

Trust Celebrates 20 Years of Improving New Jersey's Environment

see back page

The TRIBUTARY

New Jersey
Environmental Infrastructure Trust

• Fall 2006 •

Financial Assistance for Infrastructure Projects

Environmental Trust's \$170M Bond Sale to Fund 53 Clean Water Projects

Record Financing Year Helps New Jersey's Environment, Infrastructure and Economy

New Jersey Environmental Infrastructure Trust Chairman Robert A. Briant, Sr. recently announced the sale of more than \$170 million in bonds to help finance 53 environmental protection projects. The bond sale proceeds will be combined with capitalization funds from the New Jersey Department of Environmental Protection to total more than \$438 million – the largest pooled financing program in Trust history.

“This sale marks the 20th consecutive year the Trust has sold bonds to finance needed infrastructure projects in New Jersey,” Chairman Briant said. “With this sale, the Environmental Infrastructure Financing Program has provided low-interest loans to more than 590 projects in New Jersey, totaling nearly \$4 billion. These projects will provide new or upgraded drinking water and wastewater treatment systems and conveyance pipes as well as open space preservation.”

The sale was completed on October 18 in two series:
Series 2006A - \$148,850,000: Interest Rate – 4.19%
Series 2006B - \$22,130,000: Interest Rate – 4.48%

Despite this good news, Trust Executive Director Dennis

Hart cautioned that federal cuts in capitalization grants are presenting future challenges for the program.

“Federal funding for New Jersey’s clean water programs dropped to \$27 million in federal fiscal year 2006, from \$44 million in 2005 and \$54 million in 2004,” Hart said. “Since the Trust matches its bond funds with zero-percent federal grants, every dollar cut by the federal government reduces funds for future clean water projects by two dollars.”

(continued on page 4)



Sewer line construction in Brick Township.

Did You Know a 20-Year Trust Loan Costs Less Than a 30-Year Traditional Loan?

That's right! The annual debt service on a 20-year Trust loan is lower than a traditional rate 30-year loan.

In the example on page 3, a \$20 million trust loan is compared with traditional 20-year and 30-year loans.

In addition to a lower annual debt payment, a Trust loan will save you more than \$5 million on a 20-year loan and more than \$12 million on a 30-year loan. Also consider an extra ten years of administrative costs servicing a 30-year loan.

Based solely on interest rates, this comparison is very conservative. Borrowers actually save more money with these additional loan features:

- **Earnings credits** – Earnings from all bond proceeds are distributed to borrowers as credits toward their debt service payments.

Based solely on interest rates, this comparison is very conservative. Borrowers actually save more money with our additional loan features.

- **Capitalized interest** – Loans may include all or part of construction period interest costs for up to three years. Additionally, borrowers may defer repayment on principal and interest until completion of the project.

- **No need for bond insurance** – The security provided by the Trust's natural AAA financial structure saves borrowers the expense of purchasing costly bond insurance.

- **Defrayed financing costs** – Pooling multiple loans into a larger bond issue provides economies of scale. This means each borrower only pays its share of the Trust's bond issuance costs.

- **Generous allowable costs** – Project costs, including planning and design, engineering, local financing and curb-to-curb right-of-way restoration may be financed at half the market interest rate. In smart growth areas, reserve capacity costs such as excess project capacity may also be financed.

- **No front-loading requirement** – Local government units issu-

ing their own general obligation debt are required to "front load" their repayment schedule. This ensures that debt service payments are larger in the early years of the loan, and grow smaller over time. We provide a level debt service throughout the life of the loan.

- **No arbitrage worries** – We assume responsibility for complying with federal
(continued on page 3)

Trust Board Members

Robert A. Briant, Sr., Chairman

Warren Victor, Vice Chairman

Gerald Keenan, Secretary

Bradley Abelow, State Treasurer

Lisa Jackson, Commissioner,
Department of Environmental
Protection

Susan Bass Levin, Commissioner,
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Did You Know a 20-Year Trust Loan Costs Less Than a 30-Year Traditional Loan?

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arbitrage rebate requirements.

- **Flexible timing** – Shorter term financing is available for borrowers who do not want a 20-year obligation.
- **Net funding** – Each borrower submits a loan drawdown schedule. Funds are invested by the Trust and accrue earnings. These

earnings are used to further lower a loan amount.

- **No secondary disclosure requirements** - Due to our size, no single borrower is a material obligated entity. This means our borrowers are not required to fulfill secondary disclosure requirements.
- **Interim financing** – Interim financing allows borrowers to access interest-free capital prior to the Trust’s regular November loan closing. This eliminates the need for short-term financing.

Comparison
of Annual Net
Debt Service
for \$20M
Project
Financed by
NJEIT and
Individually

	NJEIT 20 Year	Traditional 20 Year Financing	Traditional 30 Year Financing
11/9/2006			
9/1/2007	553,871.34	697,973.67	741,213.21
9/1/2008	1,303,032.68	1,645,515.48	1,308,824.50
9/1/2009	1,303,900.45	1,650,214.48	1,308,577.50
9/1/2010	1,303,682.27	1,648,398.48	1,307,669.50
9/1/2011	1,302,368.21	1,650,248.48	1,306,094.50
9/1/2012	1,299,948.35	1,645,556.48	1,303,846.50
9/1/2013	1,304,605.42	1,649,413.98	1,305,874.00
9/1/2014	1,307,505.44	1,646,118.48	1,306,826.50
9/1/2015	1,300,265.72	1,645,726.48	1,306,630.50
9/1/2016	1,299,792.98	1,648,084.48	1,305,309.50
9/1/2017	1,305,878.98	1,648,149.48	1,307,946.50
9/1/2018	1,301,619.44	1,645,885.48	1,304,314.50
9/1/2019	1,303,770.70	1,646,139.98	1,304,548.50
9/1/2020	1,303,774.01	1,648,773.48	1,308,473.00
9/1/2021	1,301,596.30	1,648,528.48	1,305,850.50
9/1/2022	1,305,573.19	1,645,493.48	1,306,942.50
9/1/2023	1,306,614.53	1,649,083.48	1,306,237.50
9/1/2024	1,305,107.07	1,649,347.48	1,303,981.50
9/1/2025	1,300,902.09	1,646,095.48	1,305,081.50
9/1/2026	1,302,348.60	0.00	1,304,364.00
9/1/2027			1,306,890.00
9/1/2028			1,306,900.00
9/1/2029			1,304,690.00
9/1/2030			1,305,416.00
9/1/2031			1,308,825.50
9/1/2032			1,304,663.00
9/1/2033			1,307,715.00
9/1/2034			1,307,894.50
9/1/2035			1,305,179.50
9/1/2036			0.00
Total	25,316,157.77	30,354,747.31	37,316,779.71
All-In TIC	2.10%	4.47%	4.72%

Environmental Trust's \$170M Bond Sale to Fund 53 Clean Water Projects

(continued from page 1)

Recent estimates indicate a need for more than \$15 billion in funding for wastewater and drinking water projects across New Jersey.

The Financing Program's loans, which are 75 and 50 percent below market rates, provide substantial cost savings to municipalities and utility and sewerage authorities. To date, these loans have saved New Jersey taxpayers and ratepayers more than \$1.2 billion in financing costs.

"Our goal is to enhance and protect New Jersey's water resources at the lowest cost

With AAA bond ratings from Fitch Ratings, Moody's Investor Service and Standard & Poor's, our loans are a very safe alternative to traditional market-rate financing.

possible, Hart said. "Our pooled financing program provides local governments with savings they would not realize using their own financing. With AAA bond ratings from Fitch Ratings, Moody's Investor Service and Standard & Poor's, our loans are a very safe alternative to traditional market-rate financing. In fact, a 20-year loan under our program has lower annual costs than a 30-year loan through traditional financing."

This year's largest borrower is the Bergen County Utilities Authority with \$73.3 million, followed by the Middlesex County Utilities Authority with \$68.8 million and the Passaic Valley Sewerage Commissioners with \$37.4 million.

The City of Trenton is borrowing \$48.8 million to upgrade its drinking water filtration plant. This upgrade will expand the plant's treatment capacity and help it meet drinking water standards during flood events

in the Delaware River.

Of the 53 projects funded this year, 31 are for clean water (wastewater treatment and conveyance, stormwater, combined sewer overflows, etc.), 21 for drinking water (treatment, storage and transmission) and one for open space land acquisition. A list of this year's borrowers with project descriptions is provided below.

Since the program's inception, all qualifying projects have received financing. However, if federal funds are not restored, the program's financing will be limited to projects with the highest environmental priority. This will exclude many municipalities and utility and sewerage authorities from low-interest financing.

The Environmental Infrastructure Financing Program is a partnership between the New Jersey Environmental Infrastructure Trust and the Department of Environmental Protection that combines interest-free loans from State Revolving Funds with market rate loans from the sale of Trust bonds. This provides borrowers with a loan that is half the prevailing market rate. Projects that promote smart growth through land preservation or urban development are eligible for loans that are one quarter of the market rate. Proceeds from this bond sale will be combined with zero-percent State Revolving Funds to provide smart growth project loans at 1.05 percent and traditional project loans at 2.10 percent.

For more information about the New Jersey Environmental Infrastructure Trust, visit our Web site at: www.njeit.org or call (609) 219-8600.

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Environmental Trust's \$171M Bond Sale to Fund 53 Clean Water Projects

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NJEIT 2006 Financing Program Borrowers and Loan Amounts

• CLEAN WATER PROJECTS

Asbury Park City - \$2,172,000*
Equipment purchase and sewer rehabilitation.

Atlantic County Utilities Authority - \$2,508,362* (2 projects)
Photovoltaic generation system at wastewater treatment plant and equipment purchase.

Bayonne Redevelopment Agency - \$4,458,400*
Stormwater management and sanitary sewer for Harbor Station North.

Bergen County Utilities Authority - \$73,332,413* (2 projects)
Wastewater treatment plant upgrade and improvements to the Overpeck Valley trunk sewer.

Camden County Municipal Utilities Authority - \$33,802,462* (3 projects)
Wastewater treatment plant upgrades and combined sewer overflow upgrades in Camden and Gloucester Cities.

Carteret Redevelopment Agency - \$36,585,666
Closure of three landfills in Carteret Borough (Carteret, Cranbrook and Middlesex Landfills).

Denville Township - \$5,844,082
Sanitary sewer construction.

Edison Township - \$883,562
Stormwater drainage improvements to Stephenville and Fishel Road.

Elizabeth City - \$2,881,379* (2 projects)
Combined sewer overflow correction, construction of Harding Road storm sewer and

miscellaneous stormwater control measures.

Evesham Municipal Utilities Authority - \$11,399,148
Improvements to the Kings Grant Wastewater Treatment Plant.

Joint Meeting of Essex & Union Counties (1 project, 6 borrowers)
Elizabeth City - \$3,364,447*
Hillside Township - \$400,529*
Irvington Township - \$1,201,588*
Newark City - \$720,953*
Union Township - \$1,425,066*
West Orange Township - \$811,295*
Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant.

Linden City - \$1,083,600
Improvements to the stormwater drainage system and construction of storm sewers.

Middlesex County Utilities Authority - \$68,813,716
Upgrade of force mains and a pump station in Edison Township.

North Hudson Sewerage Authority - \$8,992,636* (4 projects)
Stormwater management, wastewater treatment plant improvements, combined sewer overflow correction.

Ocean County Utilities Authority - \$14,696,910
Wastewater treatment plant and sanitary sewer interceptor rehabilitation.

Ocean Township Sewerage Authority - \$996,382
Wastewater treatment plant improvements, replacement of two pump stations and relining of trunk sewer lines.

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Environmental Trust's \$171M Bond Sale to Fund 53 Clean Water Projects

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Old Bridge Municipal Utilities Authority
- \$6,334,000
Sewer interceptor replacement.

Passaic Valley Sewerage Commissioners
- \$37,479,322* (3 projects)
Wastewater treatment plant improvements and sewer interceptor rehabilitation.

Pequannock, Lincoln Park & Fairfield Sewerage Authority - \$9,008,726
Improvements to three sewage pump stations.

Princeton Sewer Operating Committee
(1 project, 2 borrowers)
Princeton Borough - \$1,778,283
Princeton Township - \$1,778,283
Sanitary sewer rehabilitation.

Stockton Borough - \$565,950
Stormwater drainage improvements.

• LAND ACQUISITION PROJECTS

New Jersey Water Supply Authority - \$2,799,150*
Raritan Basin Land Acquisition.

• DRINKING WATER PROJECTS

Atlantic City Municipal Utilities Authority - \$2,397,471*
Water treatment plant rehabilitation.

Berlin Borough - \$3,814,400
(3 projects)
Chestnut Avenue Tank (tower), meter improvements and generator improvements.

Elmwood Park Borough - \$4,732,756
(3 projects)
River Drive water main improvements, Martha Avenue main replacement, and upgrades

to the Gilbert Avenue Pump Station.
Glen Ridge Borough - \$1,569,570
Water main construction.

Island Heights Borough - \$397,000
Construction of a drinking water well.

Long Beach Township - \$677,714
Water main construction.

Middlesex Water Company - \$3,500,000
Water distribution system improvements.

New Brunswick City - \$21,578,106*
Water treatment plant improvements.

North Jersey District Water Supply Commission - \$3,455,273* (2 projects)
Solar photovoltaic system and rehabilitation of the Wanaque South pump station.

Saddle River Borough - \$2,069,710
Water main installation.

Sea Girt Borough - \$3,661,764
(3 projects)
Improvements to the water system including enhanced water supply wells, treatment/filtration process, storage and distribution, and pipeline work.

Stafford Township - \$6,053,482
(2 projects)
Construction of water mains to serve the Ocean Acres Section.

Trenton City - \$48,893,604*
Improvements to the water filtration plant.

* 75/25 Smart Growth Financing Rate

TOTAL - \$438,879,157

Washington Township MUA Dedicates New Innovative Radium Treatment System

The Washington Township Municipal Utilities Authority (Gloucester County) held a dedication ceremony for its new drinking water treatment facility on October 27. This innovative system will eliminate the discharge of radium contaminated filter backwash into the Gloucester County Utilities Authority treatment plant.

The system, which is the first of its kind in New Jersey, was funded with 2 loans from

the Environmental Infrastructure Financing Program totaling \$3.9 million.

Radium is removed from raw water using a process manufactured by the Dow Chemical Company called Dowex resin technology. The resins bind strongly with radium, allowing it to be separated from water. Since this technology does not require filter backwash, it can help treatment plants meet stringent wastewater discharge requirements.

New Jersey Black Issues Convention Highlights DEP's Urban Community Projects

Urban Community Projects Qualify for Special Low-Interest Rate Infrastructure Loans

The 24th annual New Jersey Black Issues Convention took place on October 5 to 8, at the Doubletree Hotel, Somerset. This event brings New Jersey's African-American leaders together with state government leaders to discuss the state of the black community. The theme for this year was "Unity, Survival, and Progress: Forging a Covenant with Black New Jersey."

Governor John Corzine, the convention's special guest speaker, cited the leadership of the Department of Environmental Protection as an example of diversity in his cabinet.

During a breakout session on environmental issues moderated by the New Jersey Environmental Infrastructure Trust's Ugorji Ugorji, Deputy Commissioner John Watson, Jr. spoke on behalf of Commissioner Lisa Jackson.

Watson reported that Commissioner Jackson, the first African-American to head a state-level environmental protection department in the country, came to her position with a particular sense of duty. The department's

priorities under her leadership include environmental justice, diversity in the workplace, tree plantings in urban communities in collaboration with the Board of Public Utilities' Cool Cities Initiative, Green Acres' Parks for People initiative, and the reduction of air pollution from diesel-powered engines.

Also mentioned was the Environmental Infrastructure Program's special, smart growth low-rate loans for wastewater and drinking water infrastructure. The rate for these loans is currently 1.05 percent. Eligible areas include approved Urban Centers (Asbury Park, Atlantic City, Camden, Elizabeth, Jersey City, New Brunswick, Newark, Paterson, and Trenton) or approved Urban Complexes (Hudson County Urban Complex encompassing the Jersey City Urban Center and Development Activity Areas in Bayonne, East Newark, Guttenberg, Harrison, Hoboken, Jersey City, Kearny, North Bergen, Secaucus, Union, Weehawken and West New York). For more information about smart growth infrastructure loans contact the Trust at (609) 219-8600 or visit www.njeit.org.



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We welcome story contributions for inclusion
in the Tributary.

Trust Celebrates 20 Years of Improving New Jersey's Environment

Despite the program's success, New Jersey still has more than \$15 billion in clean water and drinking water infrastructure needs.

With the closing of this year's loans, the New Jersey Environmental Infrastructure Trust marked 20 years of improving the state's environment, infrastructure and economy. To date, the Trust has issued more than \$1.8 billion in AAA-rated bonds to fund its part of the Environmental Infrastructure Program.

Despite the program's success, New Jersey still has more than \$15 billion in clean water and drinking water infrastructure needs. In addition, hundreds of brownfields sites could be remediated for beneficial uses. Many of these sites are suitable for public/private remediation and development partnerships.

With many state residents considering cities for their homes and jobs, critical shortfalls in urban infrastructure must be addressed. Many communities still have sewer systems constructed of wood or bricks and water systems with lead-lined pipes.

As the Trust enters its 21st year, it is com-

mitted to meeting the state's infrastructure needs and is continuously seeking new opportunities to help finance New Jersey's future.

