CHAPTER 222

AN ACT authorizing the expenditure of funds by the New Jersey Wastewater Treatment Trust for the purpose of making loans to local government units to finance a portion of the cost of construction of wastewater treatment system projects, and supplementing 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. a. The New Jersey Wastewater Treatment Trust, established pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.), is authorized to expend the aggregate sum of up to $50,000,000, and any unexpended balance of the aggregate expenditures authorized pursuant to section 1 of P.L.1994, c.105, section 1 of P.L.1995, c.218 and section 1 of P.L.1996, c.87 for the purpose of making loans, to the extent sufficient funds are available, to local government units to finance a portion of the cost of construction of wastewater treatment system projects listed in sections 2, 3 and 4 of this act.

b. The trust is authorized to increase the aggregate sums specified in subsection a. of this section by:

(1) the amounts of capitalized interest and the bond issuance expenses as provided in subsection b. of section 7 of this act; and

(2) the amounts of reserve capacity expenses and the associated debt service reserve fund requirements for such reserve capacity expenses as provided in subsection c. of section 7 of this act.

c. For the purposes of this act:

(1) "capitalized interest" means the amount equal to interest paid on trust bonds which is funded with trust bond proceeds;

(2) "issuance expenses" means and includes, but need not be limited to, the costs of financial document printing, municipal bond insurance premiums, underwriters' discount, verification of financial calculations, the services of bond rating agencies and trustees, employment of accountants, attorneys, financial advisors, loan servicing agents, registrars, and paying agents and any other costs related to the issuance of trust bonds; and

(3) "reserve capacity expenses" means those project costs for reserve capacity not eligible for loans under rules and regulations governing zero interest loans adopted by the Commissioner of Environmental Protection pursuant to section 4 of P.L.1985, c.329 but which are eligible for loans from the trust in accordance with the rules and regulations adopted by the trust pursuant to section 27 of P.L.1985, c.334 (C.58:11B-27).

d. The trust is also authorized to increase the loan amount in the future to compensate for a refunding of the issue, provided adequate savings are achieved, for the loans issued pursuant to P.L.1991, c.324, P.L.1992, c.37, P.L.1993, c.192, P.L.1994, c.105, P.L.1995, c.218, P.L.1996, c.87 and P.L.1997, c. (pending in the Legislature as Senate Bill No. 2144 of 1997 and Assembly Bill No. 3020 of 1997).

2. a. The New Jersey Wastewater Treatment Trust is authorized to expend funds for the purpose of making a supplemental loan to the local government unit listed below for the following wastewater treatment system project:

Project No.	Local Government Unit	Estimated Allowable Project Cost
881-01-1	Hawthorne Borough	$300,000
	TOTAL	$300,000

b. The loan authorized in this section shall be made for the difference between the allowable loan amount required by this project based upon low bid building costs or final building costs pursuant to subsection a. of section 7 of this act and the loan amount certified by the chairman of the trust in State fiscal year 1995 and for increased allowable costs as defined and determined in accordance with the rules and regulations adopted by the trust pursuant to section 27 of P.L.1985, c.334 (C.58:11B-27). The loan authorized in this section shall be made to the local

government unit listed, up to the individual amount indicated and in the priority stated, to the extent sufficient funds are available, except as the project fails to meet the requirements of section 6 of this act.

c. The loan authorized in this section shall have priority over the wastewater treatment system projects listed in section 4 of this act.

3. The New Jersey Wastewater Treatment Trust is authorized to make loans to the local government units for the wastewater treatment system projects listed in section 4 of this act up to the individual amounts indicated and in the priority stated, except as any such amount may be reduced by the trust pursuant to subsection a. of section 7 of this act, or if a project fails to meet the requirements of section 6 of this act.

4. The following wastewater treatment system projects shall be known and may be cited as the "State Fiscal Year 1998 Project Priority List":

Project Number	Project Name	Estimated Allowable Project Cost
437-07	New Brunswick City	$ 1,450,000
958-02	Gloucester City	$ 1,400,000
809-06	Atlantic County UA	$ 1,500,000
518-03	Buena Borough MUA	$ 950,000
818-04	Burlington County BCF	$ 5,200,000
700-07	Northwest Bergen County UA	$ 3,450,000
437-09	New Brunswick City	$ 1,000,000
336-01	Camden City	$ 800,000
640-05	Camden County MUA	$ 2,700,000
667-01	Ventnor City	$ 350,000
663-02	North Wildwood City	$ 1,100,000
361-01	Roseland Borough	$ 100,000
367-01	Merchantville Borough	$ 650,000
437-10	New Brunswick City	$ 2,750,000
433-09	Woodbridge Township	$ 650,000
703-04	Florham Park SA	$ 500,000
923-01	Hackensack City	$ 1,400,000
706-03	Washington Borough	$ 6,600,000
526-05	Harrison Township	$ 300,000
498-01	Mine Hill Township	$ 850,000
700-08	Northwest Bergen County UA	$ 1,900,000
945-06	Old Bridge Township MUA	$ 1,450,000
834-01	Nutley Township/Clifton City	$ 3,950,000

921-03	Millville City	$ 2,650,000
378-01	Bergenfield Borough	$ 950,000
809-07	Atlantic County UA	$ 3,750,000
706-04	Washington Borough	$ 1,050,000
362-02	Harrison Township	$ 1,250,000
665-01	Longport Borough	$ 850,000
536-04	East Windsor Township	$ 500,000
374-01	Cresskill Borough	$ 250,000
901-03	Highlands Borough	$ 650,000
504-03	Stanhope Borough	$ 150,000
	TOTAL	$53,050,000

5. In accordance with and subject to the provisions of sections 5, 6 and 23 of P.L.1985, c.334 (C.58:11B-5, 58:11B-6, and 58:11B-23) and as set forth in the financial plan required pursuant to section 21 of P.L.1985, c.334 (C.58:11B-21), any proceeds from bonds issued by the trust to make loans for priority wastewater treatment system projects listed in sections 2, 3 and 4 of this act which are not expended for that purpose may be applied for the payment of all or any part of the principal of and interest and premium on the trust bonds whether due at stated maturity or earlier upon redemption. A portion of the proceeds from bonds issued by the trust to make loans for priority wastewater treatment system projects pursuant to this act may be applied for the payment of capitalized interest and for the payment of any issuance expenses; for the payment of reserve capacity expenses and the associated debt service reserve fund requirements; and for the payment of increased costs as defined and determined in accordance with the rules and regulations adopted by the trust pursuant to section 27 of P.L.1985, c.334 (C.58:11B-27).

6. Any loan made by the New Jersey Wastewater Treatment Trust pursuant to this act shall be subject to the following requirements:

a. The chairman of the trust has certified that the project is in compliance with the provisions of P.L.1985, c.334 or P.L.1992, c.88 and any rules and regulations adopted pursuant thereto;

b. The loan shall be conditioned upon approval of a zero interest loan from the Department of Environmental Protection from the "Wastewater Treatment Fund" established pursuant to the "Wastewater Treatment Bond Act of 1985," P.L.1985, c.329 or the "1992 Wastewater Treatment Fund" established pursuant to section 27 of the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," P.L.1992, c.88;

c. The loan shall be repaid within a period not to exceed 20 years of the making of the loan;

d. The loan shall not exceed the allowable project cost of the wastewater treatment system, exclusive of capitalized interest and issuance expenses as provided in subsection b. of section 7 of this act, reserve capacity expenses and the associated debt service reserve fund requirements as provided in subsection c. of section 7 of this act, and increased costs as defined and determined in accordance with the rules and regulations adopted by the trust pursuant to section 27 of P.L.1985, c.334 (C.58:11B-27);

e. The loan shall bear interest, exclusive of any administrative fees payable to the trust pursuant to subsection o. of section 5 of P.L.1985, c.334 (C.58:11B-5) by the local government units receiving trust loans, at or below the interest rate paid by the trust on the bonds issued to make the loans authorized by this act, adjusted for underwriting discount, in accordance with the terms and conditions set forth in the financial plan required pursuant to section 21 of P.L.1985, c.334 (C.58:11B-21); and

f. The loan shall be subject to all other terms and conditions as the trust shall determine to be consistent with the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) and any rules and regulations adopted pursuant thereto, and with the financial plan required by section 21 of P.L.1985, c.334 (C.58:11B-21).

The priority list and authorization for the making of loans pursuant to this act shall expire on July 1, 1998, and any local government unit which has not executed and delivered a loan agreement with the trust for a loan authorized in this act shall no longer be entitled to that loan.

7. a. The New Jersey Wastewater Treatment Trust is authorized to reduce the individual amount of loan funds made available to local government units pursuant to sections 2, 3 and 4 of this act based upon low bid building costs or final building costs defined in and determined in accordance with rules and regulations adopted by the trust pursuant to section 27 of P.L.1985, c.334 (C.58:11B-27). The trust is authorized to use any such reduction in the loan amount made available to a local government unit to cover that local government unit's increased costs due to differing site conditions as defined and determined in accordance with the rules and regulations adopted by the trust pursuant to section 27 of P.L.1985, c.334 (C.58:11B-27).

b. The trust is authorized to increase each loan amount authorized in sections 2, 3 and 4 of this act by the amount of capitalized interest and issuance expenses allocable to each loan made by the trust pursuant to this act; provided that the increase for issuance expenses, excluding underwriters' discount, municipal bond insurance premiums and bond rating agency fees, shall not exceed 0.4% of the principal amount of trust bonds issued to make loans authorized by this act.

c. The trust is authorized to increase each loan amount authorized in sections 2, 3 and 4 of this act by the amount of reserve capacity expense, including the debt service reserve fund requirement associated with such reserve capacity expense, as may be allowed the project by the trust in accordance with rules and regulations adopted by the trust pursuant to section 27 of P.L.1985, c.334 (C.58:11B-27).

8. The New Jersey Wastewater Treatment Trust is authorized to increase the individual amount of loan funds made available to local government units by the trust pursuant to P.L.1989, c.190, P.L.1990, c.97, P.L.1991, c.324, P.L.1992, c.37, P.L.1993, c.192, P.L.1994, c.105, P.L.1995, c.218, P.L.1996, c.87, or P.L.1997, c.222, provided that adequate savings are achieved, to compensate for a refunding of trust bonds issued to make loans authorized by the aforementioned acts.

9. The expenditure of funds authorized pursuant to this act is subject to the provisions of P.L.1985, c.329, P.L.1992, c.88 and P.L.1985, c.334 (C.58:11B-1 et seq.) and any rules and regulations adopted pursuant thereto.

10. This act shall take effect immediately.

Approved August 20, 1997.