-cost T/A services and are eligible for the capital improvement principal forgiveness funds. The assigned Engagement Services Consultant will organize community outreach efforts, develop educational materials for the public, assist the project sponsor through the Water Bank's application and financing, and facilitate coordination between stakeholders.

The Technical Services Consultant will assist with asset and financial optimization and help the project sponsor procure an engineering firm for eligible capital improvement projects. To apply for technical assistance, please visit: <https://dep.nj.gov/wiip/njwb-process/technical-assistance-info/technical-assistance/>. Applications will be evaluated on a first-come, first-serve basis. Please direct any questions to Samantha Thomas, Administrative Analyst, NJDEP at [Samantha.Thomas@dep.nj.gov](mailto:Samantha.Thomas@dep.nj.gov).

### WISE CALCULATOR UPDATE

The State's WISE Act (P.L. 2017, c.71) requires that the I-Bank make available on its website, a calculator ("WISE Calculator", <https://wise.h2loans.com/>) for the public to obtain a Financing Cost Estimate (FCE) of borrowing funds through the Water Bank Program versus financing a project's cost through their own independent bonding process. The FCE report provides project sponsors, as well as their financial and legal consultants, with comparative estimates of the financing cost at current interest rates, inclusive of fees, to demonstrate, among other things, the potential savings of utilizing financing through the Water Bank.

To obtain the debt service runs from the WISE Calculator, users input basic information such as (i) project cost, (ii) the construction timeline, (iii) the maturity term of the long-term loan, (iv) program funding ratio and (v) the project sponsor's credit rating. The Wise Calculator has recently been upgraded to provide increased flexibility for users to customize project cost inputs and simplify the short-term loan borrowing details required. The I-Bank is continuing to make modifications to the WISE Calculator to make it more dynamic and user-friendly.

Given that financing cost and debt service estimate information is readily available through the WISE Calculator, all project sponsors and their respective consultants who want preliminary debt service runs for borrowing through the program must first utilize the WISE calculator rather than reach out to the I-Bank or its financial advisor (currently PFM for the Water Bank). While these requests may seem inconsequential, in the aggregate they are burdensome and an inefficient use of I-Bank resources. Neither project sponsors nor their consultants are to reach out directly to the I-Bank's financial consultant for such information. If further information is required or there are additional questions beyond what the WISE calculator provides, those inquiries should be directed to the I-Bank's CFO, Lauren Kaltman at [lskaltman@njib.gov](mailto:lskaltman@njib.gov).

Such direct communication with the I-Bank ensures that a Project Sponsor receives the most accurate and timely information to meet its specific needs. By working directly with the I-Bank, the process is streamlined, potential miscommunications are avoided, and the I-Bank can serve project sponsors more effectively and efficiently.



The I-Bank remains committed to facilitating the environmental and transportation financing needs of communities within NJ. For more information about our programs, please visit the I-Bank website at [www.njib.gov](http://www.njib.gov) or contact us at (609) 219-8600.