AN ACT concerning the financing of environmental infrastructure projects, \[1\] and \[1\] supplementing N.J.S.40A:2-1 et seq., \[1\] amending and supplementing \[1\] P.L.1983, c.313 (C.40A:5A-1 et seq.), and \[1\] amending and supplementing \[1\] P.L.1985, c.334 (C.58:11B-1 et seq.).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. \[2\] (New section) \[2\] a. A local government unit seeking to finance $1,000,000 or more of the costs of any environmental infrastructure project or project component shall submit a request for a financing cost estimate for the project on a form made available online by the trust pursuant to section 2 of P.L. ,

\[c\] (C. ) (pending before the Legislature as this bill).

b. A local government unit that is awarded a grant for all or part of the costs of an environmental infrastructure project shall not be required to submit a request for a financing cost estimate pursuant to this section if the local government unit is seeking to finance less than $1,000,000 of the remaining costs of that project or project component.

c. A local government unit shall not be required to submit a request for a financing cost estimate pursuant to this section for an environmental infrastructure project the appropriation of which was approved either by ordinance of a municipality or by resolution of an authority \[2\] or county \[2\] as appropriate, prior to or on the effective date of \[2\] enactment of P.L. , c. (C. ) (pending before the Legislature as this bill) this section \[2\].

2. \[2\] (New section) \[2\] a. The trust shall make available a financing cost estimate to any local government unit seeking to finance $1,000,000 or more of the costs of an environmental infrastructure project or project component. The financing cost estimate shall provide a local government unit with an estimate of

EXPLANATION – Matter enclosed in bold-faced brackets \[thus\] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

\[1\] Assembly AEN committee amendments adopted February 8, 2016.

\[2\] Senate SBA committee amendments adopted December 15, 2016.
the costs of financing an environmental infrastructure project
through the trust to enable the local government unit to evaluate,
and other interested parties to consider, the potential savings of trust
financing, including interest costs, compared to other available
methods of financing the project.

b. The trust may require the local government unit to provide
information concerning the project and the borrower needed to
generate a financing cost estimate, including, but not limited to, a
detailed description of the project, design, engineering and
environmental information, a cost estimate prepared by the project
engineer or other qualified person, information regarding the
borrower, the amount to be financed, and any other information the
trust deems relevant in order for the cost estimate to be as accurate
as possible.

The trust, in conjunction with the Department of Environmental
Protection, shall provide with the financing cost estimate;
(1) a description of the priority system used by the Department
of Environmental Protection in awarding financing under the
program; and
(2) a comparison of the estimates of the cost of issuance and
underwriting fees, servicing fees, and interest costs for a project
financed through the trust versus a project financed independently
by the local government unit through its own bond process.

c. The trust, through its web site, shall make available online a
form that may be completed by the local government unit for
submission to the trust in order for the trust to make an estimate of
financing costs for the project. Upon submission of the completed
form, the trust shall, within 15 days thereafter, provide an
estimate of the financing costs and possible interest rate that may be
made available for the project.

3. [(New section)] A local unit that does not finance an
environmental infrastructure project with funding provided by the
New Jersey Environmental Infrastructure Trust shall submit the
financing cost estimate provided by the New Jersey Environmental
Infrastructure Trust pursuant to section 2 of P.L. , c. (C. )
(pending before the Legislature as this bill) together with the
supplemental debt statement that is submitted to the Director of the
Division of Local Government Services in the Department of
Community Affairs pursuant to N.J.S.40A:

As used in this section, "environmental infrastructure project"
shall have the same meaning as provided in section 3 of P.L.1985,
c.334 (C.58:11B-3).

4. [(New section)] An authority that does not finance an
environmental infrastructure project with funding provided by the
New Jersey Environmental Infrastructure Trust shall submit the
financing cost estimate provided by the New Jersey Environmental
Infrastructure Trust pursuant to section 2 of P.L. , c. (C. ) (pending before the Legislature as this bill) together with the proposed project financing that is submitted to the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs pursuant to section 6 of P.L.1983, c.313 (C.40A:5A-6).

As used in this section, "environmental infrastructure project" shall have the same meaning as provided in section 3 of P.L.1985, c.334 (C.58:11B-3).

5. Section 6 of P.L.1985, c.334 (C.58:11B-6) is amended to read as follows:

6. a. Except as may be otherwise expressly provided in the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), the trust may from time to time issue its bonds, notes or other obligations in any principal amounts as in the judgment of the trust shall be necessary to provide sufficient funds for any of its corporate purposes, including the payment, funding or refunding of the principal of, or interest or redemption premiums on, any bonds, notes or other obligations issued by it, whether the bonds, notes or other obligations or the interest or redemption premiums thereon to be funded or refunded have or have not become due, the establishment or increase of reserves or other funds to secure or to pay the bonds, notes or other obligations or interest thereon and all other costs or expenses of the trust incident to and necessary to carry out its corporate purposes and powers.

b. Whether or not the bonds, notes or other obligations of the trust are of a form and character as to be negotiable instruments under the terms of Title 12A of the New Jersey Statutes, the bonds, notes and other obligations are made negotiable instruments within the meaning of and for the purposes of Title 12A of the New Jersey Statutes, subject only to the provisions of the bonds, notes and other obligations for registration.

c. Bonds, notes or other obligations of the trust shall be authorized by a resolution or resolutions of the trust and may be issued in one or more series and shall bear any date or dates, mature at any time or times, bear interest at any rate or rates of interest per annum, be in any denomination or denominations, be in any form, either coupon, registered or book entry, carry any conversion or registration privileges, have any rank or priority, be executed in any manner, be payable in any coin or currency of the United States which at the time of payment is legal tender for the payment of public and private debts, at any place or places within or without the State, and be subject to any terms of redemption by the trust or the holders thereof, with or without premium, as the resolution or resolutions may provide. A resolution of the trust authorizing the issuance of bonds, notes or other obligations may provide that the
bonds, notes or other obligations be secured by a trust indenture
between the trust and a trustee, vesting in the trustee any property,
rights, powers and duties in trust consistent with the provisions of
P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-
10.1 et al.) as the trust may determine.

d. Bonds, notes or other obligations of the trust may be sold at
any price or prices and in any manner as the trust may determine.
Each bond, note or other obligation shall mature and be paid not
later than [20] 30 years from the effective date thereof, or the
certified useful life of the project or projects to be financed by the
bonds, whichever is less, or such shorter period of time as shall be
applicable to any companion loan issued pursuant to federal law or
regulation.

All bonds of the trust shall be sold at [such] a price or prices and
in [such] a manner as the trust shall determine, either pursuant to
(1) a private negotiated sale, or (2) a competitive sale, and in the
case of a competitive sale, after notice of sale, a summary of which
shall be published at least once in at least three newspapers
published in the State of New Jersey and at least once in a
publication carrying municipal bond notices and devoted primarily
to financial news published in New Jersey or the city of New York,
the first summary notice to be at least five days prior to the day of
bidding. The notice of sale may contain a provision to the effect
that any or all bids made in pursuance thereof may be rejected. In
the event of such rejection or of failure to receive any acceptable
bid, the trust, at any time within 60 days from the date of such
advertised sale, may sell such bonds at private sale upon terms not
less favorable to the State than the terms offered by any rejected
bid. The trust may sell all or part of the bonds of any series as
issued to any State fund or to the federal government or any agency
thereof, at private sale, without advertisement.

e. Bonds, notes or other obligations of the trust may be issued
under the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or
P.L.1997, c.224 (C.58:11B-10.1 et al.) without obtaining the
consent of any department, division, board, bureau or agency of the
State, and without any other proceedings or the happening of any
other conditions or things, other than those consents, proceedings,
conditions or things which are specifically required by P.L.1985,
c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.).

f. Bonds, notes or other obligations of the trust issued under
the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997,
c.224 (C.58:11B-10.1 et al.) shall not be a debt or liability of the
State or of any political subdivision thereof other than the trust and
shall not create or constitute any indebtedness, liability or
obligation of the State or any political subdivision, but all these
bonds, notes and other obligations, unless funded or refunded by
bonds, notes or other obligations, shall be payable solely from
revenues or funds pledged or available for their payment as authorized in P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.). Each bond, note and obligation shall contain on its face a statement to the effect that the trust is obligated to pay the principal thereof or the interest thereon only from its revenues, receipts or funds pledged or available for their payment as authorized in P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), and that neither the State, nor any political subdivision thereof, is obligated to pay the principal or interest and that neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, is pledged to the payment of the principal of or the interest on the bonds, notes or other obligations.

g. The aggregate principal amount of bonds, notes or other obligations, including subordinated indebtedness of the trust, shall not exceed (1) $5,000,000,000 with respect to bonds, notes or other obligations issued to finance the Disaster Relief Emergency Financing Program established pursuant to section 1 of P.L.2013, c.93 (C.58:11B-9.5), and (2) $2,800,000,000 with respect to bonds, notes or other obligations issued for all other purposes of the trust. In computing the foregoing limitations there shall be excluded all the bonds, notes or other obligations, including subordinated indebtedness of the trust, which shall be issued for refunding purposes, whenever the refunding shall be determined to result in a savings.

(1) Upon the decision by the trust to issue refunding bonds, except for current refunding, and prior to the sale of those bonds, the trust shall transmit to the Joint Budget Oversight Committee, or its successor, a report that a decision has been made, reciting the basis on which the decision was made, including an estimate of the debt service savings to be achieved and the calculations upon which the trust relied when making the decision to issue refunding bonds. The report shall also disclose the intent of the trust to issue and sell the refunding bonds at public or private sale and the reasons therefor.

(2) The Joint Budget Oversight Committee or its successor shall have the authority to approve or disapprove the sales of refunding bonds as included in each report submitted in accordance with paragraph (1) of this subsection. The committee shall notify the trust in writing of the approval or disapproval within 30 days of receipt of the report. Should the committee not act within 30 days of receipt of the report, the trust may proceed with the sale of the refunding bonds, provided that the sale of refunding bonds shall realize not less than 3.00% net present value debt service savings.

(3) No refunding bonds shall be issued unless the report has been submitted to and approved by the Joint Budget Oversight Committee or its successor as set forth in paragraphs (1) and (2) of this subsection.
Within 30 days after the sale of the refunding bonds, the trust shall notify the committee of the result of that sale, including the prices and terms, conditions and regulations concerning the refunding bonds, the actual amount of debt service savings to be realized as a result of the sale of refunding bonds, and the intended use of the proceeds from the sale of those bonds.

(5) The committee shall review all information and reports submitted in accordance with this subsection and may, on its own initiative, make observations to the trust, or to the Legislature, or both, as it deems appropriate.

h. Each issue of bonds, notes or other obligations of the trust may, if it is determined by the trust, be general obligations thereof payable out of any revenues, receipts or funds of the trust, or special obligations thereof payable out of particular revenues, receipts or funds, subject only to any agreements with the holders of bonds, notes or other obligations, and may be secured by one or more of the following:

(1) Pledge of revenues and other receipts to be derived from the payment of the interest on and principal of notes, bonds or other obligations issued to the trust by one or more local government units, and any other payment made to the trust pursuant to agreements with any local government units, or a pledge or assignment of any notes, bonds or other obligations of any local government unit and the rights and interest of the trust therein;

(2) Pledge of rentals, receipts and other revenues to be derived from leases or other contractual arrangements with any person or entity, public or private, including one or more local government units, or a pledge or assignment of those leases or other contractual arrangements and the rights and interest of the trust therein;

(3) Pledge of all moneys, funds, accounts, securities and other funds, including the proceeds of the bonds, notes or other obligations;

(4) Pledge of the receipts to be derived from the payments of State aid, payable to the trust pursuant to section 12 of P.L.1985, c.334 (C.58:11B-12);

(5) A mortgage on all or any part of the property, real or personal, of the trust then owned or thereafter to be acquired, or a pledge or assignment of mortgages made to the trust by any person or entity, public or private, including one or more local government units and the rights and interest of the trust therein.

i. The trust shall not issue any bonds, notes or other obligations, or otherwise incur any additional indebtedness, on or after June 30, 2033.

j. (Deleted by amendment, P.L.1996, c.88)

(cf: P.L.2013, c.93, s.2)
Sections 1, 3, and 4 of this act shall take effect on the 180th day after the date of enactment and the remainder of this act shall take effect immediately.

Requires local governments and authorities to obtain financing cost estimate from NJ Environmental Infrastructure Trust for certain projects.