

ASSOCIATION OF ENVIRONMENTAL AUTHORITIES

Sources of Funding for Capital Projects

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Hawkins Delafield & Wood LLP
Robert H. Beinfield

(973) 642-1307

rbeinfield@hawkins.com

SOURCES OF FUNDING FOR CAPITAL PROJECTS

- 1) Equity
- 2) Grants
- 3) Leases
- 4) Alternate Delivery (Public Private Partnerships)
- 5) Loans

EQUITY

- Capital Reserves
- Asset Management Plan
 - Required for NJEIT Financing (Fiscal Sustainability Plan)

GRANTS

- FEMA (Federal Emergency Management Agency)
 - Bridge Financing (Grant Anticipation Notes)
- Principal Forgiveness
 - Certain NJEIT Programs
 - Coupled With Low Interest Loan

LEASES

- Primarily Equipment
- Operating Budget

ALTERNATE DELIVERY

- Public Private Partnerships
- Design – Build Contracts
- Design – Build – Operate Contracts
- Specific State Statute
- Local Finance Board Approval

LOANS

- Governmental Low Interest Loan Programs
 - NJEIT (New Jersey Environmental Infrastructure Trust)
 - USDA (United States Department of Agriculture)
- Capital Markets
 - County Improvement Authority
 - Commercial Bank (Private Placement)
 - Public Offering

NJEIT, USDA, IA, BANK OR PUBLIC OFFERING

- Interest Rate
- Project Eligibility
- Project Approval Process
- Loan Approval Process (Local Finance Board)
- Repayment Period
- Credit Rating Process
- Initial Disclosure - Official Statement Preparation
- Sale Process - Negotiated, Competitive or Placement
- Loan Covenants
- Continuing Disclosure
- Costs: Initial and Ongoing

NJEIT – RECENT DEVELOPMENTS

- Website Tutorials and Enhancements (www.njeit.org)
- Applications and Financial Addendum Forms Now Web Based
- Few Deadlines – Rolling Applications
- Construction/Interim Loan Required – No Bid Blackout Period
- Reduced Chance of Unused Loan Proceeds
- Maximum Term of 30 (not 20) Years
- Local Finance Board Application Not Required
- Fiscal Sustainability Plan Required
- Planning and Design Loan Simplified
- Water Infrastructure Savings Enabling (“WISE”) Act – Effective 11/7/17 – Additional LFB Submission for \$1,000,000 Projects Not Using NJEIT
- Planning and Design Allowance No Longer Automatic – Cost Basis