



**New Jersey
Environmental Infrastructure Financing Program**

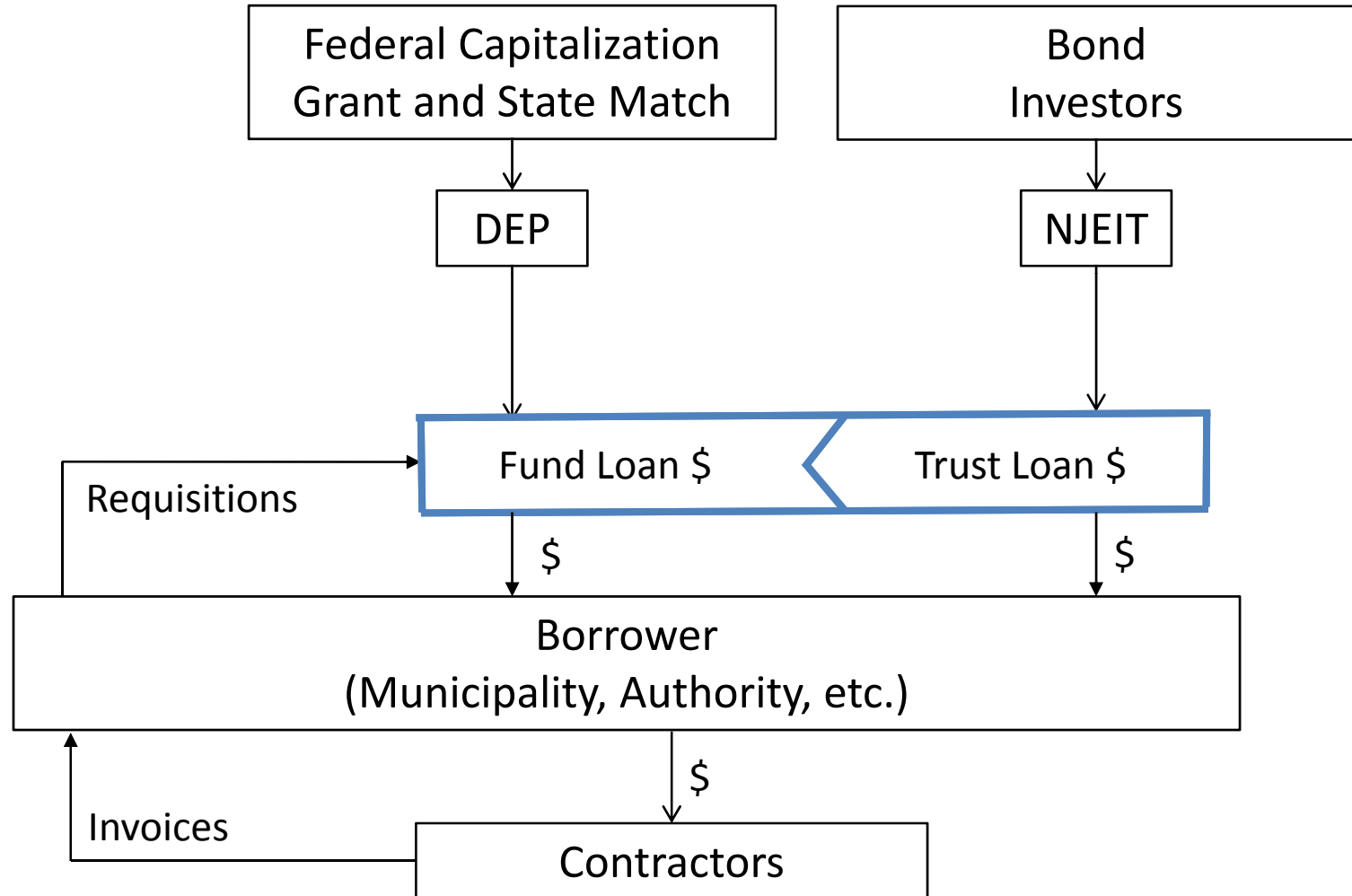
Unliquidated Obligations

CIFA -- May 21, 2013

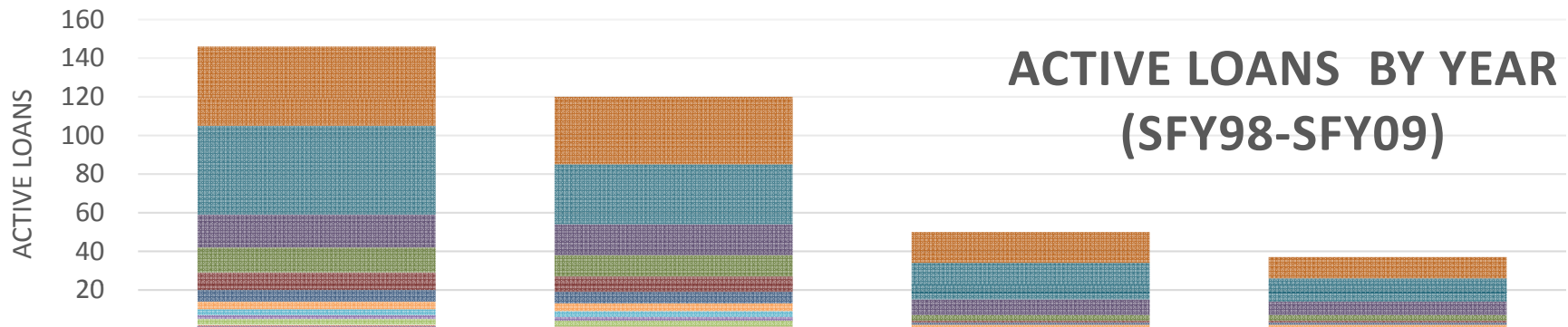
Agenda

- NJEIFP Overview
- Progress Report
- Driving Forces
- Process Changes

NJEIFP Overview: Levered Loan Structure



Progress Report



| | 2010 | 2011 | 2012 | 2013 |
|-------|------|------|------|------|
| SFY09 | 41 | 35 | 16 | 11 |
| SFY08 | 46 | 31 | 19 | 12 |
| SFY07 | 17 | 16 | 8 | 7 |
| SFY06 | 13 | 11 | 3 | 3 |
| SFY05 | 9 | 8 | 1 | 1 |
| SFY04 | 6 | 6 | 1 | 1 |
| SFY03 | 4 | 4 | 2 | 2 |
| SFY02 | 3 | 3 | - | - |
| SFY01 | 2 | 2 | - | - |
| SFY00 | 3 | 3 | - | - |
| SFY99 | 1 | 1 | - | - |
| SFY98 | 1 | - | - | - |

Driving Forces

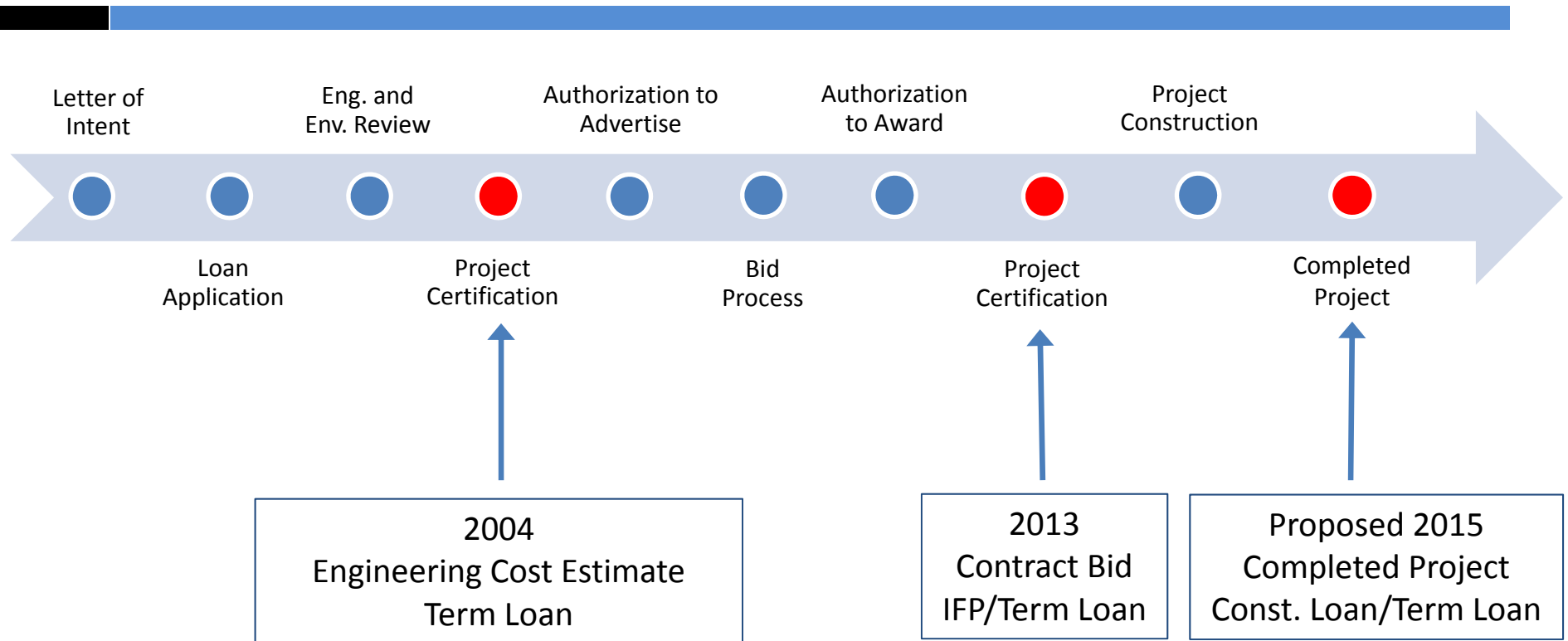
NJEIT

- IRS Compliance Requirements to maintain Tax-Exempt status
 - Reasonable Expectation of spending at least 5% within 6 months and 85% within 3 years
 - Required to monitor project completion status
 - Exempt Facility Bonds require that at least 95% of spendable proceeds, including investment income earned, be used for capitalized costs
 - Arbitrage Yield Restrictions
- Refundings – Prior to bond refundings, borrowers must verify continued need for project funds
- IRS Form 8038 – New Requirements
 - Declaration of Official Intent must be in place prior to any construction expenditures
 - Reimbursements must be accurately documented

DEP

- EPA Guidelines
- Increase available funds for funding new projects

Process Changes



- Net Effects:
- Reduced lag time between point of obligation and construction start
 - More accurate obligation - project cost based on contract award

Process Changes

TEMPORARY LOANS TO BEGIN CONSTRUCTION (IFP)

- 100% NJEIT Interim Financing Loans (IFP) may be awarded upon receipt of Project Certification (i.e. borrower receives Authorization to Award)
- Projects are partially completed when DEP obligates funds and the Trust issues bonds (lower probability for loan inaccuracies)
- Program is moving to construction loan with long-term take-out
 - Initial construction period loan, then...
 - Long-Term Loan for exact project costs
- \$3.9M and 3 IFP's in 2011 --- \$21.4M and 17 IFP's in 2012

Process Changes

STAFFING

- NJEIT hired Project Financial Manager with civil engineering/ construction background to focus on project completion status, financial aspects and review requisitions with DEP
- Joint Project Status Review Meetings held monthly with DEP Construction and NJEIT Financial Staff

REPORTING

- Monthly aging report for management monitors time since last requisition for each loan and unspent funds
- Accountability through monthly presentation to NJEIT Board on status of all outstanding construction project funds