This is a Preliminary Official Statement and the information contained herein is subject to completion and amendment in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities offered hereby in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities law of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 1, 2026

NEW ISSUE – BOOK ENTRY ONLY

Fitch: "A"
Moody's: "A1"
S&P: "A"
(See "RATINGS" herein)

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

$476,610,000*
SCHOOL FACILITIES CONSTRUCTION REFUNDING BONDS, 2026 SERIES TTT

$224,650,000*
SCHOOL FACILITIES CONSTRUCTION REFUNDING BONDS, 2026 SERIES UUU (FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: As shown on the Inside Front Cover

This Official Statement has been prepared by the New Jersey Economic Development Authority (the "Authority") to provide information on its $476,610,000* School Facilities Construction Refunding Bonds, 2026 Series TTT (the "2026 Series TTT Bonds") and its $224,650,000* School Facilities Construction Refunding Bonds, 2026 Series UUU (Federally Taxable) (the "2026 Series UUU Bonds" and, together with the 2026 Series TTT Bonds, the "2026 Series Bonds"), for the primary purpose of refunding certain Outstanding Prior Bonds (as defined herein) of the Authority.

Tax Matters: *In the opinion of M. Jeremy Ostow, Esq., South Orange, New Jersey, Bond Counsel to the Authority, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Authority with certain requirements described in "TAX MATTERS" herein, interest on the 2026 Series TTT Bonds is not includable in gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference under Section 57 of the Code for purposes of calculating the federal alternative minimum tax. However, such interest is taken into account in determining the "adjusted financial statement income" (as defined in Section 56A of the Code) of "applicable corporations" (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that, under existing law, interest on the 2026 Series Bonds and any gain realized on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. Interest on the 2026 Series UUU Bonds is includable in gross income for federal income tax purposes. See "TAX MATTERS" herein.*

Security: The 2026 Series Bonds are special, limited obligations of the Authority, payable solely from and secured by the payments to be received by the Authority from the State of New Jersey (the "State") pursuant to a contract, as amended (the "State Contract") between the Treasurer of the State (the "Treasurer") and the Authority and the other Pledged Property (as defined herein) under the Resolution (as defined herein). The 2026 Series Bonds shall not, in any way, be a debt or liability of the State or of any political subdivision thereof (other than the Authority to the limited extent set forth in the Resolution) and shall not create or constitute an indebtedness, liability or obligation of the State or of any political subdivision thereof (other than the Authority to the limited extent set forth in the Resolution) or be or constitute a pledge of the faith and credit of the State or any political subdivision thereof (other than the Authority to the limited extent set forth in the Resolution). The Authority has no taxing power. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS" herein.

Payments Subject to Appropriation: **NOTWITHSTANDING THE PLEDGE EFFECTED BY THE RESOLUTION OR ANY PROVISION OF THE RESOLUTION, ALL AMOUNTS PAYABLE PURSUANT TO THE STATE CONTRACT BY THE TREASURER SHALL BE SUBJECT TO AND DEPENDENT UPON APPROPRIATIONS BEING MADE FOR SUCH PURPOSES BY THE NEW JERSEY STATE LEGISLATURE (THE "STATE LEGISLATURE"). THE STATE LEGISLATURE HAS NO LEGAL OBLIGATION TO MAKE ANY SUCH APPROPRIATIONS.**

Purpose: Proceeds of the 2026 Series Bonds will be used to: (i) pay the purchase price of certain outstanding Bonds to be Purchased (as defined herein) which have been tendered for purchase by the Authority pursuant to the Invitation (as defined herein), (ii) refund the Bonds to be Refunded (as defined herein), and (iii) pay the costs of issuance of the 2026 Series Bonds, including the costs of the Tender Offer (as defined herein). See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Interest Payment Dates: Interest on the 2026 Series Bonds is payable on June 15 and December 15, commencing December 15, 2026.

Redemption: The 2026 Series Bonds are subject to redemption prior to maturity, as described herein.

Denominations: $5,000 or any integral multiple in excess thereof.

Trustee: U.S. Bank Trust Company, National Association, Edison, New Jersey.

Issuer Contact: Chief Executive Officer, New Jersey Economic Development Authority, 36 West State Street, Trenton, New Jersey 08625.

This cover page contains certain information for quick reference only. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2026 Series Bonds are offered when, as and if issued by the Authority and delivered and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to the receipt of the approving legal opinion of M. Jeremy Ostow, Esq., South Orange, New Jersey, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the State by the Attorney General of the State, and for the Underwriters by their counsel, Barnes & Thornburg LLP, Morristown, New Jersey. The 2026 Series Bonds in definitive form are expected to be available for delivery through DTC on or about October 22, 2026.

BofA Securities

Jefferies **Raymond James** **Siebert Williams Shank** **Stifel, Nicolaus & Company, Incorporated**

BNY Mellon Capital Markets, LLC **Cabrera Capital Markets LLC** **J.P. Morgan**
Mesirow Financial, Inc. **Mischler AmeriVet** **Stern Brothers**

Official Statement dated _____ 2026.

* Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND CUSIP NUMBERS*

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

$476,610,000*
SCHOOL FACILITIES CONSTRUCTION
REFUNDING BONDS,
2026 SERIES TTT

$224,650,000*
SCHOOL FACILITIES CONSTRUCTION
REFUNDING BONDS,
2026 SERIES UUU
(FEDERALLY TAXABLE)

2026 Series TTT Bonds

Maturity Date (June 15)*	Principal Amount*	Interest Rate	Yield	CUSIP†
2030	$166,970,000			
2031	182,545,000			
2032	127,095,000			

2026 Series UUU Bonds

Maturity Date (June 15)*	Principal Amount*	Interest Rate	Yield	CUSIP†
2028	$ 80,895,000			
2029	143,755,000			

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers have been provided by CUSIP Global Services, which is operated on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the holders of the 2026 Series Bonds only and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2026 Series Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2026 Series Bonds.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2026 SERIES BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2026 Series Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Authority. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in such information since the date hereof.

Upon issuance, the 2026 Series Bonds will not be registered under the Securities Act of 1933, as amended, or listed on any stock or other securities exchange and the Resolution will not have been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the 2026 Series Bonds in accordance with applicable provisions of the securities laws of the states in which the 2026 Series Bonds have been registered or qualified, if any, and the exemption from registration or qualification in other states cannot be regarded as a recommendation of the 2026 Series Bonds. Neither these states nor any of their agencies have passed upon the merits of the 2026 Series Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy or adequacy of this Official Statement, or, except for the Authority and the Treasurer of the State of New Jersey (the "Treasurer"), has approved the 2026 Series Bonds for sale.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of the 2026 Series Bonds.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward looking statements. A number of important factors affecting the Authority and its programs could cause actual results to differ materially from those stated in the forward looking statements.

References in this Official Statement to statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive, and all such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. This Official Statement is distributed in connection with the sale of the 2026 Series Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement contains a general description of the 2026 Series Bonds, the Authority, the State, the Authority's School Facilities Construction Program and the plan of refunding and sets forth summaries of certain provisions of the Resolution. The descriptions and summaries herein do not purport to be complete. Persons interested in purchasing the 2026 Series Bonds should carefully review this Official

Statement (including the Appendices attached hereto) as well as copies of such documents in their entirety, which are held by the Trustee at its corporate trust office.

The information in this Official Statement concerning The Depository Trust Company ("DTC") and DTC's book-entry system has been obtained from DTC, and the Authority takes no responsibility for the accuracy thereof. Such information has not been independently verified by the Authority, and the Authority makes no representation as to the accuracy or completeness of such information.

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OFFICIAL STATEMENT
relating to

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

**$476,610,000*
SCHOOL FACILITIES CONSTRUCTION
REFUNDING BONDS,
2026 SERIES TTT**

**$224,650,000*
SCHOOL FACILITIES CONSTRUCTION
REFUNDING BONDS,
2026 SERIES UUU
(FEDERALLY TAXABLE)**

INTRODUCTION

General

The purpose of this Official Statement (which includes the cover page, the inside front cover and the Appendices hereto) is to set forth certain information concerning the New Jersey Economic Development Authority (the "Authority") and the Authority's $476,610,000* School Facilities Construction Refunding Bonds, 2026 Series TTT (the "2026 Series TTT Bonds") and $224,650,000* School Facilities Construction Refunding Bonds, 2026 Series UUU (Federally Taxable) (the "2026 Series UUU Bonds" and, together with the 2026 Series TTT Bonds, the "2026 Series Bonds"). See "THE 2026 SERIES BONDS" herein. For definitions of certain terms used and not otherwise defined in this Official Statement, see APPENDIX II – "COPY OF GENERAL RESOLUTION."

The 2026 Series Bonds are being issued for the purpose of refunding certain Prior Bonds of the Authority more fully described in APPENDIX IX to this Official Statement.

The Authority

The Authority was created in 1974 as a public body corporate and politic and an instrumentality of the State of New Jersey (the "State"). See "THE AUTHORITY" herein. The Authority was created and operates pursuant to the New Jersey Economic Development Authority Act, L. 1974, c. 80, as amended and supplemented (the "Act"). The Act was supplemented by the Educational Facilities Construction and Financing Act, L. 2000, c. 72, §§ 1-30, 57-71, as amended and supplemented (the "Educational Facilities Act"). The Authority is issuing the 2026 Series Bonds pursuant to powers granted in the Act and the Educational Facilities Act. See "SCHOOL FACILITIES CONSTRUCTION PROGRAM" herein.

School Facilities Construction Program

The Authority may issue bonds, refunding bonds, notes or other obligations under the Educational Facilities Act to finance or refinance the cost of various School Facilities Projects (as defined herein) being undertaken by, or for the benefit of, school districts throughout the State. The Educational Facilities Act was enacted in response to various New Jersey Supreme Court rulings relating to the provisions of the New Jersey Constitution which guarantee a thorough and efficient system of public schools. Pursuant to the Educational Facilities Act, the Authority is authorized to finance and refinance from time to time, through the issuance of Bonds (as defined herein), Refunding Bonds (as defined in the General Resolution (as defined herein)), notes and other obligations, including the 2026 Series Bonds, certain costs of School

* Preliminary, subject to change.

Facilities Projects to be undertaken in the State, subject to statutory limitations contained in the Educational Facilities Act. See "SCHOOL FACILITIES CONSTRUCTION PROGRAM" herein.

Purpose of Issuance

The Authority is issuing the 2026 Series Bonds for the purposes of: (i) paying the purchase price of certain Outstanding Prior Bonds of the Authority more fully described in APPENDIX VIII to this Official Statement (the "Bonds to be Purchased") which have been tendered for purchase by the Authority pursuant to the Invitation (as defined herein), (ii) refunding the Outstanding Prior Bonds of the Authority more fully described in APPENDIX IX to this Official Statement (the "Bonds to be Refunded") and (iii) paying the costs of issuance of the 2026 Series Bonds, including the costs of the Tender Offer (as defined herein). See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance

The Educational Facilities Act authorizes the Authority to issue bonds, refunding bonds, notes and other obligations, the proceeds or net proceeds of which may be used, among other things, to finance and refinance costs of School Facilities Projects, including the costs of issuing such bonds, refunding bonds, notes and other obligations. The 2026 Series Bonds are being issued by the Authority pursuant to the Act, the Educational Facilities Act and the School Facilities Construction Bond Resolution adopted by the Authority on February 13, 2001, as amended and supplemented (the "General Resolution"), including by the Forty-Fifth Supplemental School Facilities Construction Bond Resolution adopted by the Authority on September 16, 2026 (the "Forty-Fifth Supplemental Resolution") and a Series Certificate of the Authority, dated the date of sale of the 2026 Series Bonds (the "Series Certificate," and, together with the General Resolution and the Forty-Fifth Supplemental Resolution, the "Bond Resolution" or the "Resolution"). The Bond Resolution provides the terms and conditions under which the Authority will issue the 2026 Series Bonds and apply the proceeds thereof. The Bond Resolution also provides, among other things, for the sources of payment of and security for the 2026 Series Bonds, and the rights and remedies of the Holders of the 2026 Series Bonds. Specific terms of the 2026 Series Bonds are included in the Forty-Fifth Supplemental Resolution and the Series Certificate. Pursuant to the Bond Resolution, U.S. Bank Trust Company, National Association, Edison, New Jersey, is acting as the Trustee and Paying Agent (the "Trustee" and the "Paying Agent") for the 2026 Series Bonds.

Sources of Payment and Security for the 2026 Series Bonds

The 2026 Series Bonds are special, limited obligations of the Authority and, together with the Outstanding Prior Bonds heretofore issued under the Resolution, and any Bonds, Refunding Bonds, notes or other obligations issued after the date hereof, and any Financing Facility Payment Obligations (as defined herein), are payable solely from and secured solely by the Pledged Property under the Resolution, which consists primarily of amounts received by the Authority pursuant to a Contract Implementing Funding Provisions of the Educational Facilities Construction and Financing Act dated as of March 21, 2001, between the Authority and the Treasurer, as amended by Amendment No. 1 to Contract Implementing Funding Provisions of the Educational Facilities Construction and Financing Act between the Authority and the Treasurer, dated April 22, 2010 (together, the "State Contract"). ALL AMOUNTS PAYABLE UNDER THE STATE CONTRACT ARE SUBJECT TO AND DEPENDENT UPON APPROPRIATIONS BEING MADE FROM TIME TO TIME FOR SUCH PURPOSES BY THE NEW JERSEY STATE LEGISLATURE (THE "STATE LEGISLATURE"). THE STATE LEGISLATURE HAS NO LEGAL OBLIGATION TO MAKE ANY SUCH APPROPRIATIONS. See APPENDIX I - "FINANCIAL AND OTHER INFORMATION RELATING TO THE STATE OF NEW JERSEY – LONG-TERM OBLIGATIONS – State Appropriation Obligations."

Obligations Supported by State Revenue Subject to Annual Appropriation

In the Educational Facilities Act, the State has pledged and covenanted with the Holders of any Bonds, Refunding Bonds, notes or other obligations issued pursuant to the provisions of the Educational Facilities Act that it will not limit or alter the rights or powers vested in the Authority by the Educational Facilities Act, nor limit or alter the rights or powers of the Treasurer in any manner which would jeopardize the interest of the Holders or any trustee of the Holders, or inhibit or prevent performance or fulfillment by the Authority or the Treasurer with respect to the terms of any agreement made with the Holders of Bonds, Refunding Bonds, notes or other obligations or agreements made pursuant to the Educational Facilities Act, except that the failure of the State Legislature to appropriate monies for any purpose of the Educational Facilities Act shall not be deemed a violation of the Educational Facilities Act.

THE PAYMENT OF THE PRINCIPAL, OR REDEMPTION PRICE OF AND INTEREST ON THE 2026 SERIES BONDS IS TO BE DERIVED FROM PAYMENTS MADE BY THE STATE TO THE AUTHORITY UNDER THE STATE CONTRACT AND CERTAIN OF THE AMOUNTS HELD UNDER THE RESOLUTION. THE OBLIGATION OF THE TREASURER TO MAKE SUCH PAYMENTS IS SUBJECT TO AND DEPENDENT UPON APPROPRIATIONS BEING MADE FOR SUCH PURPOSES FROM TIME TO TIME BY THE STATE LEGISLATURE. THE STATE LEGISLATURE HAS NO LEGAL OBLIGATION TO MAKE ANY SUCH APPROPRIATIONS.

There are no remedies available to the Holders of the 2026 Series Bonds in the event that the State Legislature does not appropriate sufficient funds or any funds to make payments when due under the State Contract nor is there any other significant source of monies from which payment on the 2026 Series Bonds could be made. While the State Legislature has the legal authority to make appropriations, it has no obligation to do so. Neither the failure of the State Legislature to make any such appropriation nor non-payment of the 2026 Series Bonds as a result of such failure to appropriate is an Event of Default under the Resolution or the 2026 Series Bonds, nor will any such failure to appropriate or non-payment as a result of such failure to appropriate give rise to any rights or remedies against the State or the Authority. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS - Event of Non-Appropriation" herein.

No Pledge of Projects Fund or School Facilities Projects

ALTHOUGH THE PROCEEDS OF THE 2026 SERIES BONDS WILL BE USED TO REFINANCE COSTS OF SCHOOL FACILITIES PROJECTS, NEITHER THE PROCEEDS OF THE 2026 SERIES BONDS NOR THE SCHOOL FACILITIES PROJECTS WILL SECURE OR BE AVAILABLE TO PAY DEBT SERVICE ON THE 2026 SERIES BONDS. SEE "SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS" HEREIN.

No Pledge of the State's Credit

The State is not obligated to pay, and neither the faith and credit nor taxing power of the State is pledged to the payment of the principal of or interest on the 2026 Series Bonds. The 2026 Series Bonds are special, limited obligations of the Authority, payable (on a parity with all Prior Bonds heretofore issued, any Bonds, Refunding Bonds, notes or other obligations issued after the date hereof, and any Parity Financing Facility Payment Obligations) solely out of the revenues or other receipts, funds or moneys of the Authority pledged under the Resolution and from any amounts otherwise available under the Resolution for payment of the 2026 Series Bonds. The 2026 Series Bonds do not now and shall never constitute a charge against the general credit of the Authority. The Authority has no taxing power. The 2026 Series Bonds shall not be a debt or liability of the State or any agency or instrumentality thereof (other than the Authority to the limited extent set forth in the Resolution), either legal, moral or otherwise, and nothing in

the Educational Facilities Act shall be construed to authorize the Authority to incur any indebtedness on behalf of or in any way obligate the State or any political subdivision thereof (other than the Authority to the limited extent set forth in the Resolution). See "SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS" herein.

Prior Issues of School Facilities Construction Bonds

The Authority has previously issued bonds and notes pursuant to the Resolution for the purpose of: financing all or a portion of the costs of the State share of School Facilities Projects and the Eligible Local Share of School Facilities Projects; lending monies to Local Units to pay the costs of all or a portion of School Facilities Projects and any costs related to the issuance thereof; funding the grants to be made pursuant to Section 15 of the Educational Facilities Act; financing the acquisition of School Facilities Projects to permit the refinancing of debt by Local Units pursuant to Section 16 of the Educational Facilities Act; and financing costs related to the issuance of Bonds, including, but not limited to, financing the administrative, insurance, operating and other expenses of the Authority and the New Jersey Schools Development Authority (the "Development Authority") to undertake the financing, design, construction and maintenance of School Facilities Projects. The proceeds of all of the New Money Prior Bonds (as defined herein) were applied to finance a portion of the costs of the State share of School Facilities Projects. Bonds issued as "Qualified Zone Academy Bonds" were issued to finance specific projects described in the Supplemental Resolutions authorizing such Bonds.

As of September 1, 2026, the Authority has issued prior series of bonds in the original aggregate principal amount of $11,851,804,000 for new money projects (collectively, the "New Money Prior Bonds"). In addition to the New Money Prior Bonds, as of September 1, 2026, the Authority has issued prior Series of Bonds (the "Prior Refunding Bonds" and, together with the New Money Prior Bonds, the "Prior Bonds") in the original aggregate principal amount of $16,928,125,000, the proceeds of which refunded portions of various New Money Prior Bonds or Prior Refunding Bonds. As of September 1, 2026, the Prior Bonds were outstanding in the aggregate principal amount of $2,384,460,000.

Bank Loan Transactions

There are four series of Prior Bonds outstanding issued by the Authority pursuant to the terms of separate term loan agreements that are on a parity with all Bonds Outstanding under the Resolution, including the 2026 Series Bonds. Certain of these four series of Prior Bonds may be refunded in whole or in part with the proceeds of the 2026 Series Bonds. In addition, certain of these four series of Prior Bonds may be tendered for purchase by the Authority pursuant to the Invitation with the purchase price paid from the proceeds of the 2026 Series Bonds. For a listing of the four Series of Prior Bonds issued by the Authority pursuant to the terms of separate term loan agreements and for a further description of certain terms of the bank loan agreements, see "SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS – Bank Loan Transactions" and APPENDIX VII – "CERTAIN INFORMATION CONCERNING BANK LOAN BONDS" herein.

See also APPENDIX I – "FINANCIAL AND OTHER INFORMATION RELATING TO THE STATE OF NEW JERSEY - LONG-TERM OBLIGATIONS – Description of Certain Long-Term Obligations - *Bank Loan Bonds*" for more information on the Bank Loan Bonds.

Additional Bonds and Refunding Bonds

One or more Series of Bonds, Refunding Bonds, notes or other obligations may be issued from time to time under the Resolution on a parity with the 2026 Series Bonds, with the prior written consent of the Treasurer. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS - Additional Series of Bonds" and "- Refunding Bonds" herein.

Financing Facilities

The Authority, with the approval of the Treasurer, or the Trustee, with the approval of the Authority and the Treasurer, may enter into Financing Facilities (including, among other things, Swap Agreements) under which certain amounts payable by the Authority may be on a parity with the Authority's obligations with respect to the 2026 Series Bonds. As of September 1, 2026, the Authority does not have any outstanding Financing Facilities under the Resolution. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS - General" herein.

Book-Entry Bonds

Except as described herein, the 2026 Series Bonds will be issued in the form of one fully registered certificate for each Series and maturity and, if applicable, interest rate within a maturity of the 2026 Series Bonds in the aggregate principal amount of each such maturity and, if applicable, interest rate within a maturity of the 2026 Series Bonds, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as described herein, beneficial interests in the 2026 Series Bonds will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Except as described herein, owners of beneficial interests in 2026 Series Bonds will not be entitled to have 2026 Series Bonds registered in their names, will not receive or be entitled to receive physical delivery of the 2026 Series Bonds in definitive form and will not be considered Holders thereof under the 2026 Series Bonds or the Resolution. See APPENDIX VI – "DTC AND BOOK-ENTRY ONLY SYSTEM."

Continuing Disclosure; Additional Information

The Authority, the Treasurer and the Trustee will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), dated the date of issuance and delivery of the 2026 Series Bonds, in order to provide certain information on an ongoing basis regarding the State and its finances as well as certain events affecting the 2026 Series Bonds. See "CONTINUING DISCLOSURE" herein. The form of the Continuing Disclosure Agreement is attached as APPENDIX IV – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

Certain provisions of the Act, the Educational Facilities Act, the Resolution, the State Contract, the Continuing Disclosure Agreement and certain provisions of law are summarized, quoted or described in this Official Statement. Such summaries, quotations and descriptions do not purport to be comprehensive or definitive and reference is made to the full text of such documents for a full and complete statement of their respective provisions. Copies of the Resolution, the State Contract and the Continuing Disclosure Agreement are available at the office of the Trustee located at 333 Thornall St., 4th Floor, Edison, New Jersey 08837.

THE 2026 SERIES BONDS

General

The principal or redemption price of the 2026 Series Bonds will be payable upon surrender of the 2026 Series Bonds at the principal corporate trust office of the Trustee. Interest on the 2026 Series Bonds will be payable by check mailed to the registered owners thereof. However, interest on the 2026 Series Bonds will be paid to any owner of $1,000,000 or more in aggregate principal amount of 2026 Series Bonds by wire transfer to a wire transfer address within the continental United States upon the written request of such owner received by the Trustee on or prior to the Record Date (as defined herein). As long as the 2026

Series Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See APPENDIX VI - "DTC AND BOOK-ENTRY ONLY SYSTEM."

Except as described herein, the 2026 Series Bonds will be issued in the form of one fully registered certificate for each Series and maturity and, if applicable, interest rate within a maturity of the 2026 Series Bonds in the aggregate principal amount of each such maturity and, if applicable, interest rate within a maturity of the 2026 Series Bonds, and will be registered in the name of Cede & Co., as nominee of DTC. As long as the 2026 Series Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal of and interest on the 2026 Series Bonds will be made directly to DTC. See APPENDIX VI - "DTC AND BOOK-ENTRY ONLY SYSTEM."

The 2026 Series Bonds will be issued only in fully registered form without coupons and in minimum denominations of $5,000 or any integral multiple thereof.

Description of the 2026 Series Bonds

The 2026 Series Bonds will be dated and bear interest from the date of delivery and will mature on the dates and in the principal amounts set forth on the inside front cover hereof. Interest on the 2026 Series Bonds is payable on June 15 and December 15 in each year, commencing December 15, 2026. So long as DTC, or its nominee, Cede & Co., is the registered owner of the 2026 Series Bonds, payments of the principal of and interest on the 2026 Series Bonds will be made by the Paying Agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the 2026 Series Bonds. See APPENDIX VI - "DTC AND BOOK-ENTRY ONLY SYSTEM."

Redemption of the 2026 Series Bonds

Optional Redemption.

2026 Series TTT Bonds. The 2026 Series TTT Bonds maturing on or after June 15, 2037* are subject to optional redemption prior to maturity at the option of the Authority, at any time on or after December 15, 2036*, either in whole or in part, at a redemption price equal to 100% of the principal amount of the 2026 Series TTT Bonds being redeemed, plus accrued interest thereon to the redemption date.

2026 Series UUU Bonds. The 2026 Series UUU Bonds are subject to make-whole redemption prior to maturity by written direction of the Authority, in whole or in part, on any Business Day, at the "Make-Whole Redemption Price" (as hereinafter defined).

The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the 2026 Series UUU Bonds being redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal, plus accrued interest, if any, to the maturity date of the 2026 Series UUU Bonds being redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2026 Series UUU Bonds are redeemed, discounted to the date on which the 2026 Series UUU Bonds are redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted "Treasury Rate" (as hereinafter defined), plus __ basis points plus, in each case, accrued and unpaid interest on the 2026 Series UUU Bonds being redeemed on the redemption date.

The "Treasury Rate" will be, as of the redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least five (5)

* Preliminary, subject to change.

Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the 2026 Series UUU Bonds being redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The Make-Whole Redemption Price of the 2026 Series UUU Bonds being redeemed pursuant to the make-whole redemption provisions described above will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Authority at the Authority's expense to calculate such Make-Whole Redemption Price. The Trustee and the Authority may conclusively rely upon the determination of such Make-Whole Redemption Price by such independent accounting firm, investment banking firm or financial advisor, and neither the Trustee nor the Authority will be liable for such reliance.

Mandatory Sinking Fund Redemption of the 2026 Series UUU Bonds.

The 2026 Series UUU Bonds maturing on _____, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on _____ in each of the years and in the respective principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount being redeemed, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments:

Redemption Date	Principal Amount
	$
*	

*Final Maturity

Such Bonds will be selected for mandatory redemption in the manner described below under "Pro Rata Redemption of the 2026 Series UUU Bonds."

Selection of 2026 Series TTT Bonds to be Redeemed. If less than all of the 2026 Series TTT Bonds are called for redemption, DTC will select such 2026 Series TTT Bonds to be redeemed by means of a random lottery, or if the book-entry system with DTC or any other securities depository has been discontinued, the 2026 Series TTT Bonds to be redeemed will be selected by the Trustee, in such manner as the Trustee in its discretion may deem fair and appropriate. However, the portion to be redeemed of any 2026 Series TTT Bonds to be redeemed shall be in the principal amount of $5,000 or any multiple thereof, and in selecting 2026 Series TTT Bonds for redemption, the Trustee is required to treat each such 2026 Series TTT Bond as representing that number of 2026 Series TTT Bonds which is obtained by dividing the principal amount of such 2026 Series TTT Bond by $5,000.

Pro Rata Redemption of the 2026 Series UUU Bonds. If the 2026 Series UUU Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the 2026 Series UUU Bonds, partial redemptions with respect to the 2026 Series UUU Bonds will be treated by DTC as a "pro rata pass-through distribution of principal" in accordance with DTC procedures. It is the Authority's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Authority and the beneficial owners be made on a pro rata pass through distribution of principal basis. However, the Authority can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners

on such a proportional basis. If the DTC operational arrangements do not allow for redemption of 2026 Series UUU Bonds on a pro rata pass-through distribution of principal basis, then the 2026 Series UUU Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

If the 2026 Series UUU Bonds are not registered in book-entry-only form, any redemption of less than all of the 2026 Series UUU Bonds of any maturity will be allocated among the registered owners of such 2026 UUU Series Bonds as nearly as practicable in proportion to the principal amounts of the 2026 Series UUU Bonds of such maturity owned by each registered owner, subject to the authorized denominations applicable to the 2026 Series UUU Bonds. This will be calculated based on the formula: (principal amount of applicable maturity to be redeemed) x (principal amount of applicable maturity owned by owner) / (principal amount of applicable maturity outstanding). The particular 2026 Series UUU Bonds to be redeemed will be determined by the Authority, using such method as it deems fair and appropriate.

Notice of Redemption of the 2026 Series Bonds

When the Trustee shall receive notice from the Authority of its election or direction to redeem 2026 Series Bonds, and when redemption of 2026 Series Bonds is authorized or required pursuant to the Resolution, the Trustee shall give notice, in the name of the Authority, of the redemption of such 2026 Series Bonds, which notice shall specify the maturities of the 2026 Series Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the 2026 Series Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such 2026 Series Bonds so to be redeemed, and, in the case of 2026 Series Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each 2026 Series Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal thereof in the case of 2026 Series Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, postage prepaid, not less than twenty (20) days prior to the redemption date, to the registered owners of any 2026 Series Bonds or portions of 2026 Series Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books. Failure of the registered owner of any 2026 Series Bonds which are to be redeemed to receive any notice shall not affect the validity of the proceedings for the redemption of the 2026 Series Bonds.

Transfers and Exchanges

No transfer or exchange of any 2026 Series Bonds shall be required to be made: (i) after the Record Date with respect to any Interest Payment Date to and including such Interest Payment Date; or (ii) after the Record Date with respect to any redemption of such 2026 Series Bond to and including the mailing of any notice of redemption. "Record Date" means: (a) in the case of each Interest Payment Date, the 1st day (whether or not a Business Day) of the month containing such Interest Payment Date; and (b) in the case of redemption, the 15th day (whether or not a Business Day) next preceding the date of selection of the 2026 Series Bonds to be redeemed. The Authority and the Trustee shall not be required to register the transfer of or exchange any 2026 Series Bond which has been selected for redemption in whole or in part and for which notice of redemption has been given, except the unredeemed portion of the 2026 Series Bond being redeemed in part.

Book-Entry Only System

The information in APPENDIX VI concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof. See APPENDIX VI - "DTC AND BOOK-ENTRY ONLY SYSTEM."

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION, EITHER SINGULARLY OR JOINTLY, TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE HOLDERS OF THE 2026 SERIES BONDS UNDER THE RESOLUTION; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2026 SERIES BONDS; (IV) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2026 SERIES BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE 2026 SERIES BONDS; OR (VI) ANY OTHER MATTER.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL OF THE 2026 SERIES BONDS, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR REGISTERED OWNERS OF THE 2026 SERIES BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2026 SERIES BONDS.

In the event that the 2026 Series Bonds (or any portion thereof) are no longer limited to Book-Entry Only Form (as defined in the Resolution), the Authority shall immediately advise the Trustee in writing of the procedures for transfer of such 2026 Series Bonds from such Book-Entry Form to fully registered form. Thereafter, bond certificates will be printed and delivered as described in the Resolution and Beneficial Owners will become the registered owners of the 2026 Series Bonds.

SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS

General

The 2026 Series Bonds constitute "Bonds" under the Resolution. The 2026 Series Bonds are special, limited obligations of the Authority and, together with the Prior Bonds, any additional Series of Bonds or Notes issued after the date hereof and any Financing Facility Payment Obligations (as defined herein), are payable solely from and secured solely by the Pledged Property under the Resolution as described herein which consists primarily of amounts received by the Authority pursuant to the State Contract.

The term "Bonds" includes any bonds, any notes, any Refunding Bonds or Notes as well as any "Other Obligations" (other than Subordinated Debt), which may be issued and secured under the Resolution. The term "Other Obligations" includes bank loan agreements, lines of credit and other security agreements, and any other form of indebtedness, which the Authority is authorized to enter into or obtain pursuant to the Educational Facilities Act.

In addition, under the Resolution, the Authority, with the approval of the Treasurer, or the Trustee, with the approval of the Authority and the Treasurer, may enter into one or more Financing Facilities (including, among other things, Swap Agreements) with respect to any Series of Bonds. The payment and reimbursement obligations of the Authority to the provider of a Financing Facility (the "Financing Facility Payment Obligations") may be either on a parity with (the "Parity Financing Facility Payment Obligations") or subject and subordinate to (the "Subordinated Financing Facility Payment Obligations") the Bond Payment Obligations. The term "Bond Payment Obligations" includes the Authority's obligation to pay

the principal or Redemption Price of and interest on the Bonds, including Bonds held by Financing Facility Providers and Liquidity Providers. See APPENDIX II - "COPY OF GENERAL RESOLUTION."

THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE 2026 SERIES BONDS IS TO BE DERIVED FROM PAYMENTS MADE BY THE STATE TO THE AUTHORITY UNDER THE STATE CONTRACT AND CERTAIN OF THE AMOUNTS HELD UNDER THE RESOLUTION. THE OBLIGATION OF THE TREASURER TO MAKE SUCH PAYMENTS IS SUBJECT TO AND DEPENDENT UPON APPROPRIATIONS BEING MADE FOR SUCH PURPOSES FROM TIME TO TIME BY THE STATE LEGISLATURE. THE STATE LEGISLATURE HAS NO LEGAL OBLIGATION TO MAKE ANY SUCH APPROPRIATIONS.

There are no remedies available to the Bondholders (including Holders of the 2026 Series Bonds) in the event that the State Legislature does not appropriate sufficient funds or any funds to make payments when due under the State Contract nor is there any other significant source of monies from which payment on the 2026 Series Bonds could be made. While the State Legislature has the legal authority to make appropriations, it has no obligation to do so. Neither the failure of the State Legislature to make any such appropriation nor non-payment of the 2026 Series Bonds as a result of such failure to appropriate is an Event of Default under the Resolution or the 2026 Series Bonds, nor will any such failure to appropriate or non-payment as a result of such failure to appropriate give rise to any rights or remedies against the State or the Authority. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2026 SERIES BONDS – Event of Non-Appropriation" herein.

The State Legislature has always made appropriations in previous fiscal years in amounts sufficient to timely pay debt service on all Bonds issued under the Resolution and all Financing Facility Payment Obligations. However, there can be no assurance that the State Legislature will appropriate sufficient funds from legally available sources to enable the Authority to timely pay, or to pay, the principal of and interest on the 2026 Series Bonds.

Pledged Property

The Pledged Property consists of all Revenues and all monies and earnings held in the Revenue Fund, the Debt Service Fund, the Subordinated Payment Obligations Fund and the Subordinated Debt Fund; the State Contract, including all payments thereunder and the right to receive the same (except for Administrative Expenses-Ordinary, Administrative Expenses-Extraordinary and Rebate Payments), and all right, title and interest of the Authority in and to the foregoing. Revenues consist of (i) all amounts appropriated and paid to the Authority by the Treasurer pursuant to the State Contract (except amounts in respect of Administrative Expenses-Ordinary, Administrative Expenses-Extraordinary and Rebate Payments), and all rights to receive the same, (ii) all Swap Revenues and (iii) any other revenues, funds or amounts received or to be received from any other source by the Authority or the Trustee and directed by an Authorized Officer of the Authority to be deposited into the Revenue Fund. The Revenues and all other Pledged Property are pledged and a security interest therein is granted under the Resolution to secure the payment of the Bond Payment Obligations and Financing Facility Payment Obligations; provided, however, that the pledge and security interest granted under the Resolution to secure the Authority's obligation to pay Subordinated Financing Facility Payment Obligations shall be subject and subordinate to the pledge and security interest granted under the Resolution to secure Bond Payment Obligations and Parity Financing Facility Payment Obligations. The Act provides that the Revenues and all other Pledged Property so pledged and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

The following funds are established under the Resolution: (i) Projects Fund; (ii) Revenue Fund; (iii) Debt Service Fund; (iv) Subordinated Payment Obligations Fund; (v) Subordinated Debt Fund; (vi) Surplus Fund; and (vii) Rebate Fund. The Projects Fund shall be held by the Authority, and all other Funds shall be held by the Trustee. Only amounts in the Revenue Fund, the Debt Service Fund, the Subordinated Payment Obligations Fund and the Subordinated Debt Fund constitute Pledged Property under the Resolution. Amounts in the Projects Fund, the Surplus Fund and the Rebate Fund are not pledged as security for the Bonds. For a description of the flow of funds under the Resolution, see APPENDIX II - "COPY OF GENERAL RESOLUTION."

Event of Non-Appropriation

An "Event of Non-Appropriation" shall be deemed to have occurred under the Resolution if the State Legislature shall fail to appropriate funds to the Authority for any Fiscal Year in an amount sufficient to pay when due the Authority's Bond Payment Obligations and Financing Facility Payment Obligations coming due in such Fiscal Year.

The Resolution provides that, notwithstanding anything contained therein to the contrary, a failure by the Authority to pay when due any Bond Payment Obligations or Financing Facility Payment Obligations required to be made under the Resolution, the Bonds, or a failure by the Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Resolution, or the Bonds resulting from the occurrence of an Event of Non-Appropriation shall not constitute an Event of Default under the Resolution.

Upon the occurrence of an Event of Non-Appropriation (or the failure by the Authority to pay the principal or Redemption Price of and interest on any Series of Bonds resulting from such Event of Non-Appropriation), the Trustee on behalf of the Holders of the applicable Series of Bonds has no remedies. The Trustee may not accelerate Bonds. Monies in the Projects Fund may continue to be expended to pay costs of the School Facilities Projects and may not be applied to pay debt service on the Bonds. The Authority has no obligation to pay any Bond Payment Obligations or Financing Facility Payment Obligations with respect to which an Event of Non-Appropriation has occurred. However, the Authority would remain obligated to pay such Bond Payment Obligations and Financing Facility Payment Obligations, with interest thereon at the rate in effect with respect to the applicable Series of Bonds, and all future Bond Payment Obligations and Financing Facility Payment Obligations, to the extent State appropriations are subsequently made for such purposes.

From and after the occurrence of an Event of Non-Appropriation, and provided that there shall not have occurred and then be continuing any Event of Default, all applicable Pledged Property received by the Trustee shall be applied as follows:

(a) to the payment of the reasonable and proper charges, expenses, costs and liabilities of the Trustee, including without limitation the reasonable expenses of counsel employed by it;

(b) to the payment of the interest and principal amount or Redemption Price then due on Bonds and Financing Facility Payment Obligations as follows:

First: To the payment of interest then due on Bonds and Parity Financing Facility Payment Obligations in the order of the maturity of the installments thereof then due, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest or Parity Financing Facility Payment Obligations maturing on the same date, then to the payment thereof ratably, according to the amounts due in respect of each Bond and Parity Financing Facility

Payment Obligation without priority or preference of any Bond or Parity Financing Facility Payment Obligation over any other;

Second: To the payment, to the extent permitted by law, of interest on the amounts described in Paragraph First above at the rate in effect on the applicable Bonds from the last Payment Date to which interest has been paid;

Third: To the payment of the unpaid principal amount or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for mandatory sinking fund redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all Bonds due on any date, then to the payment thereof ratably, according to the amounts due in respect of each Bond, without priority or preference of any Bond over any other; and

Fourth: To the payment to any Financing Facility Provider of any Subordinated Financing Facility Payment Obligation then due and, if the amounts available are insufficient to pay in full all Subordinated Financing Facility Payment Obligations, then to the payment thereof ratably, without preference or priority of any Subordinated Financing Facility Payment Obligation over any other; and

(c) to the Authority for payment of Administrative Expenses–Ordinary and Administrative Expenses–Extraordinary, with any balance to be paid to the Treasurer, if any amounts remain after all payments described under paragraphs (a) and (b) above have been made.

No Pledge of Projects Fund or School Facilities Projects

ALTHOUGH THE PROCEEDS OF THE 2026 SERIES BONDS WILL BE USED TO REFINANCE COSTS OF SCHOOL FACILITIES PROJECTS, NEITHER THE PROCEEDS OF THE 2026 SERIES BONDS NOR THE SCHOOL FACILITIES PROJECTS WILL SECURE OR BE AVAILABLE TO PAY DEBT SERVICE ON THE 2026 SERIES BONDS.

No Pledge of the State's Credit

The State is not obligated to pay, and neither the faith and credit nor taxing power of the State is pledged to the payment of, the principal of or interest on the 2026 Series Bonds. The 2026 Series Bonds are special, limited obligations of the Authority, payable on a parity with all Prior Bonds, any Bonds or notes issued after the date hereof and any Parity Financing Facility Payment Obligations solely out of the revenues or other receipts, funds or monies of the Authority pledged under the Resolution and from any amounts otherwise available under the Resolution for payment of the 2026 Series Bonds. The 2026 Series Bonds do not now and shall never constitute a charge against the general credit of the Authority. The Authority has no taxing power. The 2026 Series Bonds shall not be a debt or liability of the State or any agency or instrumentality thereof (other than the Authority to the limited extent set forth in the Resolution), either legal, moral or otherwise, and nothing in the Educational Facilities Act shall be construed to authorize the Authority to incur any indebtedness on behalf of or in any way obligate the State or any political subdivision thereof (other than the Authority to the limited extent set forth in the Resolution).

The State Contract

General. As authorized by the Educational Facilities Act, the Authority and the Treasurer have entered into the State Contract. Under the Resolution, the Authority's right, title and interest in and to the State Contract, including all payments thereunder and the right to receive the same (except amounts in respect of Administrative Expenses-Ordinary, Administrative Expenses–Extraordinary and Rebate

Payments), have been pledged and assigned to the Trustee. The State Contract provides that the Treasurer will, subject to such amounts being appropriated on an annual basis by the State Legislature, pay from any legally available sources, on or prior to each Payment Date, an amount sufficient to make the amounts held by the Trustee under the Resolution and available for such purpose equal the sum of (i) the Bond Payment Obligations, and (ii) the Financing Facility Payment Obligations due and payable on such Payment Date, provided that amounts received by the Trustee from the Treasurer under the State Contract shall only be used by the Trustee pursuant to the terms of the Resolution in accordance with the provisions of the Educational Facilities Act. The Treasurer may discharge all or a portion of the obligation to make payments relating to Bond Payment Obligations by delivering to the Trustee for cancellation on or before a Payment Date, the Bonds or a portion thereof on which Debt Service is due on such Payment Date.

In addition, the State Contract provides that the Treasurer will, subject to amounts being appropriated on an annual basis by the State Legislature, pay from the State's General Fund the following amounts (which will not be pledged and assigned to the Trustee): (i) to the Authority, the Authority's Administrative Expenses-Ordinary in an amount pursuant to the budget prepared by the Authority and approved by the Treasurer, (ii) to the Authority, such of the Authority's Administrative Expenses-Extraordinary that have been approved by the Treasurer but for which there are insufficient monies available in the Projects Fund, as shall be determined by the Treasurer and the Authority, and (iii) for deposit to the Rebate Fund, the amounts required to make Rebate Payments.

The payment obligations of the Treasurer under the State Contract, including any and all transfers and payments to be made thereunder, are subject to and dependent upon appropriations being made from time to time by the State Legislature for the purposes set forth in the State Contract as authorized by the Educational Facilities Act. While the State Legislature has the legal authority to make the appropriations, it has no obligation to do so. The obligation of the State or the Treasurer to pay the amounts under the State Contract shall not constitute a debt or liability of the State within the meaning of any State constitutional or statutory provisions, or a pledge of the faith and credit of the State.

Agreement of the State. In the Educational Facilities Act, the State pledges and covenants with the Holders of any Bonds, Refunding Bonds, notes or other obligations issued pursuant to the Educational Facilities Act that it will not limit or alter the rights or powers vested in the Authority by the Educational Facilities Act, nor limit or alter the rights or powers of the Treasurer in any manner which would jeopardize the interest of the Holders or any trustee of the Holders, or inhibit or prevent performance or fulfillment by the Authority or the Treasurer with respect to the terms of any agreement made with the Holders of Bonds, Refunding Bonds, notes or other obligations or agreements made pursuant to the Educational Facilities Act; except that the failure of the State Legislature to appropriate monies for any purpose of the Educational Facilities Act shall not be deemed a violation of the Educational Facilities Act.

Other Provisions. The issuance of the 2026 Series Bonds, any other Series of Bonds or notes, or any Series of Refunding Bonds, and the approval by the Authority of any Financing Facility, are subject to the prior written approval of the Treasurer. The Authority must also obtain the prior written approval of the Treasurer in order to take any of the following actions with respect to any Bonds or notes: (i) the exercise of any option to redeem Bonds or notes; (ii) the purchase of any Bonds or notes; (iii) the defeasance of any Bonds or notes; (iv) the refunding of any Bonds or notes; (v) the adoption of any Supplemental Resolution; (vi) the removal of the Trustee or any other fiduciary appointed under the Resolution, or the appointment of any successor trustee or other successor fiduciary under the Resolution; and (vii) any amendment or modification of the terms of any Financing Facility.

Under the State Contract, the Authority agrees to use its best efforts to take whatever action the Treasurer deems necessary or desirable to effectuate the purposes and provisions of the Educational Facilities Act and to request from the Treasurer any approval which is required to be obtained by the

Authority pursuant to the Educational Facilities Act, the Resolution and the State Contract. Pursuant to the State Contract, the Treasurer agrees to cooperate with the Authority in the event that it is necessary for the Authority to supplement or amend this Official Statement.

When provision has been made for the payment of all Bond Payment Obligations, Financing Facility Payment Obligations and all other amounts due under the Resolution in accordance with the Resolution, the Authority agrees under the State Contract to direct the Trustee to pay over to the State any available balances in the Funds and Accounts held by the Trustee under the Resolution.

The State Contract may be amended or supplemented from time to time in writing by the Treasurer and the Authority without the consent of the Trustee, the Bondholders or any Financing Facility Provider for the following purposes: (i) to cure any ambiguity, supply any omission or cure or correct any other defect or inconsistent provision in the State Contract; (ii) to insert such provisions clarifying matters or questions arising under the State Contract as are necessary or desirable and are not contrary to or inconsistent with the State Contract as theretofore in effect; (iii) to provide such matters as are required in connection with the issuance of Bonds or notes under the Resolution; or (iv) to effect any other change which does not materially adversely affect the Pledged Property or the interests of the Bondholders or any Financing Facility Provider. All other amendments to the State Contract shall be made in accordance with the procedures set forth in the Resolution; provided, however, that no amendments to the State Contract shall be made which in any manner are contrary to the intent and purpose of the State Contract as theretofore in effect or of the Educational Facilities Act as in effect at the time of any proposed amendment.

The State Contract shall not terminate unless the Authority shall have paid, or made provision for payment in accordance with the terms of the Resolution of, all payment obligations under the Resolution and all other requirements of the Resolution shall have been satisfied, and the lien of the Resolution has been defeased and discharged.

For certain information about the State, see APPENDIX I-1 – "SUPPLEMENT DATED SEPTEMBER 11, 2026, TO APPENDIX I" and APPENDIX I – "FINANCIAL AND OTHER INFORMATION RELATING TO THE STATE OF NEW JERSEY."

Additional Series of Bonds

Bonds, notes or other obligations may be issued by the Authority under the Educational Facilities Act to finance or refinance the cost of various School Facilities Projects undertaken by, or for the benefit of, school districts throughout the State. It is anticipated that additional Series of Bonds, notes or other obligations will be issued, from time to time, in the future as funds are required for the School Facilities Projects, with the prior written consent of the Treasurer, subject to any applicable statutory debt issuance limitations. The Resolution provides that such additional Series of Bonds, notes or other obligations shall be equally and ratably secured with the 2026 Series Bonds, the Prior Bonds and any other Bonds, notes or other obligations issued or to be issued under the Resolution and with the Authority's Parity Financing Facility Payment Obligations.

Refunding Bonds

One or more series of Refunding Bonds may be issued at any time, with the prior written consent of the Treasurer, to refund outstanding Bonds of one or more Series or one or more maturities thereof.

Bank Loan Transactions

2019 Series GGG Bonds. The Series Certificate relating to the 2019 Series GGG Bonds (the "2019 GGG Bank Loan Bonds") provides that upon the occurrence of an Event of Default as specified in Section 801.1(a) of the General Resolution (the "2019 GGG Loan Prepayment Event"), the 2019 GGG Bank Loan Bonds may, at the election of the Loan Provider (as indicated in the table set forth under "Introduction – Bank Loan Transactions" in APPENDIX VII of this Official Statement), become subject to mandatory prepayment prior to maturity. Certain of the 2019 GGG Bank Loan Bonds may be tendered for purchase by the Authority pursuant to the Invitation with the purchase price paid from the proceeds of the 2026 Series Bonds. For more information concerning the 2019 GGG Bank Loan Bonds, see APPENDIX VII hereto.

See also APPENDIX I – "FINANCIAL AND OTHER INFORMATION RELATING TO THE STATE OF NEW JERSEY - LONG-TERM OBLIGATIONS – Description of Certain Long-Term Obligations - *Bank Loan Bonds*" for more information on the Bank Loan Bonds.

PLAN OF REFUNDING

The 2026 Series Bonds are being issued for the purposes of (i) paying the purchase price of certain Bonds to be Purchased which have been tendered for purchase by the Authority pursuant to the Invitation (see "APPENDIX VIII – LIST OF BONDS TO BE PURCHASED"), (ii) refunding the Bonds to be Refunded (see "APPENDIX IX – LIST OF BONDS TO BE REFUNDED"), and (iii) paying the costs of issuance of the 2026 Series Bonds, including the costs of the Tender Offer.

On October 1, 2026, the Authority released an Invitation to Tender Bonds (the "Invitation"), inviting the beneficial owners of the Authority's Outstanding Bonds (as defined in the Invitation) of certain Series and maturities identified in the Invitation (the "Target Bonds") to tender their Target Bonds for purchase by the Authority on the terms and conditions set forth in the Invitation (the "Tender Offer"). Pursuant to the Invitation, the owners of the Target Bonds may tender their Target Bonds and, subject to the conditions set forth in the Invitation, the Authority expects to purchase some or all of the tendered Target Bonds for cash at the purchase prices and on the other terms and conditions set forth in the Invitation. The tendered Target Bonds to be purchased by the Authority (which constitute the "Bonds to be Purchased" for purposes of this Official Statement and are more fully described in APPENDIX VIII to this Official Statement) will be cancelled on the date of issuance and delivery of the 2026 Series Bonds and will no longer be Outstanding under the Resolution. The proceeds of the 2026 Series Bonds will be used by the Authority for (i) paying the purchase prices of the Bonds to be Purchased, (ii) the refunding of the Bonds to be Refunded, and (iii) paying the costs of issuance of the 2026 Series Bonds, including the costs of the Tender Offer. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Target Bonds will be tendered to the Authority under the terms of the Invitation with the assistance of BofA Securities, Inc. ("BofA Securities"), in its capacity as the Dealer Manager of the Tender Offer. BofA Securities will be reimbursed for any expenses it incurs as the Dealer Manager of the Tender Offer. BofA Securities is also the Underwriter of the 2026 Series Bonds. See "UNDERWRITING" herein.

The above discussion is not intended to summarize the terms of the Invitation, or to solicit offers to tender Target Bonds, and reference is made to the Invitation for a complete discussion of the terms of the Invitation and the conditions for the settlement of the Target Bonds validly tendered and accepted for purchase. The Authority has filed the Invitation with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access service ("EMMA").

Concurrently with the issuance and delivery of the 2026 Series Bonds, the Authority and U.S. Bank Trust Company, National Association, as escrow agent (in such capacity, the "Escrow Agent"), will enter

into four* separate escrow deposit agreements, each to be dated the date of issuance and delivery of the 2026 Series Bonds (individually, an "Escrow Deposit Agreement" and, collectively, the "Escrow Deposit Agreements"), pursuant to which the Escrow Agent will create four* separate irrevocable escrow funds (individually, an "Escrow Fund" and, collectively, the "Escrow Funds") and, within each Escrow Fund, a "Defeased Obligations Account" and a "Non-Defeased Obligations Account", all to be held by the Escrow Agent for the payment, when due, of the principal or Redemption Price of and interest on the applicable series of Bonds to be Refunded. On the date of issuance and delivery of the 2026 Series Bonds, a portion of the proceeds of the 2026 Series Bonds will be deposited into both the Defeased Obligations Account and the Non-Defeased Obligations Account of each respective Escrow Fund. The amounts deposited into such Defeased Obligations Account will be applied to purchase certain direct and general obligations of, and/or obligations guaranteed by, the United States of America constituting "Defeasance Securities" as defined in the Resolution. The principal of and interest on the Defeasance Securities, when due, together with the other available moneys, if any, on deposit in each Defeased Obligations Account, will have been calculated to be sufficient to pay (1) the interest coming due on the Bonds to be Refunded which constitute Defeased Refunded Obligations (as such term is defined in the Escrow Deposit Agreements) to their respective maturity or redemption dates, and (2) the principal or Redemption Price of such Defeased Refunded Obligations on their respective maturity or redemption dates. See "VERIFICATION OF MATHEMATICAL CALCULATIONS" herein. The amounts deposited into each Non-Defeased Obligations Account will be applied to the purchase of Defeasance Securities the principal of and interest on which, when due, together with the other available moneys, if any, on deposit in such Non-Defeased Obligations Account, will be used to pay (1) the interest coming due on the applicable series of Bonds to be Refunded which constitute Non-Defeased Refunded Obligations (as such term is defined in the Escrow Deposit Agreements) to their respective maturity or redemption dates, and (2) the principal or Redemption Price of the Non-Defeased Refunded Obligations on their respective maturity or redemption dates.

The holders of the Defeased Refunded Obligations will have a lien on the cash and the Defeasance Securities on deposit in the respective Defeased Obligations Account. The holders of the Non-Defeased Refunded Obligations will have a lien on the cash and the Defeasance Securities on deposit in the respective Non-Defeased Obligations Account.

Upon the execution and delivery of the Escrow Deposit Agreements and the deposit of the cash and the Defeasance Securities into the related Defeased Obligations Account, the Defeased Refunded Obligations will be legally defeased and deemed to have been paid within the meaning of the Resolution and will no longer be Outstanding under, or entitled to the benefits of, the Resolution.

Upon the execution and delivery of the Escrow Deposit Agreements and the deposit of the cash and the Defeasance Securities into the related Non-Defeased Obligations Account, the Non-Defeased Refunded Obligations will not be legally defeased and will remain Outstanding under, and continue to be entitled to the benefits of, the Resolution until such time as the Non-Defeased Refunded Obligations are paid in full pursuant to the terms of the Resolution on their respective maturity or redemption dates.

* Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the 2026 Series Bonds are expected to be as set forth below:

Sources of Funds:	2026 Series TTT Bonds	2026 Series UUU Bonds	Totals
Par Amount of 2026 Series Bonds			
[Net] Original Issue [Premium][Discount]			
[Other Funds of the Authority].....	_____	_____	_____
Total Sources of Funds	$_____	$_____	$_____
Uses of Funds:			
Purchase Price of Bonds to be Purchased			
Deposit to Escrow Funds.....	$	$	$
Costs of Issuance[1]			
Underwriters' Discount	_____	_____	_____
Total Uses of Funds.....	$_____	$_____	$_____

(1) Includes bond ratings, printing, legal fees, Trustee and Escrow Agent fees, Dealer Manager Fee and other expenses relating to the issuance and sale of the 2026 Series Bonds and the costs of the Invitation.

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THE AUTHORITY

The Authority was established in 1974 as a public body corporate and politic, constituting an instrumentality of the State pursuant to the Act. The Educational Facilities Act empowers the Authority to issue bonds, notes or other obligations, the proceeds or net proceeds of which are to be used to fund costs of School Facilities Projects, including the costs of issuing such bonds, notes or other obligations. The Act provides that neither the members of the Authority nor any person executing bonds, notes or other obligations issued pursuant to the Act shall be liable personally on such bonds, notes or other obligations by reason of the issuance thereof, and that bonds, notes or other obligations issued by the Authority pursuant to the Act shall not be in any way a debt or liability of the State or of any political subdivision thereof (other than the Authority to the limited extent set forth in the Resolution) and shall not create or constitute any indebtedness, liability or obligation of the State or any political subdivision (other than the Authority to the limited extent set forth in the Resolution), either legal, moral or otherwise. The Act further provides that nothing contained therein shall be construed to authorize the Authority to incur any indebtedness on behalf of or in any way to obligate the State or any political subdivision thereof. Similarly, the Educational Facilities Act provides that neither the members of the Authority nor any other person executing bonds, notes or other obligations on behalf of the Authority shall be personally liable with respect to payment of interest and principal on such bonds, notes or other obligations. Bonds, including refunding bonds, notes and other obligations, issued pursuant to the Educational Facilities Act shall not be a debt or liability of the State or any agency or instrumentality thereof (except as otherwise provided by the Educational Facilities Act), either legal, moral or otherwise, and nothing contained in the Educational Facilities Act shall be construed to authorize the Authority to incur any indebtedness on behalf of or in any way to obligate the State or any political subdivision thereof.

SCHOOL FACILITIES CONSTRUCTION PROGRAM

The Educational Facilities Act

On July 18, 2000, in part as a response to the holding of the New Jersey Supreme Court in *Abbott v. Burke,* 153 N.J. 480, 710 A.2d 450 (N.J. 1998), Governor Whitman signed the Educational Facilities Act into law. The Educational Facilities Act establishes a comprehensive program for the design, renovation, repair and new construction of primary and secondary schools for all local and regional school districts, county special services school districts, county vocational school districts and State-operated school districts, in order to provide the funding mechanism to fulfill the State's constitutional obligation to ensure safe and adequate educational facilities in public school districts throughout the State. The Educational Facilities Act was amended and supplemented by L. 2007, c. 137, effective August 6, 2007 (the "2007 Amendment") and by L. 2008, c. 39 on July 9, 2008. See "SCHOOL FACILITIES CONSTRUCTION PROGRAM – Statutory Debt Issuance Limitations" herein.

The 2007 Amendment amended the definition of "School Facilities Project" to mean the planning, acquisition, demolition, construction, improvement, alteration, modernization, renovation, reconstruction or capital maintenance of all or any part of a School Facility or of any other personal property necessary for, or ancillary to, any School Facility, and to include fixtures, furnishings and equipment, as well as, but not limited to, site acquisition, site development, the services of design professionals, such as engineers and architects, construction management, legal services, financing costs and administrative costs and expenses incurred in connection with the School Facilities Project. A "School Facility" was redefined to mean any structure, building or facility used wholly or in part for educational purposes by a school district and facilities that physically support such structures, buildings and facilities, such as district wastewater treatment facilities, power generating facilities and steam generating facilities, but excluding other facilities (such as athletic stadiums, swimming pools, grandstands, night field lights, greenhouses or facilities used

for non-instructional or non-educational purposes, and any structure, building or facility used solely for school administration).

Prior to the 2007 Amendment, the obligations of the Authority to plan, design, construct, acquire and complete School Facilities Projects were assumed by a subsidiary of the Authority known as the "New Jersey Schools Construction Corporation" (the "Corporation"). The 2007 Amendment abolished the Corporation and created the Development Authority to assume the powers and obligations of the Corporation and to implement statutory changes which focus the role of the Development Authority on school construction for the SDA Districts (i.e., the twenty-eight districts previously identified by the New Jersey Supreme Court and any other district classified as a "special needs district" under the Quality Education Act of 1990). The 2007 Amendment provides for the Development Authority to implement district projects consistent with the State's educational priorities, make land acquisition more efficient, institute procurement reforms, control costs and grant the SDA Districts a greater role in managing certain of their school construction projects. The Development Authority consists of the Commissioner of the Department of Education, the Commissioner of the Department of Community Affairs, the executive director of the Authority, the Treasurer (all of whom serve as ex officio members), and 11 public members, appointed by the Governor with the advice and consent of the Senate.

The 2007 Amendment did not change the provisions in the Educational Facilities Act authorizing the Authority to issue bonds, notes or other obligations to finance School Facilities Projects or the share of State financing for School Facilities Projects. Any school district other than a SDA District is entitled to receive State support for the financing of School Facilities Projects from the Development Authority as described below. For SDA Districts, the State share of the costs of a School Facilities Project is 100% of the "final eligible costs" thereof (determined in accordance with the Educational Facilities Act). For all other districts, the State share is an amount equal to the district aid percentage, but not less than 40% of the final eligible costs. The Educational Facilities Act also permits the financing and construction of no more than six "demonstration projects" containing community design features in addition to School Facilities and permits the financing and construction of community provider projects for non-profit providers of preschools in districts that qualify for early childhood program aid.

The Educational Facilities Act requires that the local share (if any) be received by the Development Authority or secured by the district prior to the commencement of construction or the funding of the State share, respectively. The Authority may, in its discretion and upon consultation with the district, finance only the State share of a School Facilities Project or both the State share and the local share. If the local share is financed, the Authority may enter into loan agreements with the applicable county, municipality, board of education or other political subdivision or instrumentality in respect thereof. The Authority may also refinance certain existing debt of a district and enter into loan agreements or leases with the district in respect thereof.

The Educational Facilities Act contains various requirements for the approval of School Facilities Projects, including the adoption by each school district and the approval by the State Department of Education of long-range capital plans and building plans and specifications, as well as the determination of the "final eligible costs" as to which the State share and local share shall be computed.

Statutory Debt Issuance Limitations

The aggregate principal amount of the Bonds, notes or other obligations, and Subordinated Debt which may be issued under the Resolution is not limited, except as such may be limited by the Educational Facilities Act or other applicable law. The Educational Facilities Act, L. 2000, c. 72, as amended and supplemented by the 2007 Amendment, provides that the aggregate principal amount of bonds, notes or other obligations which may be issued by the Authority shall not exceed: $100,000,000 for the State share

of costs for county vocational school district School Facilities Projects, $6,000,000,000 for the State share of costs of Abbott District School Facilities Projects, and $2,500,000,000 for the State share of costs for School Facilities Projects in all other districts. This limitation does not include any bonds, notes or other obligations issued for refunding purposes, and may be amended by subsequent legislation. The debt service on bonds, notes or other obligations issued under the Educational Facilities Act, as amended by the 2007 Amendment and any additional costs authorized pursuant to Section 14 of the Educational Facilities Act shall be payable pursuant to a contract between the Treasurer and the Authority, subject to appropriation by the State Legislature. The Authority has covenanted in the Resolution that it will observe and comply fully with all debt issuance limitations applicable to Bonds, notes, or other obligations and Subordinated Debt contained in the Educational Facilities Act in effect from time to time.

The Educational Facilities Act was amended by L. 2008, c. 39 on July 9, 2008 (the "2008 Amendment") to increase the amount of bonds, notes or other obligations authorized to be issued by the Authority in an additional aggregate principal amount not to exceed: $2,900,000,000 for the State share of costs of SDA District (formerly "Abbott District") School Facilities Projects and $1,000,000,000 for the State share of costs of School Facilities Projects in all other districts, $50,000,000 of which is allocated for the State share of costs for county vocational school district facilities projects. This limitation does not include any bonds, notes or other obligations issued for refunding purposes, and may be amended by subsequent legislation. The debt service on bonds, notes or other obligations issued under the authorization of the 2008 Amendment and any additional costs authorized pursuant to Section 14 of the Educational Facilities Act shall be payable pursuant to a contract between the Treasurer and the Authority, subject to appropriation by the State Legislature. Pursuant to the 2008 Amendment, such debt service and additional costs, except for debt service and additional costs for the administrative, insurance, operating, and other expenses of the Development Authority and the Authority incurred in connection with School Facilities Projects, shall first be payable from revenues received from the New Jersey Gross Income Tax Act. For more information on the 2008 Amendment, please see APPENDIX I – "FINANCIAL AND OTHER INFORMATION RELATING TO THE STATE OF NEW JERSEY – LONG-TERM OBLIGATIONS – Issuers of State Appropriation Obligations – New Jersey Economic Development Authority."

LEGALITY FOR INVESTMENT

Pursuant to the Act, the 2026 Series Bonds are securities in which the State and all political subdivisions of the State, their officers, boards, commissioners, departments or other agencies; all banks, bankers, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking or investment business; all insurance companies, insurance associations, and other persons carrying on an insurance business; all executors, administrators, guardians, trustees and other fiduciaries; and all other persons whatsoever who are authorized to invest in bonds or other obligations of the State, may properly and legally invest any sinking funds, monies or other funds, including capital, belonging to them or within their control. The 2026 Series Bonds are also securities which may properly and legally be deposited with and received by any State or municipal officers or agency of the State for any purpose for which the deposit of bonds or other obligations of the State is authorized by law.

LITIGATION

There is no controversy or litigation now pending against the Authority concerning the issuance, sale or delivery of the 2026 Series Bonds, or in any way contesting or affecting the validity of the Act, the Educational Facilities Act, the 2026 Series Bonds, the State Contract or the proceedings of the Authority taken with respect to the issuance and sale thereof, or the pledge of the Pledged Property.

APPROVAL OF LEGALITY

All legal matters incident to the authorization, issuance, sale and delivery of the 2026 Series Bonds are subject to the approval of M. Jeremy Ostow, Esq., South Orange, New Jersey, as Bond Counsel to the Authority, whose approving legal opinion will be delivered with the 2026 Series Bonds, substantially in the form annexed hereto as APPENDIX V. Certain legal matters will be passed upon for the Authority and for the State by the Attorney General of the State and for the Underwriters by their counsel, Barnes & Thornburg LLP, Morristown, New Jersey.

TAX MATTERS

Federal Tax Consequences

The 2026 Series TTT Bonds

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met on a continuing basis subsequent to the issuance and delivery of the 2026 Series TTT Bonds in order that interest on the 2026 Series TTT Bonds will be and remain excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In its Tax Regulatory Agreement (the "Tax Certificate") dated the date of issuance and delivery of the 2026 Series TTT Bonds, the Authority represents that the Authority expects and intends to be able to comply with, and will, to the extent permitted by law, comply with, the provisions and procedures set forth in the Tax Certificate and will do and perform all acts and things necessary or desirable in order to ensure that interest on the 2026 Series TTT Bonds will be and remain excluded from gross income for federal income tax purposes. Failure of the Authority to comply with the requirements of the Code may cause interest on the 2026 Series TTT Bonds to be included in gross income of the owners thereof, retroactive to the date of issuance of the 2026 Series TTT Bonds. Bond Counsel has relied upon the representations made in the Tax Certificate and has assumed continuing compliance by the Authority with all applicable federal tax law requirements in rendering its opinions with respect to the exclusion of interest on the 2026 Series TTT Bonds from gross income for federal income tax purposes. Based upon and subject to the foregoing, Bond Counsel is of the opinion that, pursuant to the applicable provisions of the Code and related regulations, rulings and judicial decisions, interest on the 2026 Series TTT Bonds is not includable in gross income for federal income tax purposes pursuant to Section 103 of the Code and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. However, such interest is taken into account in determining the "adjusted financial statement income" (as defined in Section 56A of the Code) of "applicable corporations" (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such corporations.

[Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the owner's basis in such bond to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code.]

Certain Federal Tax Consequences Relating to the 2026 Series TTT Bonds

Although interest on the 2026 Series TTT Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the 2026 Series TTT Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any federal tax consequences other than as expressly set forth herein.

Prospective purchasers of the 2026 Series TTT Bonds are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the 2026 Series TTT Bonds.

The Internal Revenue Service (the "Service") has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders thereof is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the 2026 Series TTT Bonds will be audited. If an audit is commenced, under current Service procedures, the holders of the 2026 Series TTT Bonds may not be permitted to participate in the audit process. The commencement of an audit could adversely affect the value and liquidity of the 2026 Series TTT Bonds until the audit is concluded, regardless of the ultimate outcome.

Series 2026 UUU Bonds

Interest on the 2026 Series UUU Bonds is includable in gross income for federal income tax purposes.

New Jersey Gross Income Tax

In the opinion of Bond Counsel, interest on and any gain realized on the sale of the 2026 Series Bonds are not includable in gross income under the existing New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions at the federal level may adversely affect the exclusion from gross income of interest on the 2026 Series Bonds for federal income tax purposes, and tax legislation, administrative action taken by tax authorities and court decisions at the State level may adversely affect the exclusion of interest on and any gain realized on the sale of the 2026 Series Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market value or marketability of the 2026 Series Bonds. Bond Counsel is rendering its opinions under existing law as of the issue date of the 2026 Series Bonds and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation thereof, or otherwise.

ALL PURCHASERS OF THE 2026 SERIES BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTIONS TAKEN BY TAX AUTHORITIES, OR COURT DECISIONS.

ALL PURCHASERS OF THE 2026 SERIES BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

CONTINUING DISCLOSURE

Upon the issuance and delivery of the 2026 Series Bonds, the Authority and the Treasurer will enter into an agreement (the "Continuing Disclosure Agreement") with the Trustee, as dissemination agent, for the benefit of the holders of the 2026 Series Bonds, to comply with the secondary market disclosure requirements of the United States Securities and Exchange Commission's Rule 15c2-12. Pursuant to the Continuing Disclosure Agreement, the Treasurer will agree to provide certain financial information and operating data relating to the State, to the Municipal Securities Rulemaking Board ("MSRB"). Further, the Authority will agree to provide notices of the occurrence of certain enumerated events. The Trustee shall

file such information on behalf of the Treasurer and such notices on behalf of the Authority with the MSRB. The Trustee may meet the continuing disclosure filing requirements described above by providing such information to the MSRB or by complying with any other procedure that may be authorized by the United States Securities and Exchange Commission. The specific nature of the information to be contained in the Treasurer's Annual Report (as such term is defined in the Continuing Disclosure Agreement) or the notices of enumerated events is described in the form of the Continuing Disclosure Agreement set forth in APPENDIX IV hereto.

For Fiscal Year ended June 30, 2021, the Treasurer's Annual Report was due to the MSRB no later than March 15, 2022 in connection with its general obligation bonds. On March 15, 2022, the State filed a notice of failure to provide annual information on EMMA that the ACFR would not be filed by March 15, 2022, but would be filed as soon as available. The ACFR was filed on May 25, 2022.

For Fiscal Year ended June 30, 2021, the Treasurer's Annual Report was due to the MSRB no later than April 1, 2022 in connection with its subject-to-appropriations bonds. On April 1, 2022, the State filed a notice of failure to provide annual information on EMMA that the ACFR would not be filed by April 1, 2022, but would be filed as soon as available. The ACFR was filed on May 25, 2022.

On March 3, 2022, Moody's upgraded the New Jersey Transportation Trust Fund Authority's Transportation System Bonds, Transportation Program Bonds, and Federal Highway Reimbursement Revenue Notes from Baa1 to A3. A notice of the upgrade was posted to EMMA on March 23, 2022, fourteen (14) business days after the upgrade, and such notice was not linked to the CUSIP numbers for the Federal Highway Reimbursement Revenue Notes. The notice of upgrade has since been linked to the Federal Highway Reimbursement Revenue Notes.

On December 22, 2022, the State Treasurer provided notice on EMMA of a June 16, 2022, ratings downgrade by S&P Global Rating with respect to the Authority's Motor Vehicle Surcharge Revenue Bonds to "BBB". The notice was posted on EMMA on December 23, 2022.

The Treasurer and the Authority have become aware of certain facts that they do not consider to be material but that are disclosed below for the benefit of the holders and Beneficial Owners of the Bonds.

Some information that was made available in a timely manner on EMMA may not have been linked to all relevant CUSIP numbers. In addition, filings with respect to certain bond insurer ratings changes were either posted late or the filings were not posted at all. The Treasurer and the Authority are not always made aware of or may not have received notices from the rating agencies or the bond insurers of changes in the bond insurers' ratings. Such bond insurer ratings changes may or may not have had an effect on the ratings of the Bonds.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Precision Analytics Inc. (the "Verification Agent") will verify from the information provided to it the mathematical accuracy, as of the date of delivery of the 2026 Series Bonds, of the computations contained in the provided schedules to determine that the amount to be deposited in each Escrow Fund pursuant to the respective Escrow Deposit Agreement will be sufficient to pay, when due, the principal or Redemption Price of, and interest on the applicable series of Bonds to be Refunded. The Verification Agent will express no opinion on the assumptions provided to it, nor as to the tax status of the interest on the 2026 Series TTT Bonds.

UNDERWRITING

The 2026 Series Bonds are being purchased by BofA Securities, Inc., as representative of the underwriters listed on the cover page hereof (the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase all of the 2026 Series Bonds at an aggregate purchase price of $_____, which is equal to the aggregate principal amount of the 2026 Series Bonds, [plus][less] [net] original issue [premium][discount] in the amount of $_____, less an Underwriters' discount in the amount of $_____. The initial public offering prices of the 2026 Series Bonds set forth on the inside front cover of this Official Statement may be changed without notice by the Underwriters. The Underwriters may offer and sell the 2026 Series Bonds to certain dealers (including dealers depositing the 2026 Series Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices or yields lower than the offering prices or yields set forth on the inside front cover hereof.

The following three sentences have been furnished by BofA Securities, Inc. ("BofA Securities") for inclusion in this Official Statement. BofA Securities, an underwriter of the 2026 Series Bonds, has entered into a distribution agreement ("MLPF&S Distribution Agreement") with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the 2026 Series Bonds.

The Authority has not been furnished with any documents relating to the MLPF&S Distribution Agreement and makes no representations of any kind with respect thereto. The Authority is not a party to the MLPF&S Distribution Agreement and has not entered into any agreement or arrangement with MLPF&S with respect to the offering and sale of the 2026 Series Bonds.

The following four sentences have been furnished by BNY Mellon Capital Markets, LLC ("BNYCM") for inclusion in this Official Statement. BNYCM, as an underwriter of the 2026 Series Bonds, has entered into a separate agreement (the "Pershing Distribution Agreement") with Pershing, LLC (the "Pershing Distributor") that enables the Pershing Distributor to distribute certain new issue municipal securities underwritten by or allocated to BNYCM, which could include the 2026 Series Bonds. Under this agreement, BNYCM will share with the Pershing Distributor a portion of the fee or commission paid to BNYCM. BNYCM and the Pershing Distributor are registered broker-dealers and FINRA members, and affiliated subsidiaries of the Bank of New York Mellon Corporation. BNY is the corporate brand of the Bank of New York Mellon Corporation.

The Authority has not been furnished with any documents relating to the Pershing Distribution Agreement and makes no representations of any kind with respect thereto. The Authority is not a party to the Pershing Distribution Agreement and has not entered into any agreement or arrangement with the Pershing Distributor with respect to the offering and sale of the 2026 Series Bonds.

The following two sentences have been furnished by J.P. Morgan Securities LLC ("JPMS") for inclusion in this Official Statement. JPMS, an underwriter of the 2026 Series Bonds, has entered into negotiated dealer agreements with each of Charles Schwab & Co., Inc. ("CS&Co.") (the "CS&Co. Distribution Agreement") and LPL Financial LLC ("LPL") (the "LPL Distribution Agreement") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the dealer agreements, each of CS&Co. and LPL may purchase the Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any of the 2026 Series Bonds that such firm sells.

The Authority has not been furnished with any documents relating to the CS&Co. Distribution Agreement and LPL Distribution Agreement and makes no representations of any kind with respect thereto. The Authority is not a party to the CS&Co. Distribution Agreement or the LPL Distribution Agreement and has not entered into any agreement or arrangement with CS&Co. or LPL with respect to the offering and sale of the 2026 Series Bonds.

The following two sentences have been furnished by Stern Brothers & Co. ("Stern Brothers"), for inclusion in this Official Statement. Stern Brothers, an underwriter of the 2026 Series Bonds, has entered into separate agreements with InspereX LLC ("InspereX") (the "InspereX Distribution Agreement") and Benjamin F. Edwards & Company, Inc. ("Benjamin F. Edwards") (the "Benjamin Distribution Agreement") for the distribution of certain municipal securities offerings at the original issue price. Pursuant to the InspereX Distribution Agreement and the Benjamin Distribution Agreement, Stern Brothers may sell the 2026 Series Bonds to InspereX and Benjamin F. Edwards and, if applicable, will share a portion of its selling concession compensation with each firm.

The Authority has not been furnished with any documents relating to the InspereX Distribution Agreement and the Benjamin Distribution Agreement and makes no representations of any kind with respect thereto. The Authority is not a party to the InspereX Distribution Agreement or the Benjamin Distribution Agreement and has not entered into any agreement or arrangement with InspereX or Benjamin F. Edwards with respect to the offering and sale of the 2026 Series Bonds.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P"), have assigned their long-term municipal bond ratings of "A", "A1", and "A", respectively, to the 2026 Series Bonds.

Such ratings reflect the view of Fitch, Moody's and S&P at the time such ratings were given and the Authority makes no representation as to the appropriateness of the ratings. Any desired explanation of the significance of the ratings may be obtained from Fitch, Moody's and S&P. There is no assurance that such ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by Fitch, Moody's and S&P, respectively, if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price and/or marketability of the 2026 Series Bonds.

MISCELLANEOUS

The references herein to the Act, the Educational Facilities Act, the Resolution, the State Contract, and the Continuing Disclosure Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and reference is made to the Act, the Educational Facilities Act, the Resolution, the State Contract, and the Continuing Disclosure Agreement for full and complete statements of such provisions. These documents may be inspected at the principal corporate trust office of the Trustee.

The State has provided the information contained in APPENDIX I-1 and APPENDIX I hereto. The information contained therein is not to be construed as a representation of the Authority. The attached appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

Any statements which are contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable

but are not guaranteed as to accuracy or completeness and are not to be construed as a representation of the Authority.

This Official Statement is distributed in connection with the sale and issuance of the 2026 Series Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement has been duly authorized and approved by the Authority and duly executed and delivered on its behalf by the official signing below.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. The agreements of the Authority are fully set forth in the Resolution in accordance with the Act, and this Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any 2026 Series Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Name:
Title:

Dated: _____, 2026

APPENDIX I-1

SUPPLEMENT DATED SEPTEMBER 11, 2026, TO APPENDIX I

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Supplement dated September 11, 2026, to Appendix I, dated September 3, 2026

The table on page I-19 entitled "REVENUES" in the subsection entitled "Revenues" in the section entitled "FINANCIAL RESULTS AND ESTIMATES" is hereby replaced with the below table. The bolded numbers in the table below have been updated to reflect corrected values.

REVENUES
(In Millions)

	2027 Estimated	2026 Estimated	2025 Actual	2024 Actual	2023 Actual
General Fund:					
Sales and Use Tax	$15,074.7	$14,739.7	$14,002.3	$13,483.2	$13,301.5
Sales and Use Tax (Energy Tax Receipts)	805.6	805.6	805.6	798.4	788.5
Less: Property Tax Dedication	(1,198.5)	(1,173.2)	(1,122.1)	(1,081.4)	(1,065.8)
Net Sales and Use Tax	14,681.8	14,372.1	13,685.8	13,200.2	13,024.2
Corporation Business Taxes[1]	4,077.0	3,210.5	4,012.0	4,930.9	5,522.4
Corporate Transit Fee	814.4	640.3	794.5	-	-
Business Alternative Income Tax	4,820.5	5,110.0	4,568.2	4,192.4	3,981.1
Transfer Inheritance Tax	649.0	629.6	595.3	534.0	567.9
Insurance Premium Tax	700.0	650.0	536.2	627.3	641.3
Fringe Benefit Recoveries	1,485.4	1,478.2	1,485.6	1,475.5	1,227.7
Motor Fuels Tax	464.8	467.7	471.2	471.6	468.7
Motor Vehicle Fees	467.4	460.6	449.7	414.9	424.7
Medicaid Uncompensated Care	189.7	182.1	271.7	510.4	577.8
Realty Transfer Tax	570.3	559.2	525.2	438.1	523.2
Graduated Percent Fee[2]	532.7	455.3	273.5	**207.6**	**247.3**
Petroleum Products Gross Receipts	1,705.0	1,650.3	1,532.9	**1,450.0**	**1,438.7**
Petroleum Products Gross Receipts-Capital Reserves	(777.4)	(818.2)	(812.2)	(605.9)	(625.3)
Corporation Business Tax-Banks and Financials[1]	-	-	-	-	68.1
Cigarette Tax	-	-	-	25.7	63.4
Alcoholic Beverage Excise Tax	159.3	156.9	149.5	151.4	146.3
Other	3,359.4	4,101.8	4,080.7	4,419.2	3,343.2
Total General Fund[3]	33,899.3	33,306.4	32,619.8	32,443.3	31,640.7
Property Tax Relief Fund:					
Gross Income Tax	23,184.0	22,623.3	21,007.3	18,880.5	18,798.7
Plus: Property Tax Dedication	1,220.4	1,195.1	1,150.4	1,109.6	1,095.6
Gross Property Tax Relief Fund	24,404.4	23,818.4	22,157.7	19,990.1	19,894.3
Gubernatorial Elections Fund-Taxpayer Designations	0.2	0.2	0.2	0.2	0.2
Casino Control Fund-Licenses Fees, Interest	81.3	79.9	74.5	69.4	64.0
Casino Revenue Fund-8% Gross Revenue Tax, Other Taxes and Fees, Interest	1,004.4	937.7	669.6	584.0	500.2
Total	$59,389.6	$58,142.6	$55,521.8	$53,087.0	$52,099.4

(1) For display purposes, beginning in Fiscal Year 2024, amounts previously reported under "Corporation Business Tax – Banks and Financials" are now included with amounts reported under "Corporation Business Taxes".
(2) Prior to Fiscal Year 2026, the "Graduated Percent Fee" was known as the "Assessment on Real Property Greater than $1 million".
(3) Excludes Non-Budgeted Revenues which include primarily Federal Funds. Non-Budgeted Revenues are offset by matching appropriations; therefore, these Non-Budgeted Revenues do not affect the General Fund's undesignated fund balance.

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The table on page I-20 entitled "REVENUES – DOLLAR GROWTH" in the subsection entitled "Revenues – Dollar Growth" in the section entitled "FINANCIAL RESULTS AND ESTIMATES" is hereby replaced with the below table. The bolded numbers in the table below have been updated to reflect corrected values.

REVENUES – DOLLAR GROWTH
(In Millions)

	2027 Estimated	2026 Estimated	2025 Actual	2024 Actual	2023 Actual
General Fund:					
Sales and Use Tax	$335.0	$737.4	$ 519.1	$ 181.7	$ 671.5
Sales and Use Tax (Energy Tax Receipts)	-	-	7.2	9.9	-
Less: Property Tax Dedication	(25.3)	(51.1)	(40.7)	(15.6)	(52.8)
Net Sales and Use Tax	309.7	686.3	485.6	176.0	618.7
Corporation Business Taxes[1]	866.5	(801.5)	(918.9)	(591.5)	(195.6)
Corporate Transit Fee	174.1	(154.2)	794.5	-	-
Business Alternative Income Tax	(289.5)	541.8	375.8	211.3	1.1
Transfer Inheritance Tax	19.4	34.3	61.3	(33.9)	(33.8)
Insurance Premium Tax	50.0	113.8	(91.1)	(14.0)	(62.4)
Fringe Benefit Recoveries	7.2	(7.4)	10.1	247.8	228.0
Motor Fuels Tax	(2.9)	(3.5)	(0.4)	2.9	6.9
Motor Vehicle Fees	6.8	10.9	34.8	(9.8)	31.3
Medicaid Uncompensated Care	7.6	(89.6)	(238.7)	(67.4)	100.2
Realty Transfer Tax	11.1	34.0	87.1	(85.1)	(151.4)
Graduated Percent Fee[2]	77.4	181.8	65.9	(39.7)	**(28.3)**
Petroleum Products Gross Receipts	54.7	117.4	82.9	11.3	(115.2)
Petroleum Products Gross Receipts-Capital Reserves	40.8	(6.0)	(206.3)	19.4	131.0
Corporation Business Tax-Banks and Financials[1]	-	-	-	(68.1)	(13.8)
Cigarette Tax	-	-	(25.7)	(37.7)	25.4
Alcoholic Beverage Excise Tax	2.4	7.4	(1.9)	5.1	3.7
Other	(742.4)	21.1	(338.5)	1,076.0	**739.2**
Total General Fund[3]	592.9	686.6	176.5	802.6	1,285.0
Property Tax Relief Fund:					
Gross Income Tax	560.7	1,616.0	2,126.8	81.8	(1,938.8)
Plus: Property Tax Dedication	25.3	44.7	40.8	14.0	54.2
Gross Property Tax Relief Fund	586.0	1,660.7	2,167.6	95.8	(1,884.6)
Gubernatorial Elections Fund-Taxpayer Designations	-	-	-	-	-
Casino Control Fund-Licenses, Interest	1.4	5.4	5.1	5.4	3.8
Casino Revenue Fund-8% Gross Revenue Tax, Other Taxes and Fees, Interest	66.7	268.1	85.6	83.8	42.2
Total	$1,247.0	$2,620.8	$2,434.8	$ 987.6	$ (553.6)

(1) For display purposes, beginning in Fiscal Year 2024, amounts previously reported under "Corporation Business Tax – Banks and Financials" are now included with amounts reported under "Corporation Business Taxes".
(2) Prior to Fiscal Year 2026, the "Graduated Percent Fee" was known as the "Assessment on Real Property Greater than $1 million".
(3) Excludes Non-Budgeted Revenues which include primarily Federal Funds. Non-Budgeted Revenues are offset by matching appropriations; therefore, these Non-Budgeted Revenues do not affect the General Fund's undesignated fund balance.

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The table on page I-21 entitled "REVENUES – PERCENTAGE GROWTH" in the subsection entitled "Revenues – Percentage Growth" in the section entitled "FINANCIAL RESULTS AND ESTIMATES" is hereby replaced with the below table. The bolded numbers in the table below have been updated to reflect corrected values.

REVENUES – PERCENTAGE GROWTH

	2027 Estimated	2026 Estimated	2025 Actual	2024 Actual	2023 Actual
General Fund:					
Sales and Use Tax	2.3%	5.3%	3.8%	1.4%	5.3%
Sales and Use Tax (Energy Tax Receipts)	-	-	0.9	1.3	-
Less: Property Tax Dedication	2.2	4.6	3.8	1.5	5.2
Net Sales and Use Tax	2.2	5.0	3.7	1.4	5.0
Corporation Business Taxes[1]	27.0	(20.0)	(18.6)	(10.7)	(3.4)
Corporate Transit Fee	27.2	(19.4)	-	-	-
Business Alternative Income Tax	(5.7)	11.9	9.0	5.3	0.0
Transfer Inheritance Tax	3.1	5.8	11.5	(6.0)	(5.6)
Insurance Premium Tax	7.7	21.2	(14.5)	(2.2)	(8.9)
Fringe Benefit Recoveries	0.5	(0.5)	0.7	20.2	22.8
Motor Fuels Tax	(0.6)	(0.7)	(0.1)	0.6	1.5
Motor Vehicle Fees	1.5	2.4	8.4	(2.3)	8.0
Medicaid Uncompensated Care	4.2	(33.0)	(46.8)	(11.7)	21.0
Realty Transfer Tax	2.0	6.5	19.9	(16.3)	(22.4)
Graduated Percent Fee[2]	17.0	66.5	31.7	(16.1)	**(10.3)**
Petroleum Products Gross Receipts	3.3	7.7	5.7	0.8	(7.4)
Petroleum Products Gross Receipts-Capital Reserves	(5.0)	0.7	34.0	(3.1)	(17.3)
Corporation Business Tax-Banks and Financials[1]	-	-	-	(100.0)	(16.8)
Cigarette Tax	-	-	(100.0)	(59.5)	66.8
Alcoholic Beverage Excise Tax	1.5	4.9	(1.3)	3.5	2.6
Other	(18.1)	0.5	(7.7)	32.2	**28.4**
Total General Fund[3]	1.8	2.1	0.5	2.5	4.2
Property Tax Relief Fund:					
Gross Income Tax	2.5	7.7	11.3	0.4	(9.3)
Plus: Property Tax Dedication	2.1	3.9	3.7	1.3	5.2
Gross Property Tax Relief Fund	2.5	7.5	10.8	0.5	(8.7)
Gubernatorial Elections Fund-Taxpayer Designations	-	-	-	-	-
Casino Control Fund-Licenses, Interest	1.8	7.2	7.3	8.4	6.3
Casino Revenue Fund-8% Gross Revenue Tax, Other Taxes and Fees, Interest	7.1	40.0	14.7	16.8	9.2
Total	2.1%	4.7%	4.6%	1.9%	(1.1)%

(1) For display purposes, beginning in Fiscal Year 2024, amounts previously reported under "Corporation Business Tax – Banks and Financials" are now included with amounts reported under "Corporation Business Taxes".

(2) Prior to Fiscal Year 2026, the "Graduated Percent Fee" was known as the "Assessment on Real Property Greater than $1 million".

(3) Excludes Non-Budgeted Revenues which include primarily Federal Funds. Non-Budgeted Revenues are offset by matching appropriations; therefore, these Non-Budgeted Revenues do not affect the General Fund's undesignated fund balance.

State of New Jersey

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APPENDIX I

FINANCIAL AND OTHER INFORMATION RELATING TO THE STATE OF NEW JERSEY

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APPENDIX I

DATED: SEPTEMBER 3, 2026

FINANCIAL AND OTHER INFORMATION RELATING TO THE STATE OF NEW JERSEY

This Appendix I speaks only as of its date and contains information supplied by the State that a prospective investor might consider in reaching a decision to invest in securities of the State or securities issued by governmental authorities that are secured by amounts subject to appropriations by the State Legislature. Nothing contained in this Appendix I shall create any implication that there has been no change in the affairs of the State since the date hereof.

All quotations from and summaries and explanations of provisions of laws of the State contained in this Appendix I do not purport to be complete and are qualified in their entirety by reference to the official compilation of State laws.

All estimates and assumptions of financial and other information set forth in this Appendix I are and will be based on information available as of its date, are believed to be reasonable, and are not to be construed as assurances of actual outcomes. All estimates of future performance or events constituting "forward-looking statements" set forth in this Appendix I may or may not be realized because of a wide variety of economic and other circumstances. Included in such forward-looking statements are budgetary numbers and other information for the most recent past and current fiscal years.

From time to time, State officials or representatives of State governmental authorities may issue statements or reports, post information on websites, or otherwise make public information that contains predictions, projections or other information relating to the State's financial condition, including potential operating results for the current fiscal year and for future fiscal years, that may vary materially from the information provided in this Appendix I. In addition, such officials and authorities as well as other persons and groups, with or without official State governmental approval and cooperation, may undertake studies and analyses, whether or not designed to be made public, which may contain information regarding the State and its financial condition, which differs significantly from the information provided herein or on which the information provided herein is based. Such statements, reports and information are not part of this Appendix I or the Official Statement to which this Appendix I is appended and should not be relied upon by investors and other market participants.

To the extent the State determines it is necessary or appropriate to revise, update or supplement the information contained in this Appendix I, the State will prepare and make public supplements to this Appendix I. Investors and other market participants should refer to subsequent Official Statements containing updates to this Appendix I or filings with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board ("MSRB") for official revisions, updates or supplements to the information contained in this Appendix I. In determining the appropriate information concerning the State to be relied upon in making an investment decision, investors and other market participants should refer only to this Appendix I and official supplements thereto provided by the State.

The Annual Comprehensive Financial Report for the twelve months ending June 30, 2025, including Management's Discussion and Analysis (the "2025 ACFR"), has been separately filed with the MSRB and is incorporated by specific reference herein and is considered to be part of this Appendix I. The State has also placed a copy of the 2025 ACFR on the following website at *www.nj.gov/treasury/omb*. No statement on that website or any other website is incorporated by reference herein.

Although the State has prepared the information on the above website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and the State assumes no liability or responsibility for errors or omissions contained on any website. Further, the State disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. The State also assumes no liability or responsibility for any errors or omissions or for any update to dated information contained on any website.

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APPENDIX I
FINANCIAL AND OTHER INFORMATION RELATING TO THE STATE OF NEW JERSEY

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OVERVIEW OF THE STATE'S FINANCIAL CONDITION

Recent Fiscal Years

The State's post-pandemic fiscal years have seen historically high fund balance levels but have also experienced a structural imbalance in its revenues and expenditures. Due to this imbalance, the State's combined ending fund balance has declined from approximately $10.5 billion as of June 30, 2023 to an estimated $7.667 billion as of June 30, 2026.

Fiscal Year 2027 Appropriations Act

The Fiscal Year 2027 Appropriations Act anticipates that revenues will grow to $59.389 billion, an increase of about $1.2 billion, or 2.1 percent above the estimated revenues for Fiscal Year 2026. The State's revenue forecast generally assumes the consensus forecast of moderating economic growth, slow growth in personal income and consumer spending, easing price inflation, and stability in the real estate market. These factors are expected to produce more modest revenue growth than in the prior fiscal year. The Fiscal Year 2027 forecast incorporates several newly enacted tax and fee policy changes—both increases and reductions—which together result in a net impact of approximately $736 million.

The Fiscal Year 2027 Appropriations Act appropriates, in aggregate, approximately $60.743 billion. These appropriations are mostly supported by projected revenues for Fiscal Year 2027 of $59.389 billion, but will also be supported by a projected partial drawdown of the State's fund balance of approximately $1.4 billion. The Fiscal Year 2027 Appropriations Act projects an ending fund balance for the State as of June 30, 2027, of approximately $6.084 billion, a decline from Fiscal Year 2026's projected ending fund balance of $7.667 billion, which included $359 million of supplemental appropriations under *P.L.* 2026, c. 20, enacted on June 30, 2026.

Risks to State's Financial Condition

- ***Structural Balance.*** As noted above, the State has relied on drawdowns from its fund balance over the last several Fiscal Years, including Fiscal Year 2027 in which the Fiscal Year 2027 Appropriations Act relies on a drawdown of $1.4 billion from its fund balance. While the State continues to enjoy a robust fund balance even with these drawdowns, if the State does not experience an increase in revenues or decrease in spending, the State may need to address the difference between its revenues and expenditures in future Fiscal Years to avoid further reductions in its fund balance.

- ***Federal Funding Risks.*** The federal government has recently and continues to undertake efforts to reduce or eliminate federal funding to states, local governments, nonprofits and other traditional beneficiaries of federal funding. The State currently does not have any ability to predict the fiscal impact that these policy shifts in federal funding will have on the State. Accordingly, the State could experience a wide range of possible impacts. See "Potential Impact of Federal Funding Policy Changes" below for more information related to these policy shifts. In addition to these concerns, the State relies on federal agencies to approve the State's use of certain federal funding streams to support various costs, some of which are currently delayed. It is unknown when, or if, such approvals will ultimately happen, and what the overall impact will be on the State, or its instrumentalities, if such approvals do not occur. Further, any future federal denials of existing programs or claims could put additional strain on the State budget.

- ***Health Care Costs.*** The State continues to experience substantial increases in its health care costs for both its employees and retirees. For its employees, appropriations for health benefits costs has continued to increase, rising from $1.64 billion in Fiscal Year 2023 to an estimated $2 billion in Fiscal Year 2027, an increase of over 22.4%. The State is concerned that it could face even more substantial increases in future Fiscal Years if reforms are not implemented or enacted. The State has experienced similar cost escalation in its post-retirement medical benefits, with appropriations increasing from $2.14 billion in Fiscal Year 2023 to an estimated $2.81 billion in Fiscal Year 2027.

- ***Tax Credit Utilization.*** The State offers several tax credit programs. See "FINANCIAL RESULTS AND ESTIMATES—New Jersey Economic Development Authority Tax Credit Programs" herein. The State's tax credit programs allow taxpayers to claim a tax credit many years after the tax year in which it was earned. As a result, the State can face challenges in projecting how many tax credits will be claimed in any given Fiscal Year. In Fiscal Year 2026, for example, a preliminary analysis of taxpayer refund claims associated with economic development tax credits indicates that these claims increased to roughly $550 million, many of which relate to prior tax years. This amount is approximately $200 million more than the State issued in Fiscal Year 2025. If taxpayers claim significantly more tax credits than the State expects in a Fiscal Year, it can create unexpected budgetary gaps and pressures.

- ***Actual Revenues and Expenditures may Materially Differ from Assumptions.*** The Fiscal Year 2027 Appropriations Act depends on numerous assumptions that the State makes with respect to its revenues and expenditures. Each Fiscal Year, the actual results of revenues and expenditures differ from the annual appropriations act and, in some Fiscal Years, they may differ materially. See "FINANCIAL RESULTS AND ESTIMATES" below for a description of the State's revenues, appropriations and other matters, including a description of assumptions the State makes concerning the revenues and expenditures contained in the Fiscal Year 2027 Appropriations Act.

CERTAIN CONSTITUTIONAL PROVISIONS AND JUDICIAL DECISIONS

The New Jersey State Constitution (the "State Constitution") provides for a bicameral State Legislature which meets in biennial sessions. Members of the State Senate are elected to terms of four years, except for the election following a decennial census, in which case the election is for a term of two years. Members of the General Assembly are elected to terms of two years. Both the Governor and the Lieutenant Governor are elected to terms of four years each.

Budget Limitations

The State Constitution provides, in part, that no money shall be drawn from the State Treasury but for appropriations made by law and that no law appropriating money for any State purpose shall be enacted if the appropriations contained therein, together with all prior appropriations made for the same fiscal period, shall exceed the total amount of the revenue on hand and anticipated to be available to meet such appropriations during such fiscal period, as certified by the Governor (Article VIII, Sec. 2, para. 2) (the "Appropriations Clause"). In addition to line-item appropriations for the payment of debt service on bonds, notes or other obligations which are subject to appropriation, beginning in Fiscal Year 2005, the annual Appropriations Act contains a general language provision which appropriates such additional amounts necessary to pay such debt service obligations subject to the approval of the Budget Director (defined below). For bonds which must be paid for from constitutionally-dedicated sources, such supplemental appropriations would need to be from constitutionally-dedicated revenues. (For general information regarding the budget process, see "STATE FINANCES – Budget and Appropriation Process" herein; for the application of the budget process for Fiscal Year 2027, see "FINANCIAL RESULTS AND ESTIMATES" herein.)

Debt Limitations

The State Constitution further provides, in part, that the State Legislature shall not, in any manner, create in any fiscal year a debt or liability of the State, which, together with any previous debts or liabilities, shall exceed at any time one percent of the total appropriations for such year, unless the same shall be authorized by a law for some single object or work distinctly specified therein. No such law shall take effect until it shall have been submitted to the people at a general election and approved by a majority of the legally qualified voters voting thereon; provided, however, no such voter approval is required for any such law authorizing the creation of a debt for a refinancing of all or any portion of the outstanding debts or liabilities of the State, so long as such refinancing shall produce a debt service savings. Furthermore, any funds raised under these authorizations must be applied only to the specific object stated therein. The State Constitution provides as to any law authorizing such debt: "Regardless of any limitation relating to taxation in this Constitution, such law shall provide the ways and means, exclusive of loans, to pay the interest of such debt or liability as it falls due, and also to pay and discharge the principal thereof within thirty-five years from the

time it is contracted; and the law shall not be repealed until such debt or liability and the interest thereon are fully paid and discharged." This constitutional requirement for voter approval does not apply to the creation of debts or liabilities for purposes of war, or to repel invasion, or to suppress insurrection or to meet emergencies caused by disaster or act of God (Article VIII, Sec. 2, para. 3) (the "Debt Limitation Clause").

The Debt Limitation Clause was amended by the voters on November 4, 2008 (the "Lance Amendment"). The Lance Amendment provides that, beginning after the effective date of the amendment, the State Legislature is prohibited from enacting any law that creates or authorizes the creation of a debt or liability of an autonomous State corporate entity, which debt or liability has a pledge of an annual appropriation as the means to pay the principal of and interest on such debt or liability, unless a law authorizing the creation of that debt or liability for some single object or work distinctly specified therein shall have been submitted to the people and approved by a majority of the legally qualified voters of the State voting thereon at a general election. The Lance Amendment does not require voter approval for any such law providing the means to pay the principal of and interest on such debt or liability subject to appropriations of an independent non-State source of revenue paid by third persons for the use of the single object or work thereof, or from a source of State revenue otherwise required to be appropriated pursuant to another provision of the State Constitution. Furthermore, voter approval is not needed for any law providing for the refinancing of all or a portion of any outstanding debts or liabilities of the State or of an autonomous State corporate entity provided that such law requires that the refinancing produces debt service savings, or for any law authorizing the issuance of general obligation bonds to meet an emergency caused by a disaster.

Judicial Decisions

Pursuant to the Debt Limitation and the Appropriation Clauses described above, the State has issued various types of debt instruments. Under the Debt Limitation Clause, the State issues "General Obligation Bonds" pursuant to separate bond acts approved by the voters at a general election. The faith and credit of the State is pledged for the payment of such General Obligation Bonds. In addition, over the past fifty years, legislation has been enacted from time to time which provides for the issuance of obligations by various independent authorities, the debt service on which is paid by annual appropriations made by the State Legislature ("State Appropriation Obligations").

In December 2000, a challenge was brought seeking a declaration that legislative programs authorizing State Appropriation Obligations violated the Debt Limitation Clause. In 2002, the New Jersey Supreme Court's first ruling in this matter ("*Lonegan I*") was limited solely to the issuance of State Appropriation Obligations by the New Jersey Economic Development Authority ("NJEDA") authorized by the Educational Facilities Construction and Financing Act ("EFCFA"). The Court held that such bonds did not violate the Debt Limitation Clause because such debt was not legally enforceable against the State. The Court ordered additional briefing and argument on the other legislatively authorized State Appropriation Obligations. In 2003, in the New Jersey Supreme Court's second ruling in the matter (*"Lonegan II"*), the Court rejected a broad challenge to the validity of fourteen New Jersey statutes authorizing the issuance of State Appropriation Obligations. The Court held that the Debt Limitation Clause does not apply to debt that is subject to future legislative appropriations because such debt is not legally enforceable against the State. Furthermore, the Court held that under New Jersey law, only debt that is legally enforceable against the State is subject to the Debt Limitation Clause. In reliance upon such rule, the State Legislature responded to changes in the financial markets that reflect modern economic realities to provide for the issuance of debt where the payment is subject to annual legislative appropriation.

Following *Lonegan II*, the State Legislature enacted two laws - the Cigarette Tax Securitization Act of 2004, *L.* 2004, *c.* 68 and the Motor Vehicle Surcharges Securitization Act of 2004, *L.* 2004, *c.* 70 (collectively, the "Securitization Acts"). The Securitization Acts authorized the issuance of State Appropriation Obligations by the NJEDA and provided that the proceeds of these bonds would be deposited into the General Fund and included as revenues to support the Governor's certification of revenues for the annual appropriations act (the "Appropriations Act") as required by the Appropriations Clause. A lawsuit was filed asserting that the Fiscal Year 2005 Appropriations Act was unconstitutional under the Appropriations Clause because of the inclusion of the proceeds of bonds as revenue for the purposes of the Governor's certification of revenues. The plaintiffs further claimed that absent voter approval, these bonds would be unconstitutional under the Debt Limitation Clause. In July 2004, the Court issued its decision holding that the issuance of bonds under the Securitization Acts did not violate the Debt Limitation Clause but that the proceeds of bonds issued under such acts cannot be included as "revenue" for the purposes of the Appropriations Clause. However, the Court determined that this ruling would be given prospective application only and that the State

and the NJEDA would be permitted to proceed with the sale of bonds authorized under the Securitization Acts because barring these bond sales would require significant revisions to, if not a complete overhaul of, that year's budget, potentially resulting in great disruption to the State Government. *Lance v. McGreevey* ("*Lance v. McGreevey*").

A further challenge was launched in August 2005, seeking a declaration that the Fiscal Year 2006 Appropriations Act violated the State Constitution because it anticipated revenues in the amount of $150 million from the proceeds of Tobacco Settlement Asset-Backed Bonds (the "Tobacco Settlement Bonds") to be issued by the Tobacco Settlement Financing Corporation ("TSFC"), a public body corporate and politic and an instrumentality of the State. On August 12, 2005, the trial court entered an order in favor of the plaintiffs (i) permanently enjoining the issuance of that portion of the Tobacco Settlement Bonds in excess of that necessary to effectuate the refunding of the TSFC's Series 2003 Bonds estimated to be $150 million, (ii) permanently enjoining the transfer of any portion of the proceeds of the Tobacco Settlement Bonds to the State, and (iii) ruling that the proceeds from the sale of the Tobacco Settlement Bonds would not be "revenue" for purposes of the Fiscal Year 2006 Appropriations Act. No appeal was taken and the bonds were not issued.

In July 2008, a complaint was filed in the Superior Court against the State claiming that *L.* 2008, *c.* 39 (the "EFCFA Amendment"), was unconstitutional under the Debt Limitation Clause. The EFCFA Amendment, among other things, authorized the issuance by the NJEDA of an additional $3.9 billion of State Appropriation Bonds. The Superior Court dismissed the complaint in its entirety, with prejudice, in December 2008. In November 2009, the Appellate Division affirmed the Superior Court's dismissal of the complaint.

In November 2008, as discussed above, the voters approved the Lance Amendment. A suit was filed in December 2008 in the Superior Court, seeking a declaration that the Lance Amendment was unconstitutional. The Plaintiffs claimed that the ballot question and the interpretative statement were defective. In November 2009, the Court dismissed the Plaintiffs' complaint for failure to state a claim upon which relief can be granted.

In June 2015, the New Jersey Supreme Court issued a decision on the Debt Limitation and Appropriations Clauses in *Burgos v. State* which was a challenge to the State's failure to make the annual required pension contribution pursuant to *L*. 2011, *c*. 78 ("Chapter 78"). Chapter 78 provided for various reforms in the pension and health benefit systems and contained a provision providing a "contractual right" to the State making the annual required pension contribution. The State failed to do so, and the Court ruled that "the State Legislature and the Governor were without authority to enact an enforceable and legally binding long-term financial agreement through" Chapter 78. Therefore, the Court found that the pension funding right in Chapter 78 is subject to appropriation. *Burgos v. State of New Jersey, et al*.

In 2018, the Appellate Division issued decisions in cases claiming that State Appropriation Obligations issued to finance projects utilizing a "lease-leaseback" structure through the NJEDA violated the Debt Limitation and Appropriation Clauses. In *Wisniewski v. Murphy*, the Appellate Division affirmed the trial court decision and dismissed a challenge to State Appropriation Obligations issued by NJEDA to finance renovations to the New Jersey State House and the refunding of certain outstanding indebtedness of the New Jersey Building Authority ("NJBA") relating to prior projects undertaken by the NJBA at the State House. The Appellate Division agreed with the State defendants' position that the matter was moot and dismissed the case on those grounds. However, due to the likelihood that this type of immediate sale of bonds evading the potential for review could occur in the future, the Appellate Division addressed the merits of plaintiff's claims. In that regard, the Appellate Division held that: (1) the Debt Limitation Clause was not violated as the debt was issued by the NJEDA, an independent State authority; (2) the bonds stated on their face that they were not a debt or liability of the State; and (3) the lease-leaseback structure which provides a stream of rental payments, subject to appropriation, to NJEDA to pay the principal and interest on the bonds, is not considered as the State's assumption of such bonded indebtedness.

Two other cases, *Gusciora v. Dept. of the Treasury* and *Wisniewski v. Christie* challenged the issuance of bonds by the NJEDA utilizing a lease-sublease structure to finance the construction of new State buildings for the New Jersey Department of Health, the New Jersey Division of Taxation, and the Juvenile Justice Commission. The Appellate Division denied declaratory and injunctive relief to the plaintiffs who, among several grounds, sought, on an emergency basis, to prohibit the sale of the bonds as violating the Debt Limitation Clause. The trial court denied plaintiffs' motion for a stay, while also transferring the cases to the Appellate Division. The Appellate Division denied the *Gusciora* plaintiffs' request for emergent relief and summarily dismissed the *Gusciora* complaint on the merits,

finding that there was no merit to the *Gusciora* plaintiffs' argument that the bond financing violated the Debt Limitation Clause as the bond resolution and the sublease between the NJEDA and the State Division of Property Management and Construction explicitly provided that the State's obligation to make rental payments was subject to appropriation by the State Legislature and that there was no violation of the Lance Amendment as no legislative enactments were involved. With respect to plaintiff Wisniewski, the Appellate Division found that Wisniewski's claim that the issuance of the bonds violated the Debt Limitation Clause did not have a likelihood of success on the merits, citing *Lonegan I* and the *Lance v. McGreevey* cases.

As part of the response to address the financial problems suffered by the State as a result of the consequences of the pandemic, the State Legislature enacted the New Jersey COVID-19 Emergency Bond Act (the "Emergency Bond Act"). The constitutionality of the Emergency Bond Act was challenged in *New Jersey Republican State Committee v. Murphy*. In August 2020, the New Jersey Supreme Court held that the Emergency Bond Act was valid under the Appropriations Clause and the Debt Limitation Clause of the State Constitution, subject to certain limitations. The Court held that subparagraph 3(e) of the Debt Limitation Clause (the "Emergency Exception") provides an exception from the voter approval requirement of subparagraph 3(a) of the Debt Limitation Clause for any debts or liabilities created to meet an emergency caused by a disaster. The Court found that the rare, once-in-a-century, infectious disease of the magnitude of the pandemic was a "disaster" and the subsequent public health emergency, economic emergency impacting individuals and families, and State fiscal crisis all constituted an "emergency" within the confines of the Emergency Exception. The Court also held that the Appropriations Clause does not prohibit borrowing for appropriate purposes under the Emergency Exception, as a contrary reading would lead to a situation where the State could borrow funds to meeting an emergency caused by a disaster but not be able to spend them. Such a finding would be in contradiction to the Framers of the 1947 Constitutional Convention's intent to impose fiscal discipline over the State's fiscal practices and, at the same time, provide flexibility to respond to emergencies caused by a disaster. The Court finally noted that it was not overruling its decision in *Lance v. McGreevey,* which did not consider the Debt Limitation Clause, the Emergency Exception, or their interplay with the Appropriations Clause.

STATE FINANCES

Accounting System

The Director of the Division of Budget and Accounting in the New Jersey Department of the Treasury (the "Budget Director") prescribes and approves the accounting policies of the State and directs their implementation.

Financial Statements

The State prepares its financial statements in accordance with current standards that are outlined in the Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* The State's Annual Comprehensive Financial Report ("ACFR") includes government-wide financial statements and fund financial statements. These statements present different views of the State's financial information. The ACFR for the twelve months ending June 30, 2025, and the notes referred to therein (the "2025 ACFR") has been separately filed with the Municipal Securities Rulemaking Board ("MSRB") and is incorporated by specific reference herein and is considered to be part of this Appendix I. The 2025 ACFR presents the financial position and operating results of the State under generally accepted accounting principles ("GAAP") applicable to state and local governments as established by GASB. GASB is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

The significant accounting policies followed by the State are described in the "Notes to the Financial Statements" set forth in the 2025 ACFR.

Government-wide financial statements provide a broad view of the State's operations conforming to private sector accounting standards and provide both short-term and long-term information regarding the State's overall financial position through the fiscal year-end.

In addition to government-wide financial statements, the State prepares fund financial statements comprised of funds and component units with the State's funds divided into three categories – governmental, proprietary, and fiduciary.

Governmental Funds

Governmental Funds finance most Direct State Services, which support the normal operations of State government. The governmental funds financial statements focus on current inflows and outflows of expendable resources and the unexpended balances at the end of a fiscal year that are available for future spending. Governmental fund information helps determine whether or not there was an addition or a reduction in financial resources that can be spent in the near future to finance State programs.

The State's governmental funds are the General Fund, which receives revenues from taxes that are unrestricted by statute, most federal revenue and certain miscellaneous revenue items; the Property Tax Relief Fund, which receives revenues from the New Jersey Gross Income Tax and revenues derived from a tax rate of 0.5% imposed under the Sales and Use Tax, both of which are constitutionally dedicated toward property tax relief and reform; the Special Revenue Funds, which are used to account for resources legally restricted to expenditure for specified purposes; and the Capital Projects Funds, which are used to account for financial resources to be used for the acquisition or construction of major State capital facilities. The Capital Projects Funds includes the Special Transportation Fund which is used to account for financial resources for State transportation projects. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

Proprietary Funds

Proprietary Funds are used to account for State business-type activities. Since these funds charge fees to external users, they are known as enterprise funds.

Fiduciary Funds

Fiduciary Funds, which include the State's Pension Plans, are used to account for resources held by the State for the benefit of parties outside of State government. Unlike other government funds, fiduciary funds are reported using the accrual basis of accounting.

Component Units

Component Units-Authorities account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control or accountability. Component Units-Colleges and Universities account for the operations of the eleven State colleges and universities including their foundations and associations.

Budget and Appropriation Process

New Jersey's budget process is comprehensive and inclusive, involving every department and agency in the Executive Branch, the State Legislature, the Judicial Branch, and through a series of public hearings, the citizens of the State. The State operates on a fiscal year beginning July 1 and ending June 30.

Fiscal Year 2027 began on July 1, 2026 and ends on June 30, 2027.

Pursuant to the Appropriations Clause, no money may be drawn from the State Treasury except for appropriations made by law. In addition, all monies for the support of State government and all other State purposes, as far as can be ascertained or reasonably foreseen, must be provided for in one general appropriations law covering one and the same fiscal year. The State Legislature enacts the Appropriations Act on an annual basis which provides the basic framework for the operation of governmental funds, including the General Fund. No general appropriations

law or other law appropriating money for any State purpose shall be enacted if the amount of money appropriated therein, together with all other prior appropriations made for the same fiscal year, exceeds the total amount of revenue on hand and anticipated to be available for such fiscal year. The Appropriations Clause requires that at the time of enactment of the annual Appropriations Act, the Governor certify that there are sufficient resources available to support the line item appropriations in the Appropriations Act.

Budget Requests and Preliminary Projections

The budget process begins in the summer prior to the following fiscal year with preliminary projections of revenues and expenditures, which are the basis for development of budget targets for each branch, department and agency. Individual departments and agencies are required to prepare a funding plan or strategy for operating within the established target in the following fiscal year, which funding plan or strategy includes an analysis of the costs, benefits and priorities of every program.

Budget Director Review

On or before October 1 in each year, each Department, Board, Commission, Office or other Agency of the State must file with the Budget Director a request for appropriation or permission to spend, specifying all expenditures proposed to be made by such spending agency during the following fiscal year. The Budget Director then examines each request and determines the necessity or advisability of the appropriation request. On or before December 31 of each year or such other time as the Governor may request, after review and examination, the Budget Director submits the requests, together with his or her findings, comments and recommendations, to the Governor.

Governor's Budget Message

The Governor's budget message (the "Governor's Budget Message") is presented by the Governor during an appearance before a joint session of the State Legislature which, by law, is convened on a date on or before the fourth Tuesday in February in each year, except if such date is changed as provided by law, which generally occurs during the first year when a new governor is elected. The Governor's Budget Message must include the proposed complete financial program of the State government for the next ensuing fiscal year and must set forth in detail each source of anticipated revenue and the purposes of recommended expenditures for each spending agency (*N.J.S.A.* 52:27B-20).

Legislative Review

The financial program included in the Governor's Budget Message is then subject to a process of legislative committee review. As part of such review, testimony is given by a number of parties. The Office of Legislative Services, which is an agency of the State Legislature, generally provides its own estimates of anticipated revenues which may be higher or lower than those included in the Governor's Budget Message, and the State Treasurer generally provides an updated statement of anticipated revenues in May of each year which may increase or decrease the amounts included in the Governor's Budget Message. In addition, various parties may release their own estimates of anticipated revenues and recommended expenditures to the media. After completion of the legislative committee review process, the budget, in the form of an appropriations bill, must be approved by the Senate and Assembly and must be submitted to the Governor for review. The Appropriations Act includes the General Fund, and the Casino Control, Casino Revenue, Gubernatorial Elections, and Property Tax Relief Funds. In addition to anticipated revenues, the Appropriations Act also provides for the appropriation of non-budgeted revenue, including primarily federal funds and other dedicated funds. These "non-budgeted" revenues are excluded from all tables except for the table entitled "EXPENDITURES."

Governor's Line-Item Veto Power

Upon enactment by the Legislature of the Appropriations Act, the Governor may approve the bill, revise the estimate of anticipated revenues contained therein, delete or reduce appropriation items contained in the bill through the exercise of his or her line-item veto power, or veto the bill in its entirety. As with any gubernatorial veto, such action may be reversed by a two-thirds vote of each House of the State Legislature.

Fiscal Controls

The departments maintain legal control at the appropriation line-item level and exercise budgetary control by individual appropriations and allocations within annual appropriations to various programs and major expenditure objects. Revisions to the Appropriations Act, reflecting program changes or interdepartmental transfers of an administrative nature, may be effected during the fiscal year with certain Executive and Legislative Branch approvals. Management may amend a department's budget with approval by the Budget Director; provided that under specific conditions, additional approval by the Office of Legislative Services is required. Transfers of appropriations between departments or between line items within a department are authorized pursuant to general provisions of the Appropriations Act.

During the course of the fiscal year, the Governor may take steps to reduce State expenditures if it appears that revenues have fallen below those originally anticipated. Pursuant to various statutes, the Governor may order the Budget Director to set aside a reserve out of each appropriation, and if sufficient revenues are not available by the end of the fiscal year to fund such reserve, the amount reserved lapses back into the General Fund. In addition, the Governor is authorized to prohibit and enjoin and place conditions upon the expenditure of monies in the case of extravagance, waste or mismanagement.

Furthermore, under the State Constitution, no supplemental appropriation may be enacted after adoption of the Appropriations Act except where there are sufficient revenues on hand or anticipated, as certified by the Governor, to meet such appropriation and all prior appropriations for such fiscal year.

State Budget Shutdown

If the Appropriations Act is not enacted prior to the first day of the next fiscal year, under the Appropriations Clause, no moneys can be withdrawn from the State treasury. Accordingly, all non-essential operations of State government must be shut down until such time as the Appropriations Act is passed and approved by the Governor. If a shutdown occurs in a future fiscal year, no moneys, other than general obligation bond debt service and available amounts already held under bond financing documents will be available to make payment on obligations paid from State revenue subject to annual appropriation. See generally "STATE FINANCES – Budget and Appropriation Process" and "LONG-TERM OBLIGATIONS – State Appropriation Obligations".

FINANCIAL RESULTS AND ESTIMATES

Audit Reports

The State Auditor is directed by statute (*N.J.S.A.* 52:24-4) to "examine and post-audit all the accounts, reports, and statements and make independent verifications of all assets, liabilities, revenues, and expenditures" of the State and its agencies. The accounting and reporting policies of the State conform in all material respects to GAAP as applicable to governments.

Balance Sheets

The comparative balance sheets for the General Fund, the Casino Control Fund, the Casino Revenue Fund, the Gubernatorial Elections Fund and the Property Tax Relief Fund as of June 30, 2025 and 2024 are set forth below.

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GENERAL FUND[1]
COMPARATIVE BALANCE SHEETS
(In Millions)
(Audited)

	As of June 30,	
	2025	**2024**
ASSETS		
Cash and cash equivalents	$ 152.1	$ 148.0
Investments	20,007.4	23,272.6
Receivables, net of allowances for uncollectibles:		
Federal government	989.4	1,342.1
Departmental accounts	3,512.1	3,098.4
Loans	266.9	201.5
Other	103.2	85.2
Due from other funds	1,998.4	1,596.9
Advances	1.3	-
Other	4.3	8.3
Total Assets	$27,035.1	$29,753.0
LIABILITIES AND FUND BALANCES		
Accounts payable and accruals	$3,102.2	$ 3,085.3
Unearned revenue	2,584.4	3,727.4
Due to other funds	3,584.6	4,971.9
Refunds payable	534.4	377.5
Other	40.0	49.1
Total Liabilities	9,845.6	12,211.2
Deferred Inflows of Resources	222.9	191.6
Total Liabilities and Deferred Inflows of Resources	$10,068.5	$12,402.8
Fund Balances		
Restricted	1,687.7	1,292.4
Committed	6,653.2	6,917.7
Unassigned	8,625.7	9,140.1
Total Fund Balances	16,966.6	17,350.2
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$27,035.1	$29,753.0

[1] The General Fund is used to account for all State revenues not otherwise restricted by statute. The largest part of the total financial operations of the State is accounted for in the General Fund. Most revenues received from taxes, federal sources, and certain miscellaneous revenue items are recorded in the General Fund. The Appropriations Act enacted by the State Legislature provides the basic framework for the operation of the General Fund.

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OTHER BUDGETED FUNDS
COMPARATIVE BALANCE SHEETS
AS OF JUNE 30
(Audited)
(In Millions)

	Casino Control Fund[1]		Casino Revenue Fund[2]		Gubernatorial Elections Fund[3]		Property Tax Relief Fund[4]	
	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS								
Receivables, net of allowances for uncollectibles								
Departmental accounts	$ 5.5	$2.2	$79.1	$60.8	-	-	$1,259.1	$1,070.9
Due from other funds	6.2	6.4	41.2	0.8	$0.3	$0.4	323.9	352.1
Total Assets	$11.7	$8.6	$120.3	$61.6	$0.3	$0.4	$1,583.0	$1,423.0
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accruals	$8.8	$8.6	$10.4	$10.7	$0.1	-	$130.8	$175.4
Due to other funds	-	-	1.5	42.1	0.1	-	55.6	55.7
Refunds payable	-	-	-	-	-	-	341.4	392.4
Total Liabilities	$8.8	$8.6	$11.9	$52.8	$0.2	-	$527.8	$623.5
Fund Balances								
Restricted	-	-	-	-	-	-	1,055.2	799.5
Committed	2.9	-	108.4	8.8	0.1	0.4	-	-
Total Fund Balances	2.9	-	108.4	8.8	0.1	0.4	1,055.2	799.5
Total Liabilities and Fund Balances	$11.7	$8.6	$120.3	$61.6	$0.3	$0.4	$1,583.0	$1,423.0

(1) The Casino Control Fund is used to account for fees from the issuance and annual renewal of casino licenses. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement. The Casino Control Fund was established by *N.J.S.A.* 5:12-143, approved June 2, 1977.

(2) The Casino Revenue Fund is used to account for the tax on gross revenues generated by the casinos. Gross revenue refers to the total of all sums actually received by a licensee from gaming operations, less the total sums paid out as winnings to patrons. Appropriations from this fund must be used for reductions in property taxes, utility charges and other expenses of eligible senior citizens and disabled residents. The Casino Revenue Fund was established by *N.J.S.A.* 5:12-145, approved June 2, 1977.

(3) The Gubernatorial Elections Fund is used to account for receipts from the dollar designations on New Jersey Gross Income Tax returns. When indicated by the taxpayer, one dollar of the tax is reserved from New Jersey Gross Income Tax revenues and credited to the Gubernatorial Elections Fund. These funds are available for appropriation pursuant to The New Jersey Campaign Contributions and Expenditures Reporting Act (*P.L.* 1973, *c.*83), as amended. The Gubernatorial Elections Fund was established by the New Jersey Gross Income Tax Act, *N.J.S.A.* 54A:9-25.1, approved July 8, 1976.

(4) The Property Tax Relief Fund is used to account for revenues from the New Jersey Gross Income Tax and for revenues derived from a tax rate of 0.5% imposed under the Sales and Use Tax that is constitutionally dedicated toward property tax reform. Revenues realized from the New Jersey Gross Income Tax and derived from a tax rate of 0.5% imposed under the Sales and Use Tax are dedicated by the State Constitution. All receipts from taxes levied pursuant to the New Jersey Gross Income Tax on personal income of individuals, estates, and trusts must be appropriated exclusively for the purpose of reducing or offsetting property taxes. Annual appropriations are made from the Property Tax Relief Fund, pursuant to formulas established by the State Legislature, to counties, municipalities and school districts. The Property Tax Relief Fund was established by the New Jersey Gross Income Tax Act, *N.J.S.A.* 54A:9-25, approved July 8, 1976.

Changes in Fund Balances

The following table sets forth a Summary of Revenues, Appropriations and Undesignated Fund Balances for Fiscal Years 2023 through 2027, covering budgeted funds. The Undesignated Fund Balances are available for appropriation in succeeding fiscal years. There have been positive Undesignated Fund Balances in the General Fund at the end of each year since the State Constitution was adopted in 1947.

Amounts shown for Fiscal Years 2023, 2024 and 2025 are actual and final. Amounts shown for Fiscal Year 2026 in the following tables and charts are based upon revised estimates for revenues and appropriations as of June 30,

2026. Amounts shown for Fiscal Year 2027 are estimates as contained in the Fiscal Year 2027 Appropriations Act. The actual ending undesignated fund balance for Fiscal Year 2026 may differ from the balance estimated in the Fiscal Year 2027 Appropriations Act if actual levels of expenditures or revenues differ from estimated levels.

Budgeted State funds include the General Fund, the Property Tax Relief Fund, the Casino Revenue Fund, the Casino Control Fund and the Gubernatorial Elections Fund, but exclude federal funds and other non-budgeted funds. The Appropriations Act also provides for the appropriation of non-budgeted revenue, including primarily federal funds and other dedicated funds to the extent such revenue is received and permits the corresponding increase of appropriation balances from which expenditures can be made. See “STATE FINANCES – Accounting System” above.

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SUMMARY OF REVENUES, APPROPRIATIONS AND UNDESIGNATED FUND BALANCES – BUDGETED STATE FUNDS[1]
(In Millions)

	2027 Estimated	2026 Estimated	2025 Actual[2]	2024 Actual	2023 Actual[3]
July 1st Beginning Balances					
General Fund	$ 7,666.5	$8,625.7	$8,770.5	$10,212.6	$ 5,179.2
Surplus Revenue Fund	–	–	322.3	305.6	–
Property Tax Relief Fund	–	–	–	–	3,062.4
Gubernatorial Elections Fund	–	0.1	0.4	0.2	–
Casino Control Fund	–	–	–	–	–
Casino Revenue Fund	–	103.2	–	–	–
Total Beginning Balances	$7,666.5	$8,729.0	$9,093.2	$10,518.4	$ 8,241.6
Anticipated Revenue					
General Fund	$33,899.3	$33,306.4	$32,619.8	$32,443.3	$31,640.7
Property Tax Relief Fund	24,404.4	23,818.4	22,157.7	19,990.1	19,894.3
Gubernatorial Elections Fund	0.2	0.2	0.2	0.2	0.2
Casino Control Fund	81.3	79.9	74.5	69.4	64.0
Casino Revenue Fund	1,004.4	937.7	669.6	584.0	500.2
Total Revenues	$59,389.6	$58,142.6	$55,521.8	$53,087.0	$52,099.4
Total Resources	$67,056.1	$66,871.6	$64,615.0	$63,605.4	$60,341.0
Other Adjustments					
General Fund					
Balances lapsed[4]	$ –	$ 710.2	$ 1,793.7	$ 1,381.7	$ 1,781.3
From (To) Reserved Fund Balance	(228.9)	42.8	62.0	(119.3)	(21.9)
From (To) Surplus Revenue Fund	–	–	322.3	(16.7)	(305.6)
From (To) Property Tax Relief Fund	–	1,438.5	(59.0)	(39.8)	36.7
Budget vs GAAP Adjustment	–	–	(3.9)	–	(0.5)
From (To) Casino Revenue Fund	–	51.0	–	–	–
From (To) Gubernatorial Elections Fund	–	(25.1)	(37.8)	–	–
Surplus Revenue Fund					
From (To) General Fund	–	–	(322.3)	16.7	305.6
Property Tax Relief Fund					
Balances lapsed[4]	–	75.3	92.2	54.0	312.6
From (To) General Fund	–	(1,438.5)	59.0	39.8	(36.7)
Budget vs GAAP Adjustment	–	–	1.7	(1.8)	–
Gubernatorial Elections Fund					
From (To) General Fund	–	25.1	37.8	–	–
Balances lapsed[4]	–	0.1	–	–	–
Budget vs GAAP Adjustment	–	–	0.6	–	–
Casino Control Fund					
From (To) General Fund	–	–	6.1	–	–
Balances lapsed[4]	–	–	–	2.2	3.7
Budget vs GAAP Adjustment	–	–	(3.2)	1.9	0.4
Casino Revenue Fund					
From (To) General Fund	–	(51.0)	–	–	–
Balances lapsed[4]	–	–	4.9	1.8	1.0
From (To) General Fund					
Total Other Adjustments	$(228.9)	$828.4	$1,954.1	$ 1,320.5	$ 2,076.6
Total Available	$66,827.2	$67,700.0	$66,569.1	$64,925.9	$62,417.6
Appropriations					
General Fund	$35,540.5	$36,483.0	$34,841.9	$35,044.0	$28,097.3
Property Tax Relief Fund	24,118.6	22,455.2	22,310.6	20,082.1	23,232.6
Gubernatorial Elections Fund	–	25.5	38.9	–	–
Casino Control Fund	81.3	79.9	77.4	73.5	68.1
Casino Revenue Fund	1,003.2	989.9	571.3	585.8	501.2
Total Appropriations	$60,743.6	$60,033.5	$57,840.1	$55,785.4	$51,899.2
June 30th Ending Balances					
General Fund	$5,796.4	$7,666.5	$8,625.7	$ 8,817.8	$10,212.6
Surplus Revenue Fund	–	–	–	322.3	305.6
Property Tax Relief Fund	285.8	–	–	–	–
Gubernatorial Elections Fund	0.2	–	0.1	0.4	0.2
Casino Control Fund	–	–	–	–	–
Casino Revenue Fund	1.2	–	103.2	–	–
Total Ending Balances[5]	$6,083.6	$7,666.5	$8,729.0	$9,140.5	$10,518.4

(footnotes appear on next page)

(1) Budgeted State Funds include the General Fund, the Property Tax Relief Fund, the Casino Revenue Fund, the Casino Control Fund and the Gubernatorial Elections Fund. These amounts do not reflect amounts included under the caption "Other Adjustments" in the table entitled "SUMMARY OF REVENUES, APPROPRIATIONS AND UNDESIGNATED FUND BALANCES – BUDGETED STATE FUNDS" above.

(2) The General Fund opening undesignated fund balance for Fiscal Year 2025 was restated downward by $47.3 million due to a reduction of revenues previously overstated.

(3) The General Fund opening undesignated fund balance for Fiscal Year 2023 was restated downward by $77.6 million due to a reduction of receivables previously overstated.

(4) Upon the end of the Fiscal Year, any unexpended or unencumbered balance in an appropriation reverts (lapses) to the June 30th ending undesignated fund balance, unless otherwise provided for in the Appropriations Act.

(5) The ending undesignated fund balance for Fiscal Year 2026 is estimated and may be revised as a result of changes in expenditures and/or anticipated revenues. The ending undesignated fund balance for Fiscal Year 2027 reflects a projection based on anticipated revenues and expenditures in the Fiscal Year 2027 Appropriations Act.

New Jersey Demographic Information

New Jersey is the most densely populated state in the United States, with an average density of 1,298 persons per square mile as of 2025. The State is a part of a megalopolis that extends from Washington, D.C. in the south to Boston, Massachusetts in the north and includes about 15 percent of the U.S. population, making it an attractive location for businesses due to its central location and ability to access both regional and world markets.

The following industries are the center of the State's diverse economy: technology, transportation and logistics, health care, financial services, biopharmaceuticals, advanced manufacturing, retail trade, construction and energy, and leisure and hospitality. There is also a strong commercial agriculture sector in the rural areas. The Jersey Shore, part of the Atlantic Seaboard, is a focus of the State's tourism sector and includes casino gambling in Atlantic City. After reaching a projected 124.2 million visitors in 2025, New Jersey's tourism industry is expected to grow to 131.2 million visitors by 2028, according to projections by Tourism Economics.

There are approximately 9.55 million people residing in New Jersey in 2025, according to the latest population estimate from the U.S. Census Bureau. New Jersey's population has grown an average of 0.55 percent per year from 2020 to 2025. This is above the average annual growth rate of -0.20 percent for New York and 0.09 percent for Pennsylvania, but below the national growth rate of 0.62 percent. Approximately 21.5 percent of New Jersey's population is under the age of 18, which is the same as the national average. In addition, 18.0 percent of the State's population is 65 years or older, which is also the same as the national average.

New Jersey's population is highly educated. Based on the 5-year American Community Survey for 2020–2024, 43.6 percent of New Jersey residents 25 years of age or older have a bachelor's degree or higher. This is the fourth highest rate in the Nation and above the national average of 35.6 percent. New Jersey is also a diverse state. At 23.8 percent, New Jersey has the second highest share of foreign-born residents, behind only California, and above the national average of 14.1 percent. New Jersey has the third highest percentage of residents who speak a language other than English at home at 33 percent. The State ranks behind only California and Texas and is above the national percentage of 22.3 percent.

Based on New Jersey gross income tax return data, the number of high-income taxpayers has been growing faster than the total number of taxpayers. From calendar years 2013 to 2024, the total number of taxpayers increased by 0.9 percent per year on average. During the same period, the number of taxpayers whose total income was between $500,000 and $1 million increased by 9.0 percent per year on average, and the number of taxpayers whose total income was greater than $1 million increased by 8.2 percent per year on average.

For more information, see the 2025 ACFR-Statistical Section.

New Jersey Current Economic Outlook

New Jersey experienced stable but slowing economic growth in 2025. The State's Gross Domestic Product ("GDP") – a broad measure of economic output – showed moderate growth overall, while employment levels rose slightly. Earlier in the year, price inflation rose slightly, declined and then held steady before a small increase at the

end of 2025. Higher interest rates, which were intended to slow economic activity in order to tame inflation, eased somewhat over the second half of 2025. However, despite this modest retreat, borrowing costs remained elevated enough to restrain activity in certain sectors, particularly the housing market. The Federal Open Market Committee ("FOMC") recently announced that rates will remain unchanged on July 29, 2026. The economic outlook for both New Jersey and the nation points to continued slow growth.

In 2025, New Jersey's economic growth (1.8 percent real GDP growth) was slower than the U.S. (2.1 percent real GDP growth) as a whole. New Jersey's real GDP growth in 2025 was outpaced by Pennsylvania (1.9 percent) and New York (2.9 percent) and ranked 26th out of the fifty states. New Jersey's real total GDP ($694 billion) ranked 10th out of the fifty states in 2025, above North Carolina but below Georgia. Real GDP growth increased in the first quarter of 2026 as New Jersey's GDP grew 0.8 percent, but remained lower than New York (0.9 percent), Pennsylvania (1.7 percent), and the U.S. as a whole (2.1 percent).

New Jersey lost a net of 3,100 jobs in the twelve-month period ending May 2026. However, payroll employment increased over the first five months of 2026, averaging an increase of 1,500 jobs per month. The State's labor force participation rate of 63.5 percent in May 2026 was 0.2 percentage points lower than December 2025 but was still higher than the rate for New York (61.7 percent), Pennsylvania (62.3 percent), and Connecticut (62.8 percent). Over the same twelve-month period, New Jersey's unemployment rate decreased 0.5 percentage points, falling to 4.7 percent. Despite the State's comparatively strong labor force participation, the unemployment rate remained 0.4 percentage points above the national rate of 4.3 percent and exceeded the rates of New York (4.6 percent), Pennsylvania (4.2 percent), while remaining below Connecticut (5.1 percent). Overall, the State recorded the twelfth-highest unemployment rate in the country.

Following gains of 112,200 jobs in 2022, 61,600 jobs in 2023, and 32,800 jobs in 2024, the State's labor market slowed, adding only 5,100 jobs in 2025. Employment increased modestly in six of the year's twelve months. Payroll employment grew by an average of 600 jobs per month during the first half of 2025 but slowed to an average of 200 jobs per month in the second half. By the end of 2025, New Jersey had 155,200 more nonfarm jobs than prior to the COVID-19 pandemic, a 3.7 percent increase from February 2020 to December 2025. This was higher than New York's (1.5 percent), Pennsylvania's (1.6 percent), and Connecticut's (1.1 percent) recent employment levels compared to pre-pandemic levels.

Although the Educational & Health Services sector added significant jobs in 2025, most other sectors saw only modest increases or net losses relative to the previous year. Notable sector changes included:

- Educational & Health Services (+29,000 jobs)
- Information (+800 jobs)
- Construction (+800 jobs)
- Trade / Transportation & Utilities (-5,600 jobs)
- Manufacturing and Professional & Business Services (-4,800 jobs each)
- Other Services (-4,000 jobs)

At the end of 2025, employment in most sectors remained above pre-pandemic levels. Only three sectors, Other Services (-7,100 jobs relative to pre-pandemic), Manufacturing (-2,400 jobs) and Government (-800 jobs), were still below their pre-pandemic employment levels.

Job growth during the first five months of 2026 was concentrated in two sectors: Educational & Health Services (+8,400 jobs) and Professional & Business Services (+5,700 jobs). Government, Other Services, and Leisure & Hospitality also recorded smaller gains during this period, while in contrast, Construction lost 4,400 jobs; the Information and Financial Activities sectors each lost 2,300 jobs; and Trade / Transportation & Utilities declined by 1,900 jobs.

New Jersey wages and salaries rose 4.3 percent in 2025, and personal income in the State rose 4.4 percent. New Jersey's wage and salary growth in 2025 was matched by Pennsylvania (4.3 percent) but outpaced by New York (5.4 percent) and the U.S. (4.6 percent). Overall, New Jersey's wage and salary growth was ranked 26th of the fifty states. Personal income growth overall ranked 39th amongst the fifty states, below New York, Pennsylvania and the

Nation. This relative economic underperformance persisted into the first quarter of 2026, as New Jersey's wages and salaries rose 2.4 percent, trailing both New York (2.5 percent) and Pennsylvania (3.7 percent), while its personal income growth of 2.3 percent similarly trailed New York (3.2 percent) and Pennsylvania (3.4 percent).

U.S. price inflation eased early in 2025, held steady through mid-year, and then stabilized following a slight uptick late in the year. However, by the second quarter of 2026, inflation had accelerated. The national Consumer Price Index ("CPI") rose 4.2 percent year-over-year in May 2026, an increase of 1.8 percentage points from May 2025's rate of 2.4 percent. Core Consumer Price Index ("Core CPI"), which excludes food and energy, rose 2.9 percent year-over-year in May 2026. Regional year-over-year CPI in the metropolitan area containing much of northern and central New Jersey grew 5.1 percent, while regional Core CPI was up 3.9 percent in May 2026.

The U.S. housing market was relatively flat in 2025 as elevated mortgage rates and home prices continued to restrain activity. The average U.S. 30-year fixed rate mortgage softened in the second half of 2025 and now hovers just above 6.4 percent as of June 2026. In New Jersey, the median sales price for a single-family home reached $625,000 in May 2026, rising 4.2 percent from May 2025. The pace of home sales continues to fall with year-over-year closed sales down 6.0 percent through May 2026. Affordability remains a challenge for many prospective homeowners as prices continue to rise, interest rates remain elevated, and energy costs increase.

Looking ahead, economic forecasters anticipate moderate growth will continue in both New Jersey and the United States through 2026 and 2027, despite several lingering uncertainties. Members of the FOMC indicated a growing need for at least one rate increase this year while inflation remains above the 2.0 percent target. Heightened tensions in the Middle East have introduced notable shocks to global markets, particularly through rising energy prices. According to the FOMC June 2026 projection, real (inflation-adjusted) GDP in the U.S. is expected to grow 2.2 percent in 2026, following a modest performance in 2025. Economists surveyed by the Wall Street Journal in July 2026 forecasted real GDP growth of 2.1 percent for the U.S. in 2026.

Risk of Climate Events

The State of New Jersey's location on the eastern seaboard of the United States exposes it to a variety of climate risks, such as severe storms and hurricanes, which can damage the State's infrastructure. In addition, much of the State's coastal and riverine areas may be vulnerable to sea level rise or flooding from increasing and extreme precipitation and other impacts of climate change. These climate-related phenomena may damage significant portions of the State's assets and may require the State to construct additional infrastructure. Further, a changing climate may negatively impact the economy of the State. However, the State cannot predict the impact that these climate events may have on its financial condition.

The State's Department of Environmental Protection ("NJDEP") is responsible for developing studies and strategies to reduce and respond to the effects of climate change. In 2020, the NJDEP released a scientific study regarding climate change and its impact upon the State, including New Jersey-specific sea-level rise information. In 2021, the NJDEP released new data regarding the risk of extreme precipitation throughout the state. As a matter of practice, the NJDEP incorporates appropriate new data into the State's climate science report. The most recent update was issued in 2025, including updates to New Jersey-specific sea-level rise projection. The NJDEP also has developed short- and long-term strategies to make the State more resilient to the impacts of climate change, including through regulatory requirements aimed at better protecting public and private assets from risks associated with extreme weather, sea-level rise, and flooding. On July 17, 2023, NJDEP issued the Inland Flood Protection rule which will improve flood protection for development in New Jersey, including for State assets. The rule incorporates the current and future predicted precipitation data to ensure that projects are designed in consideration of these potential flood impacts. The NJDEP has also established a resilience planning program to provide technical and planning assistance to local governments. In 2026, New Jersey adopted the Resilient Environments and Landscapes ("REAL") rules governing new, reconstructed or substantially improved development to ensure that it is resilient. REAL includes enhancements to stormwater management, assessment of areas that may be at risk of inundation in the future and elevation standards that reflect projected sea-level rise. In May 2026, the implementation of the REAL rules was delayed one year to July 2027. In 2026, the Resilient NJ program will increase the number of local governments it has supported, resulting in technical support to approximately 80 local governments to identify and enact appropriate measures to address climate impacts in coordination with State and federal agencies. In cooperation with other NJDEP

and State agency programs, over 120 local governments will have developed some form of climate resilience plan addressing current and future impacts.

New Jersey has also established an Interagency Council on Climate Resilience (the "Interagency Council") to develop consistent statewide policies and actions, and establish both short and long-term action plans, by which State departments and agencies will work both individually and collectively to address climate impacts. The recently expanded council is made up of representatives from 26 State agencies and departments, and staffed by New Jersey's Chief Resilience Officer. In 2021, the Interagency Council released New Jersey's Statewide Climate Change Resilience Strategy that includes recommendations to promote the long-term mitigation, adaptation, and resilience of New Jersey's economy, communities, infrastructure, and natural resources throughout the State. The Interagency Council released the Extreme Heat Resilience Action Plan in 2025 identifying 143 specific actions to be implemented by individual agencies (or across multiple agencies) to mitigate effects of extreme heat. In 2025, the Interagency Council also released the Statewide Flood Resilience Initiatives report detailing 106 programs and actions the State is taking to address the impacts of flooding, and the 2025 Annual Report summarizing 110 actions of State agencies, demonstrating a strong commitment of New Jersey government to addressing climate resilience. To ensure that New Jersey's residents are informed and ready to respond to extreme events, in 2025, New Jersey held its first-ever Extreme Heat Awareness Week in June, and its first Flood Safety Week in August. In addition, the New Jersey Blue Acres program – the nationally recognized voluntary flood prone property buyout program – has acquired over 140 residential properties impacted by flooding from Hurricane Ida in 2021, with another 150 acquisitions in progress, preserving over 450 acres of flood-prone open space. The Blue Acres program has acquired approximately 1,200 residential properties since its inception.

In response to these increasing risks across the State, the New Jersey flood risk notification law, *L*. 2023, *c*. 93, was enacted on July 3, 2023. The law requires landlords and sellers of real property to make certain disclosures concerning known and potential flood risks.

The State does not develop any of its climate change reports or strategies for purposes of investors making investment decisions and none of the NJDEP reports or strategies are incorporated by reference into this Appendix I.

Cybersecurity

State government has established a comprehensive and robust cybersecurity program, grounded in the National Institute of Standards and Technology's Cybersecurity Framework's core functions and other applicable statutory, regulatory, and contractual requirements related to cybersecurity. This includes: (1) governance, with regular review and updates to the State's policies and procedures; (2) identity management, ensuring all users have secure access to sensitive data and systems; (3) data protection, utilizing multi-factor authentication, encryption, and access controls to safeguard State government data; (4) network security, implementing a layered defense approach with next-generation firewalls, intrusion detection systems, and regular security updates; (5) asset security, conducting continuous vulnerability assessments and penetration testing to identify potential weaknesses; and (6) disruption reduction, developing incident response plans, conducting regular tabletop exercises, and maintaining a Security Operations Center to rapidly respond to and contain potential incidents. The State's program is implemented through a combination of technical controls, user education, and continuous monitoring, ensuring that the State's cybersecurity posture is robust and adaptable to emerging threats. This formula has served New Jersey well as the State has not suffered a significant cybersecurity incident in the past year. As the threat landscape expands and grows more complex, the State continues to invest in all aspects of its IT and cybersecurity programs of work to ensure it maintains a resilient cybersecurity posture. However, despite the State's measures, it is recognized in the cybersecurity industry that no amount of preventative countermeasures and security features successfully prevents 100% of all cyber-attacks. To further manage risk, the State maintains cyber liability insurance coverage.

Revenues

Fiscal Year 2026 Revenues Grow by 4.7 Percent

The Fiscal Year 2026 revenue forecast projects total revenue of $58.1 billion, an increase of $2.6 billion, or 4.7 percent above the $55.5 billion recorded in Fiscal Year 2025. This forecast also exceeds the amount of revenues certified by the Governor at the time of the adoption of the Fiscal Year 2026 Appropriations Act by $833.1 million.

The New Jersey Gross Income Tax ("GIT") is the State budget's largest tax revenue source and is the largest nominal contributor to Fiscal Year 2026's revenue growth. The GIT revenue estimate of $22.6 billion anticipates an increase of $1.6 billion, or 7.7 percent above Fiscal Year 2025. Withholding collections from employee wages increased by about 6.0 percent during the fiscal year, while estimated payments grew close to 17.0 percent and final payments by about 7.0 percent. A stable job market, high wage growth, and three consecutive years of strong stock market growth are the most likely causal factors for the GIT's performance.

The Sales and Use Tax ("SUT") is the State's second largest tax revenue. The Fiscal Year 2026 net SUT forecast of $14.4 billion is up $686.3 million, or 5.0 percent above Fiscal Year 2025 collections. SUT revenue growth tracked closely to, but slightly above, the rate of regional inflation, as consumers generally maintained their spending levels and energy prices rose sharply.

The Fiscal Year 2026 Corporation Business Tax ("CBT") revenue forecast of $3.2 billion is down $801.5 million, or 20.0 percent below Fiscal Year 2025. Fiscal Year 2026 CBT net revenue collections declined sharply due to elevated refunds and significantly lower estimated payments. Refunds rose by 36 percent, or more than $300 million year-over-year, as economic development tax credit issuance activity increased, and the State also had some notable refund disbursements related to a legal settlement. Estimated payments declined by 20 percent, or more than $500 million, as the impact of last summer's federal H.R.1 resulted in a lower taxable corporate base. The Corporate Transit Fee ("CTF") on corporations with income over $10.0 million (*L*. 2024, *c*. 20) is estimated to yield $640.3 million in Fiscal Year 2026, $154.2 million below Fiscal Year 2025, declining for similar reasons as the regular CBT. The CTF collections are intended to support New Jersey Transit.

The Fiscal Year 2026 Pass-Through Business Alternative Income Tax ("PTBAIT") revenue forecast of $5.1 billion is up $541.8 million, or 11.9 percent from total PTBAIT revenues collected in Fiscal Year 2025. Collections rose significantly as major taxpayers, specifically those in the financial services sector, have benefitted from strong stock market returns.

Among other notable tax revenues, the Insurance Premiums Tax is expected to grow by $113.8 million over Fiscal Year 2025 to $650.0 million in Fiscal Year 2026. The Graduated Percent Fee ("GPF"), formerly known through Fiscal Year 2025 as the Assessment on Real Property Greater than $1 million, is up by $181.8 million to $455.3 million, due to the rate changes enacted under *L*. 2025, *c*. 69. The Casino Revenue Fund is forecasted to grow by $268.1 million to $937.7 million following the increased 19.75 percent tax rate on Internet gaming and sports wagering (*L*. 2025, *c*. 66). Petroleum Products Gross Receipts Tax ("PPGRT") revenues of $1.6 billion are expected to grow by $117.4 million, which includes a 4.2 cent per gallon tax rate increase that went into effect on January 1, 2026 (*L*. 2024, *c*. 7). PPGRT revenues are constitutionally dedicated to support Transportation Trust Fund capital projects. All Fiscal Year 2026 revenues remain subject to adjustment pending completion of the annual audit.

Fiscal Year 2027 Revenues Forecasted to Grow 2.1 Percent

The Fiscal Year 2027 Appropriations Act includes anticipated revenue growth of 2.1 percent to $59.4 billion. The overall increase of $1.2 billion from Fiscal Year 2026 anticipates stable economic performance and low growth among most major tax revenues, supported by the addition of several tax policy changes. These changes are projected to generate roughly $735.9 million in Fiscal Year 2027. Absent the policy changes, baseline revenue growth is estimated at about 0.8 percent over the prior fiscal year.

The Fiscal Year 2027 GIT projection of $23.2 billion is an increase of $560.7 million, or 2.5 percent above Fiscal Year 2026, a significant moderation from the 7.7 percent growth noted for the prior year. Wage growth and

stable employment should positively impact withholding collections, which are expected to run similar to the long-run historical pattern, but less than the growth seen in the last two fiscal years. Meanwhile, non-wage income sources are anticipated to decline slightly in Fiscal Year 2027 as a fourth consecutive year of strong growth from financial markets is uncertain. The forecast includes two tax policy changes. First, *L*. 2026, *c*. 22 reduces the Alternative Business Calculation ("ABC") adjustment from 50 percent to 25 percent of a taxpayer's business increment for those with gross income between $500,000 and $1,000,000, and eliminates the adjustment entirely for those with gross income in excess of $1,000,000. This change is estimated to yield $120.0 million. Second, *L*. 2026, *c*. 26 temporarily increases benefit amounts under the State's Child Tax Credit by 25 percent for three years, which is expected to decrease revenues by $50.0 million.

The State's GIT collections rely, in part, on high-income taxpayers who generate earnings through non-wage income sources such as certain types of business income and the financial markets. These income streams introduce uncertainty and volatility to GIT collections. For example, the State experienced a decline in GIT collections of $1.9 billion in Fiscal Year 2023 compared to Fiscal Year 2022, following the broad drop in stock values in 2022, including the 19 percent decline in the S&P 500. On the other hand, the $1.6 billion growth in Fiscal Year 2026, described in the preceding section, illustrates how strong non-wage income growth can significantly boost revenue collections. If financial markets encounter volatility and disruption, State revenues in Fiscal Year 2027 may be adversely affected.

Fiscal Year 2027 net SUT revenue collections are projected at $14.7 billion, an increase of $309.7 million or 2.2 percent over Fiscal Year 2026. Consumer spending is expected to remain steady, roughly keeping up with price inflation. However, SUT energy-use related collections are expected to decline as energy costs ease after rising sharply the prior year.

CBT revenue collections are projected to rise 27.0 percent in Fiscal Year 2027 from Fiscal Year 2026 levels, increasing to $4.1 billion. National forecasters expect the corporate profit picture to remain stable, while in New Jersey the impact of elevated prior year refunds and the effects of federal H.R.1 on the tax base ease. The revenue forecast also includes a temporary cap on Net Operating Loss ("NOL") deductions at $1.0 million per year for three years. This policy change (*L*. 2026, *c*. 21) is expected to raise $400.0 million under the CBT and another $85.0 million under the CTF, which is included in the revenue forecasts. The CTF, which supports New Jersey Transit, is expected to grow 27.2 percent to $814.4 million in Fiscal Year 2027.

PTBAIT revenue collections are anticipated to decline by $289.5 million to $4.8 billion in Fiscal Year 2027, after elevated growth in Fiscal Year 2026. Other taxes with increases include the GPF, anticipated to increase $77.4 million after the impact of certain refunds in Fiscal Year 2026 ends, and the Insurance Premiums Tax, anticipated to increase $50.0 million. The PPGRT is forecasted to see $54.7 million in growth to $1.7 billion, with a full year at the increased tax rate. On the other hand, investment earnings are projected to decline by $177.1 million from the prior year, as investable State fund balances decline.

In addition to the policy changes discussed in the GIT and CBT paragraphs above, the Fiscal Year 2027 revenue forecast includes an estimated $145.0 million from an Employer Healthcare Assistance Contribution, which requires businesses with 50 or more employees enrolled in Medicaid (referred to in the State as "NJ FamilyCare") to pay a fee. The forecast also includes an estimated $40.0 million from a new graduated fee on data brokers and data collectors for the collection and dissemination of certain sensitive information, as well as an expected $4.1 million reduction in revenue resulting from lower business formation fees.

The following table sets forth actual and estimated revenues for fiscal years ended June 30, 2023 through 2027 for the General Fund, the Property Tax Relief Fund, the Gubernatorial Elections Fund, the Casino Control Fund and the Casino Revenue Fund. The amounts for Fiscal Years 2023, 2024 and 2025 are actual and final. The Fiscal Year 2026 estimates are subject to adjustment pending completion of the annual audit. The Fiscal Year 2027 estimates are as presented in the Fiscal Year 2027 Appropriations Act and are based on the economic data presented above.

See "FINANCIAL RESULTS AND ESTIMATES – New Jersey Current Economic Outlook" above and "APPENDIX I-A – SUMMARY OF CERTAIN STATE TAXES" below.

REVENUES
(In Millions)

	2027 Estimated	2026 Estimated	2025 Actual	2024 Actual	2023 Actual
General Fund:					
Sales and Use Tax	$15,074.7	$14,739.7	$14,002.3	$13,483.2	$13,301.5
Sales and Use Tax (Energy Tax Receipts)	805.6	805.6	805.6	798.4	788.5
Less: Property Tax Dedication	(1,198.5)	(1,173.2)	(1,122.1)	(1,081.4)	(1,065.8)
Net Sales and Use Tax	14,681.8	14,372.1	13,685.8	13,200.2	13,024.2
Corporation Business Taxes[1]	4,077.0	3,210.5	4,012.0	4,930.9	5,522.4
Corporate Transit Fee	814.4	640.3	794.5	-	-
Business Alternative Income Tax	4,820.5	5,110.0	4,568.2	4,192.4	3,981.1
Transfer Inheritance Tax	649.0	629.6	595.3	534.0	567.9
Insurance Premium Tax	700.0	650.0	536.2	627.3	641.3
Fringe Benefit Recoveries	1,485.4	1,478.2	1,485.6	1,475.5	1,227.7
Motor Fuels Tax	464.8	467.7	471.2	471.6	468.7
Motor Vehicle Fees	467.4	460.6	449.7	414.9	424.7
Medicaid Uncompensated Care	189.7	182.1	271.7	510.4	577.8
Realty Transfer Tax	570.3	559.2	525.2	438.1	523.2
Graduated Percent Fee[2]	532.7	455.3	273.5	1,450.0	1,438.7
Petroleum Products Gross Receipts	1,705.0	1,650.3	1,532.9	207.6	247.3
Petroleum Products Gross Receipts-Capital Reserves	(777.4)	(818.2)	(812.2)	(605.9)	(625.3)
Corporation Business Tax-Banks and Financials[1]	-	-	-	-	68.1
Cigarette Tax	-	-	-	25.7	63.4
Alcoholic Beverage Excise Tax	159.3	156.9	149.5	151.4	146.3
Other	3,359.4	4,101.8	4,080.7	4,419.2	3,343.2
Total General Fund[3]	33,899.3	33,306.4	32,619.8	32,443.3	31,640.7
Property Tax Relief Fund:					
Gross Income Tax	23,184.0	22,623.3	21,007.3	18,880.5	18,798.7
Plus: Property Tax Dedication	1,220.4	1,195.1	1,150.4	1,109.6	1,095.6
Gross Property Tax Relief Fund	24,404.4	23,818.4	22,157.7	19,990.1	19,894.3
Gubernatorial Elections Fund-Taxpayer Designations	0.2	0.2	0.2	0.2	0.2
Casino Control Fund-Licenses Fees, Interest	81.3	79.9	74.5	69.4	64.0
Casino Revenue Fund-8% Gross Revenue Tax, Other Taxes and Fees, Interest	1,004.4	937.7	669.6	584.0	500.2
Total	$59,389.6	$58,142.6	$55,521.8	$53,087.0	$52,099.4

(1) For display purposes, beginning in Fiscal Year 2024, amounts previously reported under "Corporation Business Tax – Banks and Financials" are now included with amounts reported under "Corporation Business Taxes".

(2) Prior to Fiscal Year 2026, the "Graduated Percent Fee" was known as the "Assessment on Real Property Greater than $1 million".

(3) Excludes Non-Budgeted Revenues which include primarily Federal Funds. Non-Budgeted Revenues are offset by matching appropriations; therefore, these Non-Budgeted Revenues do not affect the General Fund's undesignated fund balance.

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Revenues – Dollar Growth

The following table sets forth actual and estimated incremental dollar growth in revenues for fiscal years ended June 30, 2023 through 2027 for the General Fund, the Property Tax Relief Fund, the Gubernatorial Elections Fund, the Casino Control Fund and the Casino Revenue Fund. The incremental dollar growth in revenues for Fiscal Years 2023, 2024 and 2025 are actual and final. The Fiscal Year 2026 estimates are subject to adjustment pending completion of the annual audit. The Fiscal Year 2027 estimates are as presented in the Fiscal Year 2027 Appropriations Act.

REVENUES – DOLLAR GROWTH
(In Millions)

	2027 Estimated	2026 Estimated	2025 Actual	2024 Actual	2023 Actual
General Fund:					
Sales and Use Tax	$335.0	$737.4	$ 519.1	$ 181.7	$ 671.5
Sales and Use Tax (Energy Tax Receipts)	-	-	7.2	9.9	-
Less: Property Tax Dedication	(25.3)	(51.1)	(40.7)	(15.6)	(52.8)
Net Sales and Use Tax	309.7	686.3	485.6	176.0	618.7
Corporation Business Taxes[1]	866.5	(801.5)	(918.9)	(591.5)	(195.6)
Corporate Transit Fee	174.1	(154.2)	794.5	-	-
Business Alternative Income Tax	(289.5)	541.8	375.8	211.3	1.1
Transfer Inheritance Tax	19.4	34.3	61.3	(33.9)	(33.8)
Insurance Premium Tax	50.0	113.8	(91.1)	(14.0)	(62.4)
Fringe Benefit Recoveries	7.2	(7.4)	10.1	247.8	228.0
Motor Fuels Tax	(2.9)	(3.5)	(0.4)	2.9	6.9
Motor Vehicle Fees	6.8	10.9	34.8	(9.8)	31.3
Medicaid Uncompensated Care	7.6	(89.6)	(238.7)	(67.4)	100.2
Realty Transfer Tax	11.1	34.0	87.1	(85.1)	(151.4)
Graduated Percent Fee[2]	77.4	181.8	65.9	(39.7)	34.8
Petroleum Products Gross Receipts	54.7	117.4	82.9	11.3	(115.2)
Petroleum Products Gross Receipts-Capital Reserves	40.8	(6.0)	(206.3)	19.4	131.0
Corporation Business Tax-Banks and Financials[1]	-	-	-	(68.1)	(13.8)
Cigarette Tax	-	-	(25.7)	(37.7)	25.4
Alcoholic Beverage Excise Tax	2.4	7.4	(1.9)	5.1	3.7
Other	(742.4)	21.1	(338.5)	1,076.0	676.1
Total General Fund[3]	592.9	686.6	176.5	802.6	1,285.0
Property Tax Relief Fund:					
Gross Income Tax	560.7	1,616.0	2,126.8	81.8	(1,938.8)
Plus: Property Tax Dedication	25.3	44.7	40.8	14.0	54.2
Gross Property Tax Relief Fund	586.0	1,660.7	2,167.6	95.8	(1,884.6)
Gubernatorial Elections Fund-Taxpayer Designations	-	-	-	-	-
Casino Control Fund-Licenses, Interest	1.4	5.4	5.1	5.4	3.8
Casino Revenue Fund-8% Gross Revenue Tax, Other Taxes and Fees, Interest	66.7	268.1	85.6	83.8	42.2
Total	$1,247.0	$2,620.8	$2,434.8	$ 987.6	$ (553.6)

(1) For display purposes, beginning in Fiscal Year 2024, amounts previously reported under "Corporation Business Tax – Banks and Financials" are now included with amounts reported under "Corporation Business Taxes".

(2) Prior to Fiscal Year 2026, the "Graduated Percent Fee" was known as the "Assessment on Real Property Greater than $1 million".

(3) Excludes Non-Budgeted Revenues which include primarily Federal Funds. Non-Budgeted Revenues are offset by matching appropriations; therefore, these Non-Budgeted Revenues do not affect the General Fund's undesignated fund balance.

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Revenues – Percentage Growth

The following table sets forth actual and estimated year over year percentage growth in revenues for the fiscal years ended June 30, 2023 through 2027 for the General Fund, the Property Tax Relief Fund, the Gubernatorial Elections Fund, the Casino Control Fund and the Casino Revenue Fund. These growth percentages are calculated for each individual revenue source and are not intended to sum when reading down the table. Year over year percentage growth in revenues for Fiscal Years 2023, 2024 and 2025 are actual and final. The Fiscal Year 2026 estimates are subject to adjustment pending completion of the annual audit. The Fiscal Year 2027 estimates are as presented in the Fiscal Year 2027 Appropriations Act.

REVENUES – PERCENTAGE GROWTH

	2027 Estimated	2026 Estimated	2025 Actual	2024 Actual	2023 Actual
General Fund:					
Sales and Use Tax	2.3%	5.3%	3.8%	1.4%	5.3%
Sales and Use Tax (Energy Tax Receipts)	-	-	0.9	1.3	-
Less: Property Tax Dedication	2.2	4.6	3.8	1.5	5.2
Net Sales and Use Tax	2.2	5.0	3.7	1.4	5.0
Corporation Business Taxes[1]	27.0	(20.0)	(18.6)	(10.7)	(3.4)
Corporate Transit Fee	27.2	(19.4)	-	-	-
Business Alternative Income Tax	(5.7)	11.9	9.0	5.3	0.0
Transfer Inheritance Tax	3.1	5.8	11.5	(6.0)	(5.6)
Insurance Premium Tax	7.7	21.2	(14.5)	(2.2)	(8.9)
Fringe Benefit Recoveries	0.5	(0.5)	0.7	20.2	22.8
Motor Fuels Tax	(0.6)	(0.7)	(0.1)	0.6	1.5
Motor Vehicle Fees	1.5	2.4	8.4	(2.3)	8.0
Medicaid Uncompensated Care	4.2	(33.0)	(46.8)	(11.7)	21.0
Realty Transfer Tax	2.0	6.5	19.9	(16.3)	(22.4)
Graduated Percent Fee[2]	17.0	66.5	31.7	(16.1)	16.4
Petroleum Products Gross Receipts	3.3	7.7	5.7	0.8	(7.4)
Petroleum Products Gross Receipts-Capital Reserves	(5.0)	0.7	34.0	(3.1)	(17.3)
Corporation Business Tax-Banks and Financials[1]	-	-	-	(100.0)	(16.8)
Cigarette Tax	-	-	(100.0)	(59.5)	66.8
Alcoholic Beverage Excise Tax	1.5	4.9	(1.3)	3.5	2.6
Other	(18.1)	0.5	(7.7)	32.2	25.3
Total General Fund[3]	1.8	2.1	0.5	2.5	4.2
Property Tax Relief Fund:					
Gross Income Tax	2.5	7.7	11.3	0.4	(9.3)
Plus: Property Tax Dedication	2.1	3.9	3.7	1.3	5.2
Gross Property Tax Relief Fund	2.5	7.5	10.8	0.5	(8.7)
Gubernatorial Elections Fund-Taxpayer Designations	-	-	-	-	-
Casino Control Fund-Licenses, Interest	1.8	7.2	7.3	8.4	6.3
Casino Revenue Fund-8% Gross Revenue Tax, Other Taxes and Fees, Interest	7.1	40.0	14.7	16.8	9.2
Total	2.1%	4.7%	4.6%	1.9%	(1.1)%

(1) For display purposes, beginning in Fiscal Year 2024, amounts previously reported under "Corporation Business Tax – Banks and Financials" are now included with amounts reported under "Corporation Business Taxes".

(2) Prior to Fiscal Year 2026, the "Graduated Percent Fee" was known as the "Assessment on Real Property Greater than $1 million".

(3) Excludes Non-Budgeted Revenues which include primarily Federal Funds. Non-Budgeted Revenues are offset by matching appropriations; therefore, these Non-Budgeted Revenues do not affect the General Fund's undesignated fund balance.

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Revenues – Percent of Total

The following table sets forth actual and estimated revenues as a percent of total revenue for fiscal years ended June 30, 2023 through 2027 for the General Fund, the Property Tax Relief Fund, the Gubernatorial Elections Fund, the Casino Control Fund and the Casino Revenue Fund. Revenues as percent of total for Fiscal Years 2023, 2024 and 2025 are actual and final. The Fiscal Year 2026 estimates are subject to adjustment pending completion of the annual audit. The Fiscal Year 2027 estimates are as presented in the Fiscal Year 2027 Appropriations Act.

REVENUES – PERCENT OF TOTAL

	2027 Estimated	2026 Estimated	2025 Actual	2024 Actual	2023 Actual
General Fund:					
Sales and Use Tax	25.3%	25.4%	25.2%	25.4%	25.5%
Sales and Use Tax (Energy Tax Receipts)	1.4	1.4	1.5	1.5	1.5
Less: Property Tax Dedication	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Net Sales and Use Tax	24.7	24.8	24.7	24.9	25.0
Corporation Business Taxes[1]	6.9	5.5	7.2	9.3	10.6
Corporate Transit Fee	1.4	1.1	1.4	0.0	0.0
Business Alternative Income Tax	8.1	8.8	8.2	7.9	7.6
Transfer Inheritance Tax	1.1	1.1	1.1	1.0	1.1
Insurance Premium Tax	1.2	1.1	1.0	1.2	1.2
Fringe Benefit Recoveries	2.5	2.5	2.7	2.8	2.4
Motor Fuels Tax	0.8	0.8	0.8	0.9	0.9
Motor Vehicle Fees	0.8	0.8	0.8	0.8	0.8
Medicaid Uncompensated Care	0.3	0.3	0.5	1.0	1.1
Realty Transfer Tax	1.0	1.0	0.9	0.8	1.0
Graduated Percent Fee[2]	0.9	0.8	0.5	0.4	0.5
Petroleum Products Gross Receipts	2.9	2.8	2.8	2.7	2.8
Petroleum Products Gross Receipts-Capital Reserves	(1.3)	(1.4)	(1.5)	(1.1)	(1.2)
Corporation Banks and Financials[1]	0.0	0.0	0.0	0.0	0.1
Cigarette Tax	0.0	0.0	0.0	0.0	0.1
Alcoholic Beverage Excise Tax	0.3	0.3	0.3	0.3	0.3
Other	5.6	7.0	7.4	8.3	6.4
Total General Fund[3]	57.2	57.3	58.8	61.1	60.7
Property Tax Relief Fund:					
Gross Income Tax	39.0	38.9	37.8	35.6	36.1
Plus: Property Tax Dedication	2.1	2.1	2.1	2.1	2.1
Gross Property Tax Relief Fund	41.1	41.0	39.9	37.7	38.2
Gubernatorial Elections Fund-Taxpayer Designations	0.0	0.0	-	0.0	0.0
Casino Control Fund-Licenses, Interest	0.1	0.1	0.1	0.1	0.1
Casino Revenue Fund-8% Gross Revenue Tax					
Other Taxes and Fees, Interest	1.6	1.6	1.2	1.1	1.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%

(1) For display purposes, beginning in Fiscal Year 2024, amounts previously reported under "Corporation Business Tax – Banks and Financials" are now included with amounts reported under "Corporation Business Taxes".

(2) Prior to Fiscal Year 2026, the "Graduated Percent Fee" was known as the "Assessment on Real Property Greater than $1 million".

(3) Excludes Non-Budgeted Revenues which include primarily Federal Funds. Non-Budgeted Revenues are offset by matching appropriations; therefore, these Non-Budgeted Revenues do not affect the General Fund's undesignated fund balance.

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Use of Nonrecurring Resources and Appropriation Reductions

The State's annual Appropriations Act is largely comprised of recurring revenue sources and expenditure obligations, and they may increase or decrease based on economic trends. However, each fiscal year, the annual Appropriations Act typically includes one-time revenue items and appropriation reductions that the State does not expect to recur, which have ranged from 2.4% to 7.3% of State appropriations over the past five years. The State's use of its fund balance is also considered a nonrecurring resource. Besides the State's planned use of nearly $1.6 billion of its fund balance in the Fiscal Year 2027 Appropriations Act, the State also included almost $94 million of other nonrecurring resources in its Fiscal Year 2027 Appropriations Act. The State estimates that these combined measures reflected a reliance on one-time revenues and appropriation reductions equal to 2.8% of State appropriations in the Fiscal Year 2027 Appropriations Act.

New Jersey Economic Development Authority Tax Credit Programs

The NJEDA administers a number of statutorily-authorized economic development tax credit programs. The programs that were in effect prior to January 7, 2021 are collectively referred to herein as the "Legacy Programs." The New Jersey Economic Recovery Act of 2020, *L*. 2020, *c*. 156 (the "NJ ERA"), which was enacted on January 7, 2021, and subsequently amended numerous times in recent years, established several new programs collectively referred to herein as the "NJ ERA Programs."

Generally, tax credits are awarded based on activity occurring within a specific tax year, while the actual claiming of those credits typically occurs in subsequent years. For some of the Legacy Programs, the recipient of the tax credits may carry forward the value of the tax credits for up to 20 successive tax periods, depending upon the statutory provisions governing each individual tax credit program. In addition, for some of the Legacy Programs (not including the NJEDA's Angel Investor Tax Credit program) the recipient may transfer the tax credit for use by a transferee in the tax period for which it was issued or a tax period thereafter. The original recipient may have up to three years after the date of the original issuance to transfer the tax credits to a potential transferee.

The NJEDA provides fiscal year data on the total dollar amount of actual and projected tax credit awards issued in each fiscal year. More specifically, the totals for past and future fiscal year tax credit awards shown in the tables that follow represent the issuance of certified credits for current and past tax years, rather than the application of those credits to tax year liabilities (on current or past year returns) during the current fiscal year. Actual tax credit award amounts are typically less than projected because taxpayers may withdraw their application, projects may be canceled, a tax credit may be reduced based on performance, or certification may be delayed.

In most cases, firms that are awarded tax credits under NJEDA tax credit incentive programs must demonstrate compliance on an annual basis with requirements that may include minimum hiring or employment targets, capital investment commitments, or other parameters, and compliance must be certified by the NJEDA before the tax credits for a given tax year are awarded. Once awarded, the taxpayer may apply the tax credits to their tax liability for the relevant tax year or transfer it to another firm if permitted under the applicable tax credit incentive program. Some tax credits are awarded for the most recent tax year, while reporting, processing and certification delays can result in tax credits being awarded for past tax years as well.

Because tax credit awards can occur well after the year in which the underlying activity took place, the resulting claims can affect State revenues in uneven and unpredictable ways. Credits may be applied many years after they are earned, shifting substantial amounts across tax years and complicating the State's ability to forecast credit usage. When actual tax credit claims exceed projections, the State can experience unexpected budgetary pressures from lower than anticipated revenue collections.

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The table below compares the projected tax credit award amounts to actual award amounts for the NJEDA's Legacy Programs and the NJ ERA Programs from Fiscal Year 2022 to Fiscal Year 2026, and provides the current projected award amounts for Fiscal Year 2027. Actual award amounts ranged from 67.0 percent to 68.2 percent of the projected level from Fiscal Year 2022 to Fiscal Year 2023, then rose above 87 percent in Fiscal Years 2024 and 2025. The preliminary Fiscal Year 2026 figures indicate the percentage will be over 90 percent.

In Fiscal Year 2024, projected and actual credit award amounts were greater than the year prior as Grow NJ Tax Credit awards increased substantially. However, actual Fiscal Year 2024 issuances were less than originally projected as certain NJ ERA programs did not come online until Fiscal Year 2025. Fiscal Year 2025 awards totaled $840.4 million, representing an expected decline from the prior year based on prior projections. Preliminary Fiscal Year 2026 data indicates that awards will total around $839.5 million, the total virtually unchanged from the prior year.

Most notably, among the individual tax credit programs, Film and Digital Media Tax Credits increased by nearly $100 million compared with the prior year, while legacy Grow NJ credits declined by roughly the same amount over the same period. There were smaller offsetting changes among several other tax credit programs as well. It is worth noting that tax credits primarily affect Corporation Business Tax and Insurance Premiums Tax collections, while certain credits can be applied against the Gross Income Tax.

EDA Tax Credit Programs
Projected Award Amounts vs Actual Award Amounts
(In Millions)

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Projected Award Amounts*	$883.7	$1,165.5	$1,160.9	$944.7	$888.2	$896.1**
Actual Award Amounts	$592.3	$795.4	$1,018.5	$840.4	$839.5	-
Difference	$291.4	$370.1	$142.4	$104.2	$48.7	-

* For Fiscal Year 2022 through Fiscal Year 2025, projected award amounts are estimates as of January of the given Fiscal Year. Fiscal Year 2026 and Fiscal Year 2027 projections are as of June 2026. Since estimates were given before the end of Fiscal Year 2026, the Fiscal Year 2026 "actual" amount is a preliminary total subject to revision.

** Projections subject to revision.

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NJ ERA - Economic Development Tax Incentive Programs

The NJ ERA's original $11.5 billion cap and program structure have been significantly reconfigured through program eliminations and major reallocations. Recently, an additional $2.5 billion in tax credits was authorized specifically for the Aspire and Emerge programs, increasing the total maximum NJ ERA cap to $14 billion over nine years; provided, however, that any uncommitted balance from this $2.5 billion authorization may be deployed by NJEDA after the conclusion of the nine-year period for those specific programs until all authorized credits have been committed.

Substantial reallocations, primarily from the Aspire/Emerge combined cap and the Brownfields program, have redirected billions in programmatic cap space toward a wide range of economic development initiatives, for example, programs supporting housing finance, film and digital media, manufacturing, and artificial intelligence, among others. The NJ ERA also provides substantial flexibility to NJEDA by allowing unused annual program caps to be rolled over in certain cases and permitting annual limits to be exceeded by up to $200 million when NJEDA determines the increase is warranted. Taken together, these favorable reallocations and the program's inherent flexibility are expected to drive higher utilization of available tax credit authority, resulting in a greater issuance of awards and faster drawdown of the overall cap.

While awards are made annually, the timing and size of tax credit issuances will vary from year to year as described earlier. Some NJ ERA programs provide one-time, upfront tax credits, while others may issue credits in annual installments over a five- to ten-year period. These issuance patterns, combined with the indirect revenue effects generated by incentivized projects, create opposing pressures on State revenues—one from the immediate cost of the credits themselves and the other from the longer-term economic activity they stimulate. As a result, NJ ERA tax credits will influence State revenues throughout the coming decade.

Tax Credit Buy-Back Requirements

The NJ ERA incorporates tax credit buy-back and surrender provisions. For the NJ ERA Programs, as well as for certain Legacy Programs, the price at which the Director of the Division of Taxation may buy back awarded but unused tax credits is established by statute for each program, at a price of up to 95 percent of the value of the tax credit, contingent upon the program through which the tax credit was received. Recent changes have made purchases mandatory. While all purchases are subject to appropriation, the Fiscal Year 2027 Appropriations Act includes a language provision appropriating amounts as required for such tax credit purchases as determined by the Director of the Division of Taxation and subject to the approval of the Budget Director. This buyback authority effectively provides a buyer of last resort, reducing financial risk for both applicants and the lenders that support their projects by ensuring that awarded credits retain tangible, recoverable value even if they cannot be used directly.

Statutory "Poison Pills"

Some statutes contain provisions, commonly referred to as "poison pills," that may automatically bar the State from collecting certain taxes in the event the Legislature acts, or fails to act, in a specified manner. A poison pill may be triggered, for instance, when the Legislature fails to appropriate a designated amount of money to a particular program. No court has opined on the constitutionality of poison pill provisions. To date, poison pill provisions have had no impact on the annual Appropriations Act.

Appropriations

Appropriations – Fiscal Year 2023 through Fiscal Year 2027

The following table sets forth the composition of annual appropriations in Fiscal Years 2023 through 2027, including supplemental appropriations and deappropriations, if any, from the General Fund, the Property Tax Relief Fund, the Gubernatorial Elections Fund, the Casino Control Fund and the Casino Revenue Fund. Should revenues be less than the amount anticipated in the Appropriations Act, the Governor may, pursuant to statutory authority, prevent expenditure under any appropriation. The amounts for Fiscal Years 2023, 2024 and 2025 are actual and final. The Fiscal Year 2026 estimates are subject to adjustment pending completion of the annual audit. The Fiscal Year 2027

estimates are as presented in the Fiscal Year 2027 Appropriations Act. The following tables reflect the creation of the new Department of Veterans Affairs and Department of Military Affairs from the former Department of Military and Veterans Affairs due to the enactment of *P.L.* 2025, *c*. 139, effective January 9, 2025. Although the new departments were created during Fiscal Year 2026, the actual Fiscal Year 2025 data was adjusted in the following table for comparative purposes.

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APPROPRIATIONS FOR BUDGETED STATE FUNDS[1]
(In Millions)

	2027 Estimated	2026 Unaudited	2025 Actual	2024 Actual	2023 Actual
General Fund					
Legislature	$124.1	$127.9	$127.3	$ 118.7	$ 109.9
Chief Executive	14.7	14.7	14.7	13.7	11.7
Department of:					
Agriculture	102.9	196.6	228.3	106.8	104.2
Banking and Insurance	79.4	67.3	75.3	90.3	90.3
Children and Families	1,550.1	1,522.6	1,529.6	1,417.6	1,326.9
Community Affairs	341.9	646.8	264.7	370.5	338.0
Corrections	1,329.0	1,336.0	1,151.8	1,183.5	1,176.6
Education	3,915.9	5,047.5	4,824.5	5,913.3	941.2
Environmental Protection	513.8	661.9	697.2	628.2	724.8
Health	1,458.5	1,556.7	1,403.9	1,415.2	1,176.1
Human Services	9,835.8	9,171.9	9,167.4	8,333.8	7,594.6
Labor and Workforce Development	211.5	218.3	206.7	204.4	204.7
Law and Public Safety	937.3	958.2	888.6	825.0	772.0
Military and Veterans Affairs	-	-	-	121.2	105.3
Military Affairs	11.7	11.3	9.4	-	-
State	1,997.4	2,200.7	2,312.2	2,084.7	1,839.0
Transportation	2,615.5	2,503.5	1,874.2	1,708.5	1,613.0
Treasury	1,489.2	1,593.3	1,767.9	1,820.4	1,941.1
Veterans Affairs	144.3	130.2	116.1	-	-
Miscellaneous Commissions	1.0	1.0	1.0	1.0	1.0
Interdepartmental Accounts - Employee Benefits and Miscellaneous	7,905.4	7,554.8	7,285.6	7,792.9	7,174.8
Judicial Branch	961.1	961.6	895.5	894.3	852.1
Total, General Fund	$ 35,540.5	$36,483.0	$34,841.9	$35,044.0	$28,097.3
Property Tax Relief Fund					
Department of:					
Agriculture	$ 33.9	$38.9	$ 71.2	$ 41.2	$ 19.0
Community Affairs	886.3	819.2	968.3	1,138.7	997.5
Corrections	1.1	1.1	39.6	41.2	33.4
Education	17,884.2	16,570.0	16,286.7	14,020.5	17,856.7
Environmental Protection	2.7	2.7	12.8	16.3	14.3
Human Services	330.6	283.2	273.2	265.0	245.2
Law and Public Safety	1.0	1.0	9.0	9.5	5.5
State	4.7	4.7	4.9	7.2	6.8
Transportation	256.9	274.5	321.9	327.3	319.3
Treasury	4,703.0	4,445.8	4,308.7	4,169.7	3,689.4
Interdepartmental Accounts - Employee Benefits and Miscellaneous	14.2	14.2	14.3	45.5	45.5
Total, Property Tax Relief Fund	$24,118.6	$22,455.2	$22,310.6	$20,082.1	$23,232.6
Gubernatorial Elections Fund					
Department of:					
Law and Public Safety	-	$25.5	$38.9	-	-
Total, Gubernatorial Elections Fund	-	$25.5	$38.9	-	-
Casino Control Fund					
Department of:					
Law and Public Safety	$72.0	$70.9	$68.7	$ 65.4	$ 60.1
Treasury	9.3	9.1	8.7	8.1	8.0
Total, Casino Control Fund	$81.3	$79.9	$77.4	$ 73.5	$ 68.1
Casino Revenue Fund					
Department of:					
Health	$0.5	$0.5	$0.5	$ 0.5	$ 0.5
Human Services	1,000.4	987.1	568.5	583.0	498.4
Labor and Workforce Development	2.2	2.2	2.2	2.2	2.2
Law and Public Safety	0.1	0.1	0.1	0.1	0.1
Total, Casino Revenue Fund	$1,003.2	$989.9	$571.3	$ 585.8	$ 501.2
Total Appropriations	$60,743.6	$60,033.5	$57,840.1	$55,785.4	$51,899.2

(footnote appears on next page)

[1] These amounts do not reflect amounts included under the caption "Other Adjustments" in the table entitled "SUMMARY OF REVENUES, APPROPRIATIONS AND UNDESIGNATED FUND BALANCES – BUDGETED STATE FUNDS" above.

The following table sets forth, by major category, the original and actual supplemental appropriations for Fiscal Years 2023 through 2025, the adjusted appropriation for Fiscal Year 2026, which is subject to further adjustment pending completion of the annual audit, and the appropriations for Fiscal Year 2027 as presented in the Fiscal Year 2027 Appropriations Act.

SUMMARY OF APPROPRIATIONS BY MAJOR CATEGORY
(In Millions)

	Fiscal Year 2027 Estimated	Fiscal Year 2026 Unaudited	Fiscal Year 2025 Actual	Fiscal Year 2024 Actual	Fiscal Year 2023 Actual
State Aid	$24,859.3	$24,876.8	$24,215.4	$23,326.7	$21,861.6
Grants-in-Aid	20,911.2	20,201.2	19,172.1	18,670.1	16,199.1
Direct State Services	12,524.0	12,375.4	11,609.2	11,138.8	10,645.6
Capital Construction	1,919.9	2,051.0	2,269.2	2,068.1	2,572.2
Debt Service on General Obligation Bonds	529.2	529.1	574.2	581.7	620.7
Total	**$60,743.6**	**$60,033.5**	**$57,840.1**	**$55,785.4**	**$51,899.2**

Total Fiscal Year 2027 appropriations increased by $710 million as compared to total Fiscal Year 2026 adjusted appropriations. Significant increases include increased recommended funding for NJ FamilyCare, NJ Transit, PreK-12 school aid, increased costs in entitlement programs, increases in Health Benefits costs, as well as support for the StayNJ property tax relief program. These combined increases are partially offset by the removal in Fiscal Year 2027 of one-time appropriations made in Fiscal Year 2026.

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The following tables set forth appropriations by department and by major category for Fiscal Year 2027 and adjusted appropriations by department and major category for Fiscal Year 2026.

APPROPRIATIONS FOR BUDGETED STATE FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2027
(In Millions)

Government Branch	Direct State Services	Grants-in-Aid	State Aid	Capital Construction	Debt Service	Total
Chief Executive	$ 14.7	-	-	-	-	$ 14.7
Agriculture	14.4	$ 88.5	$ 33.9	-	-	136.8
Banking and Insurance	79.4	-	-	-	-	79.4
Children and Families	516.5	1,033.6	-	-	-	1,550.1
Community Affairs	75.5	196.3	956.4	-	-	1,228.2
Corrections	1,212.6	93.4	24.1	-	-	1,330.1
Education	112.0	77.1	21,611.0	-	-	21,800.1
Environmental Protection	318.3	3.4	12.2	$ 172.5	$ 10.1	516.5
Health	576.1	882.9	-	-	-	1,459.0
Human Services	390.8	10,132.8	643.2	-	-	11,166.8
Labor and Workforce Development	133.1	80.6	-	-	-	213.7
Law and Public Safety	949.9	32.5	28.0	-	-	1,010.4
Military Affairs	11.5	0.2	-	-	-	11.7
State	69.5	1,913.7	18.9	-	-	2,002.1
Transportation	142.0	1,068.1	57.9	1,604.4	-	2,872.4
Treasury	684.2	3,524.5	1,473.7	-	519.1	6,201.5
Veterans Affairs	138.5	5.8	-	-	-	144.3
Miscellaneous Commissions	1.0	-	-	-	-	1.0
Interdepartmental	5,998.8	1,777.8	-	143.0	-	7,919.6
Subtotal	$11,438.8	$20,911.2	$24,859.3	$1,919.9	$529.2	$59,658.4
Legislature	124.1	-	-	-	-	124.1
Judiciary	961.1	-	-	-	-	961.1
Grand Total	$12,524.0	$20,911.2	$24,859.3	$1,919.9	$529.2	$60,743.6

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ADJUSTED APPROPRIATIONS FOR BUDGETED STATE FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2026
(In Millions)

Government Branch	Direct State Services	Grants-in-Aid	State Aid	Capital Construction	Debt Service	Total
Chief Executive	$ 14.7	-	-	-	-	$14.7
Agriculture	19.2	$ 100.8	$ 38.9	$ 76.5	-	235.4
Banking and Insurance	67.3	-	-	-	-	67.3
Children and Families	503.6	1,018.9	-	-	-	1,522.6
Community Affairs	76.4	183.9	1,205.8	-	-	1,466.0
Corrections	1,219.1	93.9	24.1	-	-	1,337.0
Education	132.2	84.7	21,400.6	-	-	21,617.5
Environmental Protection	330.6	3.2	16.1	304.7	10.1	664.6
Health	551.1	1,006.1	-	-	-	1,557.2
Human Services	375.6	9,480.0	586.5	-	-	10,442.2
Labor and Workforce Development	138.5	82.0	-	-	-	220.5
Law and Public Safety	964.1	60.3	31.2	-	-	1,055.7
Military Affairs	11.3	-	-	-	-	11.3
State	73.4	2,110.7	21.3	-	-	2,205.4
Transportation	323.2	840.5	87.5	1,526.8	-	2,778.0
Treasury	695.7	3,368.5	1,464.9	-	519.0	6,048.2
Veterans Affairs	125.1	5.1	-	-	-	130.2
Miscellaneous Commissions	1.0	-	-	-	-	1.0
Interdepartmental	5,663.6	1,762.5	-	143.0	-	7,569.0
Subtotal	$11,285.9	$20,201.2	$24,876.8	$2,051.0	$529.1	$58,944.0
Legislature	127.9	-	-	-	-	127.9
Judiciary	961.6	-	-	-	-	961.6
Grand Total	$12,375.4	$20,201.2	$24,876.8	$2,051.0	$529.1	$60,033.5

Programs Funded Under Appropriations in Fiscal Year 2027

$60.743 billion in appropriations is appropriated for Fiscal Year 2027 from the General Fund, the Property Tax Relief Fund, the Casino Control Fund, the Casino Revenue Fund and the Gubernatorial Elections Fund. $24.859 billion (41%) is appropriated for State Aid, which consists of payments to, or on behalf of, local government entities including counties, municipalities and school districts, to assist them in carrying out their local responsibilities. $20.911 billion (34%) is appropriated for Grants-in-Aid, which represents payments to individuals or public or private agencies for benefits to which a recipient is entitled by law or for the provision of services on behalf of the State. $12.524 billion (21%) is appropriated for Direct State Services, which supports the operation of the State government's departments, the Governor's Office, several commissions, the State Legislature and the Judiciary. $1.920 billion (3%) is appropriated for Capital Construction, which supports capital construction pay-as-you-go and debt service on bonds issued to fund capital construction. $529 million (1%) is appropriated for Debt Service on State General Obligation Bonds.

Pensions

In Fiscal Year 2027, $6.125 billion of State funds has been appropriated to the Pension Plans. This amount is equal to the actuarially recommended contribution less a Special Asset Adjustment calculated by LECA. See "STATE FUNDING OF PENSION PLANS" herein. For more information on the fiscal impact of the Lottery Enterprise contribution on the Teachers' Pension and Annuity Fund ("TPAF"), the Public Employees' Retirement System ("PERS") and Police and Firemen's Retirement System ("PFRS"), see "STATE FUNDING OF PENSION PLANS - Lottery Enterprise Contribution Act."

Health Benefits

P.L. 2024, *c.* 86 ("Chapter 86") authorizes the Director of the Division of Pensions and Benefits ("DPB") to temporarily transfer available funds to the fund holding payments from local employers participating in the State Health Benefits Plan ("SHBP," and the fund is the "Local Government Health Benefits Fund") from the fund holding the State's payments for premiums or other charges (the "State Health Benefits Fund") in the event that the cash balance of the Local Government Health Benefits Fund falls to a level that is insufficient to cover 10 days of anticipated payments, including premiums, claims, and other periodic charges. Transferred amounts cannot exceed 30 days of anticipated payments and must be reimbursed within 120 days of transfer unless the Director of the DPB determines that an extension (of no more than another 365 days, for a total of 485 days maximum) is necessary to ensure sufficient funding to pay claims. As of August 31, 2026, the Local Government Health Benefits Fund has an outstanding balance of $100 million owed to the State Health Benefits Fund. The State Health Benefits Fund is currently anticipated to have sufficient funds to accommodate the outstanding transfer to the Local Government Health Benefits Fund due to Chapter 86. The Fiscal Year 2027 Appropriations Act authorizes a supplemental appropriation to reimburse any amounts transferred to the Local Government Health Benefits Fund in lieu of repayment, on the condition that the State Health Benefits Plan Design Committee approve plan design changes for calendar year 2027 resulting in no less than $150 million of savings applicable to the Local Government Health Benefits Fund.

P.L. 2026, *c.* 28 ("Chapter 28") authorizes the Director of the DPB to temporarily transfer available funds from the School Employees' Health Benefits Program ("SEHBP") retiree fund established pursuant to section 49 of *P.L.* 2007, c.103, which is funded by the State, to the SEHBP active employee fund established pursuant to section 39 of *P.L.* 2007, c.103, which contains payment from participating local employers, when the active employee fund has insufficient available funds to cover 10 days of anticipated payments, including premiums, claims, and other periodic charges. Transferred amounts cannot exceed 30 days of anticipated payments and must be reimbursed within 120 days of transfer unless the Director of the DPB determines that an extension (of no more than another 365 days, for a total of 485 days maximum) is necessary to ensure sufficient funding to pay claims**.** The School Employees' Health Benefits Commission is considering approval of health premium rates for active education employees and their dependents for calendar year 2027 that include margins designed to fully repay temporary transfers, including the projected $70 million, by the end of calendar year 2027, which is within the statutory reimbursement period. However, if increased borrowing significantly exceeds the projected $70 million through the end of calendar year 2026 or if expenditures significantly exceed projections in calendar year 2027 and deplete the SEHBP retiree fund, general fund appropriations may be required as a source to replenish the retiree reserve.

The State has a current contractual obligation to pay the State's contracted third-party administrators all incurred but not paid ("IBNP") claims. This includes IBNP claims for local employers participating in the SHBP ("SHBP-LG") and active employees of local employers participating in the SEHBP ("SEHBP-Active"). The contractual obligation remains in force even if participating local employers exit the program or if the associated funds become insolvent, requiring that liabilities for services already incurred continue to be honored. The State actuary estimates that SHBP-LG IBNP will total approximately $210 million by the end of June 2026, and that SEHBP-Active IBNP will total approximately $208 million. In the event that either fund becomes financially insolvent, the State would have to satisfy SHBP-LG and SEHBP-Active IBNP to meet its current contractual obligation. The financial exposure associated with these obligations has increased due to the erosion of Claim Stabilization Reserve ("CSR") balances, which have declined over the past three plan years as a result of anti-selection and rising health-care costs. Although recent rate-setting actions have sought to rebuild and maintain adequate CSR levels, these efforts have occurred alongside continued employer attrition, placing sustained pressure on the overall financial stability of the funds.

Capital Construction

All appropriations for capital projects are subject to the review of the New Jersey Commission on Capital Budgeting and Planning (the "Commission") which voted to recommend such funding at its meeting on January 9, 2026. The Commission is charged with the preparation of the State's seven-year Capital Improvement Plan. The Capital Improvement Plan is a detailed account of capital construction projects requested by State departments, agencies and institutions of higher education for the next three fiscal years and forecasts as to the requirements for capital projects for the four fiscal years following. The Capital Improvement Plan includes the Commission's recommendations as to the priority of such capital projects and the means of funding them. The Capital Improvement

Plan is also required to include a report on the State's overall debt. This debt report includes information on the outstanding general obligation debt and debt service costs for the prior fiscal year, the current fiscal year, and the estimated amount for the subsequent five fiscal years. The report also provides similar information on capital leases and installment obligations. *L*. 2009, *c*. 304, enacted in January 2010, requires that the debt report also include data on other State liabilities as reported in the ACFR, as well as the unfunded actuarial accrued liability for pension plans and the actuarial accrued liability for other post-employment medical benefits. The debt report is not an audited report.

For Fiscal Year 2026, requests for Capital Construction funding were substantially higher than the amount recommended by the Commission. The appropriations for Capital Construction contained in the Fiscal Year 2027 Appropriations Act are largely based on the recommendations of the Commission. In addition to amounts in the Fiscal Year 2027 Appropriations Act, off-budget resources will be utilized to address additional capital projects, including, but not limited to the remaining capital projects recommended by the Commission that are not included in the Fiscal Year 2027 Appropriations Act. There can be no assurance that the amounts ultimately appropriated, either through General Fund appropriations or off-budget resources, are sufficient to maintain or improve the State's capital facilities and infrastructure assets, or that such capital funding requests will not be substantially greater in future years.

Transportation Capital Program

The Fiscal Year 2027 Appropriations Act includes a $2.060 billion Transportation Capital Program for the New Jersey Department of Transportation ("NJDOT"), NJ Transit and local governments. *L*. 2024, *c*. 7 provides for a five (5) year, $10.367 billion Transportation Capital Program between Fiscal Year 2025 and Fiscal Year 2029, with amounts above $2 billion in Fiscal Years 2027 to 2029 specifically allocated in 25% allotments of the total amount above $2 billion to counties, municipalities, the Department of Transportation, and the New Jersey Transit Corporation for transportation projects. *L*. 2024, *c*. 7 amends *L*. 2016, *c*. 56 and increases the New Jersey Transportation Trust Fund Authority's existing aggregate bonding capacity to $15.6 billion through June 30, 2029. Additionally, *L*. 2024, *c*. 7 revises the rate of tax imposed on highway fuels under the Petroleum Products Gross Receipts Tax by setting the highway fuel cap amount for Fiscal Years 2025 to 2029, and establishes an additional annual fee for zero emission vehicles. The revenues from the additional annual fee for zero emission vehicles shall be deposited to the Transportation Trust Fund Account – Subaccount for Capital Reserves, but no amount of the monies deposited shall be appropriated to pay for debt service on any bonds of the New Jersey Transportation Trust Fund Authority, unless subsequently constitutionally dedicated.

Debt Service on General Obligation Bonds and State Appropriation Obligations

The total Fiscal Year 2027 appropriation for debt service on General Obligation Bonds and State Appropriation Obligations is $3.985 billion. Of this amount, $529.2 million represents principal and interest payments for General Obligation Bonds.

The Fiscal Year 2027 Appropriations Act includes appropriations for debt service on State Appropriation Obligations in the aggregate amount of $3.456 billion. Such appropriations are contained within the multiple functional categories, including State Aid, Grants-in-Aid, Direct State Services and Capital Construction. Appropriated debt service differs from the amounts shown in the tables entitled "SUMMARY OF LONG-TERM OBLIGATIONS AS OF JUNE 30, 2026" and "ESTIMATED FUTURE DEBT SERVICE ON LONG-TERM OBLIGATIONS AS OF JUNE 30, 2026" due to various budgetary adjustments.

Stay NJ Program

In Fiscal Year 2027, the Stay NJ property tax relief program for eligible homeowners aged 65 and older is funded by a $742 million appropriation. Eligible income limits and maximum benefits were modified in the Fiscal Year 2027 Appropriations Act resulting in a reduced program cost. It is projected that appropriations in the approximate amount of $1.4 billion would be necessary in Fiscal Year 2028 to fully fund the statutory program. There can be no assurance that the Legislature will fully fund the program in Fiscal Year 2028.

Chapter 120 Claims

Several Chapter 120 (as defined below) claims have been filed against departments and agencies of the State. As is discussed below, while the State's financial exposure to Chapter 120 claims is difficult to assess, the State expects that it will have significant financial exposure to these claims over the next few Fiscal Years. The State's financial exposure to these claims is not completely factored into the Fiscal Year 2027 Appropriations Act and, thus, any appropriations with respect to these claims could reduce the State's fund balance. The State has an overall appropriation of $113.5 million to support litigation claims, which may not be sufficient to support these and other claims the State will be required to pay in Fiscal Year 2026. See "LITIGATION – Chapter 120 Claims for Injuries Resulting from Sexual Abuse" below.

Local Government Entities

Like the State, local government entities must respond to changing political, economic and financial influences over which they have little or no control, but which can adversely affect their financial condition. This may include the end of temporary federal stimulus funding; the pause or termination of federal assistance programs; changes in State aid trends; and limitations on property, sales and other taxes. Local government entities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declines in the real property tax base and increasing pension, health care and other fixed costs may also adversely affect local government entities and necessitate requests for State assistance.

Federal Aid

Federal Aid Receipts

In general, federal aid receipts in the General Fund and Special Transportation Fund of the State do not have a material impact on the financial condition of the General Fund of the State because federal aid receipts are required to be applied to specific designated expenditures, and the amount of federal aid receipts matches the amount of such expenditures. In some circumstances, federal aid receipts do impact the General Fund because they offset expenditures that the State would otherwise be required to make. In addition, with respect to many of the programs pursuant to which the State receives federal aid, the State is subject to audits of the expenditures to ensure that the State complied with the program requirements. In instances in which the State makes expenditures in violation of program requirements, the State may be obligated to repay the federal government the amounts of such expenditures and other associated amounts.

Actual federal aid receipts in the General Fund and Special Transportation Fund for Fiscal Years 2023 through 2025, which are non-budgeted revenues, amounted to $25,599.0 million, $24,883.5 million, and $25,297.9 million, respectively. Federal receipts in the General Fund and the Special Transportation Fund for Fiscal Year 2026 and for Fiscal Year 2027 are estimated to be $29,634.3 million and $29,703.9 million, respectively. Such federal aid receipts for Fiscal Year 2027 are composed of $20,094.7 million for health-related family programs under Titles XIX and XXI, $1,903.8 million for other human services, $1,145.7 million for Title I and other education, $585.3 million for labor, $1,789.7 million for transportation, and the remainder for all other federal aid programs.

Federal Coronavirus Relief Aid

The federal government has provided substantial relief to the states to help recover from, and mitigate the financial pressures of, the pandemic. These stimulus packages have not only largely offset the need for the State to incur costs related to the public health emergency, but also have provided opportunities for the State to offset current expenditures and potentially replace lost revenues. The major stimulus packages have included the federal Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which established the $150 billion Coronavirus Relief Fund ("CRF"); the Coronavirus Response and Relief Supplemental Appropriations ("CRRSA") Act, which amended and supplemented the CARES Act, and the American Rescue Plan Act, which established a $350 billion State and Local Fiscal Recovery Fund ("SLFRF"). The CRF and the SLFRF were only two of the many grants made available by the federal government to help mitigate the financial pressures of the pandemic.

The State has utilized some of the federal funding streams to offset State budgeted costs. The State received $6.2 billion in direct SLFRF and all SLFRF balances have been allocated across a variety of, largely one-time, programs. The State has ensured that all SLFRF balances were obligated by the December 31, 2024 deadline and will work to ensure that the entire $6.2 billion award is expended by the December 31, 2026 deadline.

As with all federal aid grants, the expenditure and use of these funds will be subject to federal audit. The State is utilizing a host of internal controls and documentation to ensure, to the greatest extent possible, that the expenditure of funds complies with the federal regulations and guidance.

State Budget Impacts Related to H.R.1, the "One Big Beautiful Bill Act"

The "One Big Beautiful Bill Act" ("OBBBA"), signed on July 4, 2025, creates significant fiscal shifts for the State, particularly concerning the Supplemental Nutrition Assistance Program ("SNAP") and NJ FamilyCare (Medicaid). With respect to SNAP, the federal administrative cost-share decreased from 50% to 25%. This required the State to appropriate more funding in the Fiscal Year 2027 Appropriations Act for the new, higher non-federal share. Simultaneously, the Fiscal Year 2027 Appropriations Act includes new funding to address the increased administrative demands for Medicaid resulting from new 6-month redetermination and community engagement mandates. These changes require the State to invest in new technology for compliance tracking and processing, as well as additional staffing to manage higher workloads and appeals.

In the future, the State faces further financial obligations. Starting in October 2027, states must contribute to SNAP benefit payments for the first time, based on the program's error rate. The State's required support could be as much as $100 million in Fiscal Year 2028. However, the State is actively contesting its error rate, which could reduce the State's obligation. Further, "OBBBA" requires a phase-down of Medicaid payments through provider taxes and state-directed payments. By Fiscal Year 2032, it is anticipated that there will be an estimated $3 billion reduction in these payments, which will largely impact hospitals and threaten to cause service cuts, facility closures, and increased uncompensated care at hospitals serving large Medicaid populations. In addition to the impact across healthcare facilities, the State is estimated to lose about $400 million annually in General Fund revenue, which impacts the funding available to support Medicaid. The State will need to take various actions in order to address the impacts on the State of these federal fiscal changes enacted in OBBBA.

Potential Impact of Federal Funding Policy Changes

The federal government has recently and continues to undertake efforts to reduce or eliminate federal funding to states, local governments, nonprofits and other traditional beneficiaries of federal funding. These policy shifts have resulted in several lawsuits by states and local governments against the federal government to overturn federal funding decisions by the current federal administration. As of now, the State itself is party to a number of these lawsuits, and the State expects that it is likely that it will join other lawsuits in the future.

The State like all states is a major administrator of federal funding – including for health care, education, transportation and other needs. The State currently does not have any ability to predict the fiscal impact that these policy shifts in federal funding will have on the State. In some cases, the State is reimbursed for its expenditures such that reductions in federal funding in these cases could have both short- and long-term impacts on the State's financial condition. In other cases, the State uses federal funding to offset expenditures it would otherwise have to make. See "–Federal Aid Receipts" above for the amounts the State receives in federal funding aid for the last few Fiscal Years. Accordingly, the State could experience a wide range of possible impacts. Even in cases where the State were to prevail in litigation, the State may make expenditures it expects to be reimbursed but may not receive that reimbursement timely or may not receive it for several Fiscal Years. In addition, the State may rely on federal funding aid that is eliminated and may need to use its own funds to further the intended purposes of the federal funding aid. It will likely take years for courts to address the legality of the current federal administration's federal funding shifts and how the current federal administration will respond to those court decisions.

Expenditures

As used herein, the term "expenditures" refers to a fiscal year's net disbursements plus amounts obligated for payment in a subsequent fiscal year for budgeted, non-budgeted and federal funds. The table entitled "EXPENDITURES" on the next page displays the expenditures for Fiscal Years 2023 through 2025.

Expenditures exceed the dollar amounts enumerated in the appropriations acts by reason of and only to the extent of specific provisions in the authorizing acts which appropriate (or permit the expenditure of) unexpended balances of prior appropriations, certain cash receipts (such as student service fees and extension fees at State colleges) and most federal aid. Such unexpended balances, cash receipts and federal aid are not included in the tables of appropriations or revenues previously presented herein.

EXPENDITURES
(In Millions)

	For the Fiscal Year Ended June 30		
	2025	**2024**	**2023**
General Fund:			
Legislative Branch	$ 112.5	$ 109.1	$ 102.3
Chief Executive's Office	12.2	9.7	8.4
Department of:			
Agriculture	939.8	648.4	961.0
Banking and Insurance	76.3	86.5	86.5
Children and Families	2,374.0	2,261.9	2,130.6
Community Affairs	2,067.0	2,272.0	2,024.4
Corrections	1,346.5	1,305.7	1,304.1
Education	5,994.1	7,270.6	2,130.9
Environmental Protection	1,317.8	867.5	1,093.2
Health	2,386.7	2,789.5	2,661.0
Human Services	28,225.8	26,403.6	24,885.7
Labor and Workforce Development	1,039.5	1,041.9	935.1
Law and Public Safety	1,891.8	2,073.9	2,343.6
Military and Veterans Affairs	203.4	205.1	177.6
State	2,226.2	2,147.6	2,128.9
Transportation	3,227.4	3,369.3	3,611.9
Treasury	2,375.7	2,359.6	2,423.0
Miscellaneous Executive Commissions	1.0	1.0	1.0
Interdepartmental Accounts	7,639.9	6,832.4	6,847.5
Judicial Branch	1,067.9	1,013.1	977.5
Total General Fund	$64,525.5	$63,068.4	$ 56,834.2
Property Tax Relief Fund:			
Department of:			
Agriculture	$ 26.6	$ 20.3	$ 17.9
Community Affairs	312.8	479.7	466.0
Corrections	39.1	40.7	33.3
Education	16,226.2	13,961.9	17,867.8
Environmental Protection	7.6	10.1	7.5
Human Services	259.7	267.4	249.2
Law and Public Safety	9.0	9.5	5.5
State	4.9	7.2	6.8
Transportation	350.2	277.6	319.3
Treasury	4,728.4	4,704.7	3,988.2
Interdepartmental	14.2	45.3	45.4
Total Property Tax Relief Fund	$21,978.7	$19,824.4	$23,006.9
Gubernatorial Elections Fund:			
Law and Public Safety	$ 38.3	-	-
Casino Control Fund:			
Department of:			
Law and Public Safety	$ 63.7	$ 63.8	$ 57.4

	For the Fiscal Year Ended June 30		
	2025	2024	2023
Treasury	7.7	7.3	6.5
Total Casino Control Fund	$ 71.4	$ 71.1	$ 63.9
Casino Revenue Fund:			
Department of:			
Health	$ 0.5	$ 0.5	$ 0.5
Human Services	568.2	582.9	498.2
Labor and Workforce Development	2.2	2.2	2.2
Law and Public Safety	0.1	0.1	0.1
Total Casino Revenue Fund	$ 571.0	$ 585.7	$ 501.0
Total Expenditures	$87,184.9	$ 83,549.6	$80,406.0

CASH MANAGEMENT

Timing imbalances of the revenue collections and expenditures of the General Fund and the Property Tax Relief Fund exist because approximately 60% of the State's net major tax revenues is received in the second half of the fiscal year and over 35% of net major tax revenues is received during the last quarter of the fiscal year. At times, this timing imbalance has led to State revenues only exceeding State expenditures late in the third quarter or early in the fourth quarter of the fiscal year. In past fiscal years, the State's negative cash flow position through the first three quarters of a fiscal year was exacerbated by the fact that GIT receipts are not known until around early May of each fiscal year.

Furthermore, *L.* 2016, *c.* 83 (the "Pension Contribution Act") requires the State to make its payments to the Pension Plans in quarterly installments on September 30, December 31, March 31 and June 30 commencing in Fiscal Year 2018. Prior to Fiscal Year 2018, the State had made its payments to the Pension Plans at the end of each fiscal year. The Pension Contribution Act reduces the State's flexibility to decrease expenditures in a fiscal year if revenues are less than anticipated. To address these challenges, the State employs a cash flow modeling system in order to manage cash on a daily basis and forecast cash flow throughout the fiscal year. Should it become necessary, the State may utilize a variety of tools to manage its cash flow. These tools include, but are not limited to: issuance of Tax and Revenue Anticipation Notes ("TRANs"); management of the impact of debt issuances during a fiscal year; interfund borrowing during a fiscal year; and eliminating and/or limiting the use of General Fund balances to provide upfront cash for other funds' expenditures, such as the Transportation Trust Fund ("TTF").

TAX AND REVENUE ANTICIPATION NOTES

The State has the ability to issue TRANs to aid in providing effective cash flow management by funding timing imbalances that occur in the collection and disbursement of the General Fund and Property Tax Relief Fund revenues. TRANs do not constitute a general obligation of the State or a debt or liability within the meaning of the State Constitution. Such TRANs constitute special obligations of the State payable solely from monies on deposit in the General Fund and the Property Tax Relief Fund and legally available for such payment. TRANs are payable solely from revenues attributable to the fiscal year in which the TRANs were issued. No TRANs have been issued since Fiscal Year 2020 and the State does not expect to issue TRANs during Fiscal Year 2027.

LONG-TERM OBLIGATIONS

General Obligation Bonds

General Obligation Bonds of the State are authorized from time to time by Acts of the State Legislature. Each such "Bond Act" sets forth the authorized amounts and purposes of the bonds as well as certain parameters for issuing bonds, such as maximum term. Purposes under the Bond Acts have included open space and farmland preservation, water supply protection, transportation, higher education, port development, economic development, hazardous waste remediation, and many other public purposes. The Bond Acts provide that the bonds issued represent a debt of the State, and the faith and credit of the State are pledged to their repayment. Generally, each Bond Act requires voter approval. However, the Emergency Exception provides that no voter approval is required for bonds issued to meet an emergency caused by a disaster. See "CERTAIN CONSTITUTIONAL PROVISIONS AND JUDICIAL DECISIONS

– Debt Limitations" herein. To address the financial consequences of the pandemic, the Emergency Bond Act was passed pursuant to which, on November 24, 2020, the State issued its $3,672,360,000 New Jersey COVID-19 General Obligation Emergency Bonds, 2020 Series A. The State no longer has authorization to issue any additional bonds under the Emergency Bond Act.

Certain decisions relating to a general obligation bond sale, including the setting of interest rates and amortization of the bonds, are delegated to the "Issuing Officials" of the State, comprising the Governor, State Treasurer and Budget Director. The State Treasurer is directed to hold and invest the proceeds of the bond sale pending their expenditure in separate funds as established by the Bond Act. The Refunding Bond Act of 1985 sets forth the procedures and parameters for issuing bonds for the purpose of refunding outstanding bonds issued under any other Bond Act. There are no refunding bonds outstanding under the Refunding Bond Act.

General Obligation Bonds are described in the "Notes to the Financial Statements" and the Statistical Section set forth in the 2025 ACFR. See also the table captioned "STATE OF NEW JERSEY – LEGISLATIVELY AUTHORIZED BUT UNISSUED DEBT, 2025 AND 2024" in the 2025 ACFR.

State Appropriation Obligations

The State has entered into a number of leases and contracts described below (collectively, the "Agreements") with several governmental authorities to secure the financing of various projects and programs in the State. Under the terms of the Agreements, the State has agreed to make payments equal to the debt service on, and other costs related to, the obligations sold to finance the projects. The State Legislature has no legal obligation to enact appropriations to fund such payments, but has done so to date for all such obligations. The amounts appropriated to make such payments are included in the appropriation for the department, authority or other entity administering the program or in other line item appropriations. See "STATE FINANCES – Budget and Appropriation Process" and "FINANCIAL RESULTS AND ESTIMATES – Appropriations" herein. The principal amount of bonds which may be issued is, in certain cases, subject to specific statutory dollar ceilings or programmatic restrictions which effectively limit such amounts. In other cases, there are currently no such ceilings or limitations. In addition, the State Legislature may at any time impose, remove, increase or decrease applicable existing ceilings or limitations and impose, modify or remove programmatic restrictions. The State Legislature may also authorize debt or other obligations, such as interest-rate swap agreements, with the governmental authorities listed below or other governmental authorities to secure the financing of projects and programs in the future. Certain of these changes may require voter approval.

The State expects that additional State Appropriation Obligations will be issued during Fiscal Year 2027 and future fiscal years. The Lance Amendment, described under "CERTAIN CONSTITUTIONAL PROVISIONS AND JUDICIAL DECISIONS – Debt Limitations" herein, prohibits the State Legislature from enacting legislation authorizing State Appropriation Obligations payable from sources other than constitutionally dedicated sources unless such legislation is submitted and approved by a majority of legally qualified voters of the State voting thereon at a general election. The State Legislature is not legally obligated to appropriate amounts for the payment of such State Appropriation Obligations debt service in any year, and there can be no assurance that the State Legislature will make any such appropriations. See also the table captioned "STATE OF NEW JERSEY – LEGISLATIVELY AUTHORIZED BUT UNISSUED DEBT, 2025 AND 2024" in the 2025 ACFR.

The following tables set forth the State's long-term obligations. The first table summarizes by issuer and by program the principal amounts outstanding on June 30, 2026 and the estimated Fiscal Year 2027 debt service on such obligations. The second table depicts the aggregate estimated future debt service as of June 30, 2026 on all such General Obligation Bonds and State Appropriation Obligations. The data contained in the tables has not been adjusted to reflect subsequent activity. The tables include certain data that are (1) for governmental entities or programs that are not considered part of the State's long-term obligations for financial reporting purposes under generally accepted accounting principles or (2) for a component unit of the State. These items are therefore not reflected in Note 11 – Long-Term Obligations and the Schedule of Long-Term Obligations in the 2025 ACFR. In addition, there are certain obligations included in such Note 11 that are not included in the following tables or elsewhere in this Appendix I. The State Legislature has never failed to appropriate amounts for the payment of debt service on the State Appropriation Obligations included in the following tables.

SUMMARY OF LONG-TERM OBLIGATIONS
AS OF JUNE 30, 2026

Issuer	Type of Agreement	Principal Amount Outstanding[1]	Fiscal Year 2027 Debt Service
General Obligation Bonds	General Obligation	$3,054,175,000	$529,153,733
State Appropriation Bonds by Issuer or Program:			
Garden State Preservation Trust	Contract	187,861,735	97,996,519
New Jersey Economic Development Authority			
Biomedical Research Facilities	Contract	31,420,000	3,464,348
Department of Human Services Programs	Service Contract	115,000	80,004
Liberty State Park Project	Lease	7,785,000	8,106,131
Motor Vehicle Surcharges Revenue	Contract	476,100,000	53,542,400
Motor Vehicle Surcharges Revenue - Special Needs Housing	Contract	20,777,243	33,114,451
Municipal Rehabilitation	Contract	26,255,000	14,174,938
New Jersey Transit Corporation Projects	Lease	1,202,750,000	146,452,088
Offshore Wind Port Project	Lease	120,515,000	21,013,368
School Facilities Construction	Contract	2,594,473,000	568,961,451
State House Project	Lease	272,480,000	23,793,694
State Government Buildings Projects	Lease	317,070,000	24,568,500
State Pension Funding	Contract	1,326,175,000	506,961,244
New Jersey Educational Facilities Authority			
Capital Improvement Fund	Contract	361,925,000	37,573,963
Equipment Leasing Fund	Contract	60,995,000	11,678,500
Facilities Trust Fund	Contract	123,595,000	27,238,850
Technology Infrastructure Fund	Contract	31,605,000	7,528,125
New Jersey Health Care Facilities Financing Authority			
Energy Efficiency Projects	Lease	26,910,000	3,907,088
Greystone Park Psychiatric Hospital Project	Contract	84,480,000	15,714,375
Hospital Asset Transformation Program	Contract	126,080,000	14,898,625
Marlboro Psychiatric Hospital Project	Contract	51,900,000	4,964,250
New Jersey Transportation Trust Fund Authority			
Transportation Program Bonds	Contract	10,893,935,000	571,891,631
Transportation System Bonds	Contract	7,017,512,735	823,950,789
State-Supported County College Bonds	Statutory	193,532,920	36,886,919
State Equipment Line of Credit	Lease	35,619,185	17,432,069
Master Energy Lease Purchase Agreement	Lease	40,650,364	5,292,447
TOTALS		$28,686,692,181	$3,610,340,495

[1] Amounts for outstanding capital appreciation bonds do not include accretion from date of issuance.

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ESTIMATED FUTURE DEBT SERVICE ON LONG-TERM OBLIGATIONS
AS OF JUNE 30, 2026

	General Obligation Bonds		State Appropriation Obligations		
Fiscal Year	**Principal**	**Interest**	**Principal[1]**	**Interest[1]**	**Total**
2027	$403,010,000	$126,143,733	$1,609,160,744	$1,472,026,018	$3,610,340,495
2028	422,290,000	106,936,733	1,764,344,972	1,391,608,958	3,685,180,662
2029	444,905,000	86,772,213	1,291,945,258	1,318,386,817	3,142,009,287
2030	466,440,000	65,546,320	791,505,748	1,232,977,590	2,556,469,658
2031	467,440,000	47,625,530	827,440,435	1,205,802,342	2,548,308,307
2032	485,550,000	29,579,205	1,165,285,403	1,180,839,613	2,861,254,222
2033	41,010,000	12,306,103	1,260,269,359	1,112,427,375	2,426,012,837
2034	37,195,000	11,320,888	1,261,422,360	1,060,025,122	2,369,963,369
2035	38,225,000	10,541,813	1,252,384,028	1,011,201,905	2,312,352,746
2036	39,280,000	9,740,725	1,096,205,238	1,077,633,332	2,222,859,296
2037	40,370,000	8,898,050	1,147,099,324	1,009,633,929	2,206,001,303
2038	34,460,000	8,011,500	1,135,609,026	984,620,771	2,162,701,297
2039	36,285,000	6,700,000	1,088,953,420	1,021,884,144	2,153,822,564
2040	37,860,000	4,885,750	1,191,328,282	874,741,143	2,108,815,175
2041	40,040,000	2,992,750	1,548,146,082	533,234,385	2,124,413,217
2042	19,815,000	990,750	1,232,045,000	335,052,565	1,587,903,315
2043	-	-	786,015,000	277,713,838	1,063,728,838
2044	-	-	696,372,500	240,538,569	936,911,069
2045	-	-	636,000,000	207,907,653	843,907,653
2046	-	-	562,535,000	179,317,128	741,852,128
2047	-	-	590,540,000	153,691,219	744,231,219
2048	-	-	592,855,000	126,614,444	719,469,444
2049	-	-	549,525,000	99,513,888	649,038,888
2050	-	-	523,735,000	74,426,475	598,161,475
2051	-	-	207,550,000	50,535,269	258,085,269
2052	-	-	210,645,000	40,266,188	250,911,188
2053	-	-	221,240,000	29,673,313	250,913,313
2054	-	-	193,595,000	19,516,931	213,111,931
2055	-	-	198,765,000	9,938,713	208,703,713
	$3,054,175,000	$538,992,060	$25,632,517,181	$18,331,749,635	$47,557,433,876

[1] For capital appreciation bonds, the original issue amount is reflected as principal and the accretion in value from the date of issuance is reflected as interest in the year of bond maturity.

Issuers of State Appropriation Obligations

Garden State Preservation Trust

The Garden State Preservation Trust ("GSPT") issues bonds for the purpose of preserving open space and farmland. Pursuant to the Garden State Preservation Trust Act, as amended, the principal amount of bonds, notes or other obligations which could have been issued prior to July 1, 2009, other than refunding bonds, cannot exceed $1.15 billion. The GSPT has issued all of its $1.15 billion statutory bonding authorization. After July 1, 2009, only refunding bonds can be issued. The bonds issued by the GSPT are special obligations of the GSPT payable from amounts paid to it under a contract between the GSPT and the State Treasurer, subject to appropriation by the State Legislature.

New Jersey Economic Development Authority

The NJEDA is authorized to issue bonds for various purposes described below.

The NJEDA has issued revenue bonds on behalf of non-profit community service providers. The payment of debt service on these revenue bonds is the obligation of the community service providers. However, such debt service

payments as well as the payment of certain other provider expenses are reimbursed by the State pursuant to service contracts between the State Department of Human Services and these providers, subject to appropriation by the State Legislature. The contracts have one-year terms, subject to annual renewal.

The Motor Vehicle Surcharges Securitization Act of 2004, *L*. 2004, *c*. 70, authorizes the NJEDA to issue bonds payable from, and secured by, dedicated motor vehicle surcharge revenues as defined in the legislation. Debt service on the bonds is payable pursuant to a contract between the NJEDA and the State Treasurer, subject to appropriation by the State Legislature. Pursuant to *L*. 2005, *c*. 163, *L*. 2004, *c*. 70 was amended to authorize the issuance of bonds by NJEDA in an amount not to exceed $200 million to fund grants and loans for the costs of special needs housing projects in the State. Pursuant to *L*. 2019, *c*. 301, only refunding bonds can be issued.

The Municipal Rehabilitation and Economic Recovery Act, *L*. 2002, *c*. 43 (*N.J.S.A.* 52:27BBB-1 et seq.), authorizes the NJEDA to issue bonds for the purpose of making deposits into certain funds described in *N.J.S.A.* 52:27BBB-49 and *N.J.S.A.* 52:27BBB-50, to provide loans and grants to sustain economic activity in qualified municipalities under the Act. Debt service on the bonds is paid pursuant to a contract between the NJEDA and the State Treasurer, subject to appropriation by the State Legislature.

The Educational Facilities Construction and Financing Act, *L*. 2000, *c*. 72 ("EFCFA") authorizes the NJEDA to issue bonds to finance the State share of costs for school facilities construction projects. EFCFA originally provided that the aggregate principal amount of bonds, notes or other obligations issued by NJEDA shall not exceed: $100,000,000 for the State share of costs for county vocational school district school facilities projects, $6,000,000,000 for the State share of costs for "Abbott District" school facilities projects, and $2,500,000,000 for the State share of costs for school facilities projects in all other districts. Debt service on the bonds issued pursuant to EFCFA is paid pursuant to a contract between the State Treasurer and the NJEDA, subject to appropriation by the State Legislature. EFCFA was amended in July 2008 to increase the amount of bonds, notes or other obligations authorized to be issued by the NJEDA in additional aggregate principal amounts not to exceed: $2,900,000,000 for the State share of costs for school facilities projects in the "SDA Districts" (formerly "Abbott Districts"), and $1,000,000,000 for the State share of costs for school facilities projects in all other districts, $50,000,000 of which is allocated for the State share of costs for county vocational school district facilities projects. In regard to this increase in the amount of bonds authorized to be issued by NJEDA pursuant to this amendment, debt service on these bonds or refunding bonds issued by NJEDA and any additional costs authorized pursuant to Section 14 of EFCFA shall first be payable from revenues received from the GIT except that debt service on bonds issued to pay for administrative, insurance, operating and other expenses of the NJEDA and the Schools Development Authority in connection with school facilities projects shall be payable from the General Fund. The additional bonds issued pursuant to this amendment are also payable pursuant to the contract between the State Treasurer and the NJEDA, mentioned above, subject to appropriation by the State Legislature.

The State Pension Funding Bonds were issued pursuant to legislation enacted June 1997 to pay a portion of the State's unfunded accrued pension liability for the State's retirement system, which together with amounts derived from the revaluation of pension assets pursuant to companion legislation enacted at the same time, were sufficient to fully fund the then unfunded accrued pension liability at that time. Debt service on the bonds is payable pursuant to a contract between the State Treasurer and the NJEDA, subject to appropriation by the State Legislature.

L. 2006, *c*. 102 authorized the issuance of $270 million of bonds by the NJEDA to fund various State capital construction projects, including stem cell research facilities in New Brunswick and Newark, biomedical research facilities, blood collection facilities and cancer research facilities. On September 14, 2016, the NJEDA issued $46.850 million of Biomedical Research Facilities Bonds, Series 2016A. Debt service on the bonds is payable pursuant to a contract between the NJEDA and the State Treasurer, subject to appropriation by the State Legislature.

In addition, the State has entered into a number of leases with the NJEDA relating to the financing of certain real property, office buildings and equipment. The rental payments required to be made by the State under these lease agreements are sufficient to pay debt service on the bonds issued by the NJEDA to finance the acquisition and construction of such projects and other amounts payable to the NJEDA, including certain administrative expenses of the NJEDA. Amounts payable under the lease agreements are subject to appropriation by the State Legislature. See "CERTAIN CONSTITUTIONAL PROVISIONS AND JUDICIAL DECISIONS – Judicial Decisions" herein.

New Jersey Educational Facilities Authority

The New Jersey Educational Facilities Authority ("NJEFA") issues bonds pursuant to four separate programs to finance: (i) the purchase of equipment to be leased to institutions of higher learning (the "Equipment Leasing Fund"); (ii) grants to the State's public and private institutions of higher education for the development, construction and improvement of instructional, laboratory, communication and research facilities (the "Facilities Trust Fund"); (iii) grants to public and private institutions of higher education to develop a technology infrastructure within and among the State's institutions of higher education (the "Technology Infrastructure Fund"); and (iv) grants to public and private institutions of higher education to finance the renewal, renovation, improvement, expansion, construction, and reconstruction of educational facilities and technology infrastructure (the "Capital Improvement Fund"). The debt service on the bonds issued under these programs is payable by the State pursuant to statutory provisions or contracts between the NJEFA and the State Treasurer, subject to appropriation by the State Legislature. Under the financing programs for the Equipment Leasing Fund, the Facilities Trust Fund, the Technology Infrastructure Fund and the Capital Improvement Fund, as bonds mature or are redeemed, the bonding capacity revolves. As of June 30, 2026, under these programs, the NJEFA has, in aggregate, approximately $487,760,000 of bonding capacity.

New Jersey Health Care Facilities Financing Authority

The New Jersey Health Care Facilities Financing Authority ("HCFFA") is authorized to acquire, construct and lease projects to the New Jersey Department of Human Services ("DHS") or the New Jersey Department of Health ("DOH") and to issue bonds to finance such projects, the debt service on which shall be paid by DHS, subject to appropriation by the State Legislature. The State has financed the construction of a new Greystone Park Psychiatric Hospital, the demolition of the old Greystone Park Psychiatric Hospital and the demolition of the old Marlboro Psychiatric Hospital through the issuance of bonds by HCFFA that are secured by payments made by DHS, subject to appropriation by the State Legislature. The State has also financed energy efficiency projects at the Trenton Psychiatric Hospital and the Ann Klein Forensic Center through the issuance of bonds by HCFFA that are secured by payments made by DOH, subject to appropriation by the State Legislature.

Under the Hospital Asset Transformation Program established by *L*. 2000, *c*. 98, as amended by *L*. 2007, *c*. 110, and *L*. 2009, *c.* 2, HCFFA is authorized to issue bonds to provide funds to any nonprofit health care organization in order to, among other things, satisfy the outstanding indebtedness of a hospital, pay the costs of transitioning or terminating the provision of hospital acute care services at a specific location, including the costs of construction, renovation, equipment, information technology and working capital, and pay the costs associated with the closure or acquisition of a general hospital. Such bonds are special obligations of HCFFA payable from amounts paid to it under a contract between HCFFA and the State Treasurer, subject to appropriation by the State Legislature.

New Jersey Transportation Trust Fund Authority

The New Jersey Transportation Trust Fund Authority (the "TTFA") issues bonds for the purpose of funding a portion of the State's share of the cost of improvements to the State's transportation system. The bonds issued by the TTFA are special obligations of the TTFA payable from a contract among the TTFA, the State Treasurer and the Commissioner of Transportation, subject to appropriation by the State Legislature. The issuance of refunding bonds to refund prior obligations of the TTFA is not subject to the debt issuance restrictions described below, but is subject to the approval of the Joint Budget Oversight Committee.

The New Jersey Transportation Trust Fund Authority Act of 1984, as amended by *L*. 2016, *c*. 56 and *L*. 2024, *c.* 7 authorizes the issuance of $15.6 billion in Transportation Program Bonds between Fiscal Year 2017 and Fiscal Year 2029, the payment of debt service on which must be paid solely from revenues dedicated for transportation purposes pursuant to Article VIII, Section II, paragraph 4 of the State Constitution.

An amendment to Article VIII, section II, paragraph 4 of the State Constitution was approved by the voters on November 8, 2016, dedicating all revenue from the motor fuels and petroleum products gross receipts taxes for transportation purposes. These constitutionally dedicated monies are available to be appropriated by the Legislature to the TTFA to pay debt service on Transportation Program Bonds issued by the TTFA and as pay-as-you-go-funding. Any constitutionally dedicated revenues in excess of the amount needed to pay debt service on TTFA bonds and

Transportation Capital Program project costs are appropriated to the Transportation Trust Fund Account - Subaccount for Capital Reserves to meet future Transportation Capital Program needs.

State Supported County College Bonds

Legislation provides for appropriations for State Aid to counties equal to a portion of the debt service on bonds issued by or on behalf of such counties for construction of county college facilities (*L*. 1971, *c*. 12, as amended). The State Legislature has no legal obligation to make such appropriations, but has done so to date for all obligations issued under this legislation. The NJEFA is also authorized to issue its obligations to finance county college capital facilities which are secured in whole or in part by an agreement with the State Treasurer, subject to appropriation by the State Legislature.

State Equipment Lease Financing

The State finances the acquisition of certain equipment and vehicles to be used by various State departments through equipment lease financings established from time to time with one or more financial services providers. Repayments of amounts drawn under the equipment lease financings are subject to appropriation by the State Legislature.

Master Energy Lease Purchase Agreement

The State finances the acquisition of certain energy efficiency projects at State facilities through equipment lease financings established from time to time with one or more financial services providers. Repayments of amounts drawn under the equipment lease financings are subject to appropriation by the State Legislature.

Description of Certain Long-Term Obligations

Bank Loan Bonds

The NJEDA and the HCFFA have issued certain series of bonds to finance school facilities construction projects, municipal rehabilitation projects and Department of Health-operated institutions projects pursuant to term loan agreements with several banks. A bank's rights under such term loan agreements are essentially the same as bondholders' rights except for a few differences. The bank may require the mandatory term out of the bonds for a shortened amortization period if certain events occur under the loan agreement, including, without limitation, the failure to pay, or cause to be paid, when due, principal of or interest on the bonds, a debt moratorium, a ratings downgrade, a material failure to perform under the applicable State contract or sublease, an action that materially adversely affects the rights, remedies or security of the trustee under the bond resolution or the bank under the term loan agreement or a material amendment or modification to the applicable State contract without the prior written consent of the bank. For tax-exempt bonds, the term loan agreements provide that if an event of taxability occurs, the interest rate on the bonds will increase. The aggregate amount of such bank loan bonds outstanding as of June 30, 2026 is $346,558,000. Such bonds are included within the Long-Term Obligations tables herein.

The following table provides a summary of the State-supported term loan agreements outstanding as of June 30, 2026.

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BANK LOAN PORTFOLIO

Lender	Series	Tax Status	Amount Outstanding as of 6/30/26	Fixed Interest Rate*	Maturity Date
Economic Development Authority School Facilities Construction Bonds					
Barclays Capital Inc.	2019 Series GGG	Tax Exempt	$104,200,000	5.250%	9/1/2026
Barclays Capital Inc.	2019 Series GGG	Tax Exempt	30,555,000	5.250	9/1/2027
Capital One Public Funding, LLC	2019 Series III	Tax Exempt	13,065,000	3.070	12/15/2026
Capital One Public Funding, LLC	2019 Series III	Tax Exempt	18,856,000	3.070	12/15/2027
Capital One Public Funding, LLC	2019 Series III	Tax Exempt	10,946,000	3.070	12/15/2028
Capital One Public Funding, LLC	2019 Series III	Tax Exempt	10,304,000	3.070	12/15/2029
Capital One Public Funding, LLC	2019 Series III	Tax Exempt	25,544,000	3.070	12/15/2030
Capital One Public Funding, LLC	2019 Series III	Tax Exempt	8,344,000	3.070	12/15/2031
PNC Bank, N.A.	2019 Series JJJ	Tax Exempt	9,528,000	2.765	9/1/2026
PNC Bank, N.A.	2019 Series JJJ	Tax Exempt	9,795,000	2.765	9/1/2027
PNC Bank, N.A.	2019 Series KKK	Tax Exempt	518,000	3.470	12/15/2026
PNC Bank, N.A.	2019 Series KKK	Tax Exempt	536,000	3.470	12/15/2027
PNC Bank, N.A.	2019 Series KKK	Tax Exempt	555,000	3.470	12/15/2028
PNC Bank, N.A.	2019 Series KKK	Tax Exempt	575,000	3.470	12/15/2029
PNC Bank, N.A.	2019 Series KKK	Tax Exempt	595,000	3.470	12/15/2030
PNC Bank, N.A.	2019 Series KKK	Tax Exempt	27,695,000	3.470	12/15/2031
PNC Bank, N.A.	2019 Series KKK	Tax Exempt	21,782,000	3.470	12/15/2032
		Total	**$293,393,000**		
Economic Development Authority Municipal Rehabilitation Bonds					
Barclays Capital Inc.	2019 Series A	Tax Exempt	$9,320,000	5.250%	4/1/2027
Barclays Capital Inc.	2019 Series A	Tax Exempt	13,435,000	5.250	4/1/2028
Barclays Capital Inc.	2019 Series B	Taxable	3,500,000	4.580	4/1/2027
		Total	**$26,255,000**		
Health Care Facilities Financing Authority Department of Health Lease Revenue Bonds					
DNT Asset Trust	Series 2025	Tax Exempt	$2,930,000	3.840%	9/15/2026
DNT Asset Trust	Series 2025	Tax Exempt	3,045,000	3.840	9/15/2027
DNT Asset Trust	Series 2025	Tax Exempt	3,165,000	3.840	9/15/2028
DNT Asset Trust	Series 2025	Tax Exempt	3,285,000	3.840	9/15/2029
DNT Asset Trust	Series 2025	Tax Exempt	3,415,000	3.840	9/15/2030
DNT Asset Trust	Series 2025	Tax Exempt	3,550,000	3.840	9/15/2031
DNT Asset Trust	Series 2025	Tax Exempt	3,690,000	3.840	9/15/2032
DNT Asset Trust	Series 2025	Tax Exempt	3,830,000	3.840	9/15/2033
		Total	**$26,910,000**		
		Grand Total	**$346,558,000**		

* Interest rate subject to adjustment upon a downgrade in the State's credit rating.

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MORAL OBLIGATIONS

The authorizing legislation for certain State entities provides for specific budgetary procedures with respect to certain obligations issued by such entities. Pursuant to such legislation, a designated official is required to certify any deficiency in a debt service reserve fund maintained to meet payments of principal of and interest on the obligations, and a State appropriation in the amount of the deficiency is to be made. However, the State Legislature is not legally bound to make such an appropriation. Bonds issued pursuant to authorizing legislation of this type are sometimes referred to as moral obligation bonds. There is no statutory limitation on the amount of moral obligation bonds which may be issued by eligible State entities.

The following table sets forth the moral obligations outstanding as of June 30, 2026 and debt service for Fiscal Year 2027.

	Principal Amount Outstanding	Fiscal Year 2027 Debt Service
South Jersey Port Corporation	$144,970,000	$18,689,588
South Jersey Port Corporation Subordinated	245,905,000	15,635,250
Higher Education Student Assistance Authority	1,542,200,000	197,489,299
	$1,933,075,000	$231,814,137

South Jersey Port Corporation

The State, under its moral obligation, has provided the South Jersey Port Corporation (the "Port Corporation") with funds to replenish its debt service reserve fund to the extent drawn upon by the Port Corporation when Port Corporation revenues are insufficient to pay debt service on its outstanding bonds. Such payments to the Port Corporation are subject to appropriation by the State Legislature.

The following table sets forth the amounts paid to the Port Corporation to replenish its debt service reserve fund and subordinated debt service reserve fund for the past five fiscal years. The State expects the Port Corporation to request that the State replenish the debt service reserve funds of the Port Corporation in Fiscal Year 2027. Historically, through this mechanism, the State has paid substantially all of the Port Corporation's debt service.

Fiscal Year	Amounts Paid for Debt Service	Amounts Paid for Debt Service (Subordinated)
2022	$16,925,000	$12,710,000
2023	15,100,000	12,710,000
2024	16,125,000	15,400,000
2025	15,500,000	14,250,000
2026	15,200,000	15,525,000

Higher Education Student Assistance Authority

The Higher Education Student Assistance Authority ("HESAA") has not had a revenue deficiency which required the State to appropriate funds to meet its moral obligation. It is anticipated that the HESAA's revenues will continue to be sufficient to pay debt service on its bonds.

OTHER OBLIGATIONS

The following Other Obligations are not considered State Appropriation Obligations and are therefore not included in the amounts shown in the tables entitled "SUMMARY OF LONG-TERM OBLIGATIONS AS OF JUNE 30, 2026" and "ESTIMATED FUTURE DEBT SERVICE ON LONG-TERM OBLIGATIONS AS OF JUNE 30, 2026".

New Jersey Transportation Trust Fund Authority – "GARVEES"

On November 2, 2016, the TTFA issued $3.241 billion of Federal Highway Reimbursement Revenue Notes ("GARVEE Notes"). The GARVEE Notes are secured solely by reimbursements received by or on behalf of the NJDOT pursuant to Title 23 of the United States Code from the Federal Highway Administration. On July 25, 2018, $1.2 billion of 2018 Series A GARVEE Refunding Notes were issued to refund a portion of the 2016 Series A GARVEE Notes. As of June 30, 2026, the aggregate amounts of GARVEE Notes and GARVEE Refunding Notes outstanding are $765,540,000 and $700,920,000, respectively.

Qualified Bonds

L. 1976, *c*. 38, as amended by *L.* 2015, *c.* 95, and *L.* 1976, *c*. 39 (the "Acts") provide for the issuance of "Qualified Bonds" by municipalities and school districts. Whenever a local board of education or the governing body of a municipality determines to issue bonds, it may file an application with the Local Finance Board, and, in the case of a local board of education, also with the Commissioner of Education, to qualify bonds pursuant to the Acts. Upon approval of such application, the State Treasurer shall withhold from certain State appropriations of revenues or other State aid payable to the municipalities or appropriations of State school aid payable to the school district, as appropriate, an amount sufficient to pay debt service on such bonds. Additionally, with respect to Qualified Bonds issued by municipalities, a statutory lien and trust, superior to all other liens, automatically attaches to such appropriations, in favor of the holders of Qualified Bonds, for the sole purpose of paying debt service on the Qualified Bonds. These Qualified Bonds are not direct, guaranteed or moral obligations of the State, and debt service on such bonds will be paid by the State only to the extent that the State aid or State school aid has been appropriated by the State Legislature. As of June 30, 2026, the aggregate amounts of municipal and school district Qualified Bonds outstanding are $1,066,273,153 and $1,610,000, respectively.

Tobacco Settlement Asset-Backed Bonds

The State has transferred to the TSFC, established pursuant to *L.* 2002, *c*. 32, the State's right to receive all tobacco settlement receipts (the "TSRs") after December 1, 2003 from the multi-state Master Settlement Agreement ("MSA") which settled litigation with the participating tobacco companies. In April 2018, the TSFC refunded all of its outstanding Tobacco Settlement Asset-Backed Bonds, Series 2007-1 with the proceeds of its Tobacco Settlement Bonds, Series 2018A (Senior) & 2018B (Subordinate). As of June 30, 2026, the TSFC had $2,241,060,000 in outstanding bonds secured by TSRs.

STATE EMPLOYEES

Public Employer-Employee Relations Act

The State, as a public employer, is covered by the New Jersey Public Employer-Employee Relations Act, as amended (*N.J.S.A.* 34:13A-1 *et seq.*), which guarantees public employees the right to negotiate collectively through employee organizations certified or recognized as the exclusive collective negotiations' representatives for units of public employees found to be appropriate for collective negotiations purposes. Approximately 57,339 full-time Executive Branch employees are paid through the State payroll system. Of the 57,339 employees, approximately 53,692 full-time executive branch employees are represented by certified or recognized exclusive majority representatives and are organized into various negotiation units. There are twelve-plus civilian units, ten of which presently represent approximately 44,819 full-time employees in the Executive Branch. The Health Care and Rehabilitation Services Unit is represented by the American Federation of State, County and Municipal Employees ("AFSCME") and includes about 5,193 employees. The Administrative and Clerical Services Unit, the Primary Supervisory Unit, the Professional Unit and the Higher-Level Supervisory Unit are all represented by the Communications Workers of America ("CWA") and include about 5,636 employees, 6,957 employees, 18,570 employees and 2,506 employees, respectively, for a total of 33,669 employees. The Crafts Unit, the Inspection and Security Unit, and the Operations, Maintenance and Services Unit are represented by the International Federation of Professional and Technical Engineers ("IFPTE") and the New Jersey State Motor Vehicle Employees Union, Service Employees International Union ("SEIU"), and combined include about 4,352 employees. The Deputy Attorneys General ("DAsG") unit and the State Government Managers ("Managers") Unit are both represented by the International Brotherhood of Electrical Workers ("IBEW") and include approximately 426 employees (represented by

IBEW Local 33) and 1,179 employees (represented by IBEW Local 30), respectively. There are approximately 8,683 employees represented by twelve law enforcement units.

Negotiation Process

The New Jersey Public Employer-Employee Relations Act specifies a negotiation process for non-police and non-fire units which includes mediation and advisory fact-finding in the event of a negotiations impasse. This process is geared to the public employer's budget submission process. The economic provisions included in these negotiated agreements generally take effect at the beginning of each fiscal year or at other times provided in the agreements. Police and fire negotiations units may also submit to mediation and fact-finding in the event that negotiations with the State produces an impasse and the parties agree to do so, but where no agreement is achieved by exhaustion of these processes, police and fire units are additionally entitled to submit their final demands to binding interest arbitration. Approximately 8,683 State employees come under the binding interest arbitration process. Of the 8,683, approximately 3,248 are in the State Police.

Contract Status

The State has entered into a four-year contract for Fiscal Years 2024-2027 with the IFPTE Local 195 and the Motor Vehicle Inspector Division of Local 32BJ SEIU, CTW, CLC. The contract provides for across the board salary increases of approximately 14.0% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period on or after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period on or after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) and 3.5% in Fiscal Year 2027 (effective the first full pay period on or after July 1, 2026). In addition to these 3.5% increases, any full-time employee on the active payroll with an annual base salary under $41,400 shall receive a cash bonus, not included in base salary, equal to the difference between the across the board increase on an annual salary of $41,400 and the across the board increase of that employee's base salary. In Fiscal Year 2025 (effective first full pay period on or after July 1, 2024) employees serving in ranges 1-8 migrated to Range 9. In Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) an eleventh step was added to each range of the salary schedule.

The State has entered into a four-year contract for Fiscal Years 2024-2027 with the CWA representing four (4) units. The contract provides for across the board salary increases of approximately 14.0% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period on or after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period on or after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) and 3.5% in Fiscal Year 2027 (effective the first full pay period on or after July 1, 2026). In Fiscal Year 2025 (effective first full pay period on or after July 1, 2024) employees serving in ranges 1-8 migrated to Range 9. In Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) an eleventh step was added to each range of the salary schedule.

The State has entered into a four-year contract for Fiscal Years 2024-2027 with AFSCME New Jersey Council 63. The contract provides for across the board salary increases of approximately 14.0% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period on or after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period on or after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) and 3.5% in Fiscal Year 2027 (effective the first full pay period on or after July 1, 2026). In addition to these 3.5% increases, any full-time employee on the active payroll with an annual base salary under $39,900 shall receive a cash bonus, not included in base salary, equal to the difference between the across the board increase on an annual salary of $39,900 and the across the board increase of that employee's base salary. In Fiscal Year 2025 (effective first full pay period on or after July 1, 2024) employees serving in ranges 1-8 migrated to Range 9. In Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) an eleventh step was added to each range of the salary schedule.

The State has entered into a four-year contract for Fiscal Years 2024-2027 with the IBEW, Local 33, Deputy Attorneys General (DAsG) unit. The contract provides for across the board salary increases of approximately 14.0% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period on or after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period on or after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) and 3.5% in Fiscal Year 2027 (effective the first full pay period on or after July 1,

2026). In Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) an eleventh step was added to range ZR 33 of the salary schedule. The contract provides for a salary cap of $171,000.

The State has entered into a four-year contract for Fiscal Years 2024-2027 with the IBEW, Local 30, State Government Managers' Unit (SGM Unit). The contract provides for across the board salary increases of 14.0% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The contract provides for a salary cap of $170,000. In addition to the across the board salary increases described above, the contract provided for a $2,000 increase to the base salary of "&98" (no range) employees effective July 1, 2024. In Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) a new top step was added to each range of the applicable salary schedules.

The State entered into a four-year contract for Fiscal Years 2024-2027 with the Policemen's Benevolent Association Local 105 ("PBA 105"). The contract provides for across the board salary increases of approximately 14.0% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period on or after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period on or after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) and 3.5% in Fiscal Year 2027 (effective the first full pay period on or after July 1, 2026). In Fiscal Year 2025 (effective the first full pay period after July 1, 2024) the employee relations group "LA" salary scale was eliminated and Senior Correctional Police Officers on the "LA" scale migrated to the "L" salary scale. In Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) an eleventh step was added to each range of the salary schedule.

The State entered into a four-year contract for Fiscal Years 2024-2027 with the New Jersey Investigators Association, State Fraternal Order of Police Lodge 174 ("NJIA" or "FOP Lodge 174"). The contract provides for across the board salary increases of approximately 14% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The contract also provided for a $4,500 salary adjustment for the Investigator title; a $3,200 salary adjustment for the Senior Investigator title; and a $3,000 salary adjustment for the Principal Investigator Title effective the first full pay period on or after January 1, 2024, and the addition of an eleventh step for each range of the salary schedule effective the first full pay period after July 1, 2025.

The State entered into a four-year contract for Fiscal Years 2024-2027 with the New Jersey Policemen's Benevolent Association State Law Enforcement Unit ("SLEU"). The contract provides for across the board salary increases of approximately 14% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after September 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The contract also provided for a $2,400 salary adjustment for all titles, except the Conservation Officer title, which will receive a $600 salary adjustment effective the first full pay period on or after January 1, 2024, and the addition of an eleventh step for each range of the salary schedule effective the first full pay period after July 1, 2025.

The State entered into a four-year contract for Fiscal Years 2024-2027 with the New Jersey Law Enforcement Supervisors Association ("NJLESA"). The contract provides for across the board salary increases of approximately 14% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The contract also provided for a $4,500 salary adjustment for all titles, except Parole Sergeants, effective the first full pay period on or after July 1, 2023, and the addition of an eleventh step for each range of the salary schedule effective the first full pay period after July 1, 2025.

The State entered into a four-year contract for Fiscal Years 2024-2027 with the New Jersey Superior Officers Law Enforcement Association ("NJSOLEA"). The contract provides for across the board salary increases of 14% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after July 1, 2023); 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024); 3.5% in Fiscal Year 2026 (effective the first full pay period after

July 1, 2025); and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The contract also provided for a $4,500 salary adjustment to the salary schedules of all unit members, except members in the Parole Lieutenant title, effective first full pay period on or after January 1, 2024. In Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) a new step 11 was added to each range of the applicable salary schedules.

The State entered into a four-year contract for Fiscal Years 2024-2027 with the New Jersey Law Enforcement Commanding Officers Association ("NJLECOA"). The parties did not reach mutual agreement during negotiations and the union filed for interest arbitration. On April 28, 2025, the arbitrator issued a decision and awarded a four-year contract for Fiscal Years 2024-2027 with percentage salary increases of approximately 14% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The award also provided for a $4,000 salary adjustment for the Deputy Chief Investigator title and a $1,500 salary adjustment for the Major title effective the first full pay period on or after July 1, 2023. In addition, the award provided for a $4,500 salary adjustment for all titles, except parole titles, effective the first full pay period on or after January 1, 2024, and a new top step for all titles on a salary schedule effective the first full pay period after July 1, 2025.

The State entered into a four-year contract for Fiscal Years 2024-2027 with the Policemen's Benevolent Association, Local 383 ("PBA 383"), formerly FOP Lodge 91. The contract provides for across the board salary increases of approximately 14% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The contract also provided for a $4,500 salary adjustment for all titles effective the first full pay period on or after January 1, 2024, and the addition of an eleventh step for each range of the salary schedule effective the first full pay period after July 1, 2025.

The State has entered into a two-year contract for Fiscal Years 2026-2027 with the State Troopers Non-Commissioned Officers Association ("STNCOA-Sergeants"). The contract provides for across the board salary increases as follows: 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). Maintenance allowance increases in each year of the contract effective the first full pay period after the following dates: July 1, 2025 - $20,413.69, and July 1, 2026 - $21,128.17. The contract also provided for a $3,000 adjustment to step 9 of employee relations group ("ERG") "N" range 21 and a $1,000 adjustment to step 9 of ERG "N" range 24 effective the first full pay period on or after July 1, 2025, and the addition of a tenth step for each range of the salary schedule effective the first full pay period after July 1, 2025.

The State has entered into a two-year contract for Fiscal Years 2026-2027 with the State Troopers Superior Officers Association ("STSOA-Lieutenants and Captains"). The contract provides for across the board salary increases as follows: 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). Maintenance allowance increases in each year of the contract effective the first full pay period after the following dates: July 1, 2025 - $20,413.69, and July 1, 2026 - $21,128.17. The contract also provided a $1,000 adjustment to step 9 of ERG "9" range 27 effective the first full pay period on or after July 1, 2025, and the addition of a tenth step for each range of the salary schedule effective the first full pay period after July 1, 2025.

The State has entered into a four-year contract for Fiscal Year 2024-2027 with the State Troopers Fraternal Associations ("STFA-Troopers"). The contract provides for across the board salary increases of approximately 14.0% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period on or after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period on or after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) and 3.5% in Fiscal Year 2027 (effective the first full pay period on or after July 1, 2026). In Fiscal Year 2026 (effective the first full pay period on or after July 1, 2025) a tenth step was added to range T-19 of the salary schedule. Maintenance allowance increased in each year of the contract: $19,056.40 in Fiscal Year 2024, $19,723.37 in Fiscal Year 2025, $20,413.69 in Fiscal Year 2026 and $21,128.17 in Fiscal Year 2027.

In November 2024, the State entered into a four-year contract for Fiscal Years 2024-2027 with the Division of Criminal Justice Non-Commissioned Officer Assoc., Sergeant, State Investigator Unit, Dept. of Law & Public

Safety, PBA 383 A. The contract provides for across the board salary increases of approximately 14% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The contract also provided for a $4,500 salary adjustment for all titles effective the first full pay period on or after January 1, 2024, and the addition of an eleventh step for each range of the salary schedule effective the first full pay period after July 1, 2025.

In November 2024, the State entered into a four-year contract for Fiscal Years 2024-2027 with the Division of Criminal Justice Superior Officers Assoc., Lieutenant, State Investigator Unit, Dept. of Law & Public Safety, PBA 383 B. The contract provides for across the board salary increases of approximately 14% as follows: 3.5% in Fiscal Year 2024 (effective the first full pay period after July 1, 2023), 3.5% in Fiscal Year 2025 (effective the first full pay period after July 1, 2024), 3.5% in Fiscal Year 2026 (effective the first full pay period after July 1, 2025), and 3.5% in Fiscal Year 2027 (effective the first full pay period after July 1, 2026). The contract also provided for a $4,500 salary adjustment for all titles effective the first full pay period on or after January 1, 2024, and the addition of an eleventh step for each range of the salary schedule effective the first full pay period after July 1, 2025.

STATE FUNDING OF PENSION PLANS

Background

The State sponsors and operates seven defined benefit pension plans (the "Pension Plans"), which fund retirement benefits for almost all of the public employees of the State. The Pension Plans will fund those retirement benefits from their assets, earnings on their assets, contributions by the State and contributions from Pension Plan members. Local governments within the State participate as employers sponsoring two of the Pension Plans. In both of these Pension Plans, the assets that the State and the local governments contribute are invested together and generate one investment rate of return. However, both of these Pension Plans segregate the active and retired members and the related actuarial liabilities between the State and the local governments. The following description of the State's funding of the Pension Plans solely relates to the State's portion of the Pension Plans. The State makes contributions to the Pension Plans under the State statutes and such contributions are subject to the appropriation by the State Legislature and actions by the Governor.

Overview of the Financial Condition of the Pension Plans

As a result of lower-than-recommended contributions by the State to the Pension Plans for an extended period, lower than assumed investment returns on an actuarial basis, benefit enhancements enacted during the late 1990s and early 2000s, and reductions in member contributions, the Pension Plans' aggregate funded ratio (which compares the value of Pension Plan assets to the present value of future benefit payments) deteriorated and, as of June 30, 2016, before giving effect to the State's contribution of its Lottery Enterprise and other actions, was 44.7%. Since 2016, the State has taken the following steps to strengthen the financial condition of the Pension Plans (among other actions taken by the State):

- The State followed a funding policy for the pension plans since 2016 that has resulted in fully funding the actuarially recommended contribution since Fiscal Year 2022, which is continued in the Fiscal Year 2027 Appropriations Act;

- The State Legislature adopted the Pension Contribution Act in 2016, under which the State is required to make its contributions to the Pension Plans quarterly instead, as the practice before then had been, at the end of a Fiscal Year; and

- Under the LECA, the State contributed its Lottery Enterprise (which is defined and explained below) to the Pension Plans as of June 30, 2017.

While the State projects that its annual contributions will increase at a much slower rate than when the State was ramping up to full actuarially recommended contributions, the Pension Plans still face potential risks and

uncertainties from State and national economic conditions. Outcomes that differ from assumed investment returns, lottery net proceeds, employer contributions, as well as changes in valuation assumptions and methodologies could impact the financial condition of the Pension Plans. The information presented in this Appendix I reflects reasonable expectations of trends over the next thirty years. Uncertain economic conditions and other factors beyond the control of the State may result in a future change in the assumptions used to generate forward-looking estimates that could ultimately affect the level of State contributions.

Prospective Financial Information of Pension Plans

The following sets forth a projection of the financial condition of the Pension Plans, contributions from the State, contributions from members of the Pension Plans, and other related information. The following information constitutes forward-looking information and does not represent a prediction of actual results. It is based on numerous assumptions and methodologies reflected in actuarial valuations as of June 30, 2025 and actual results will likely differ. Investors should read carefully all of the footnotes to the following table and the related cross-references to understand the assumptions and methodologies upon which the following information is based.

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The following table is based on the actuarial valuation data for the Pension Plans as of June 30, 2025.

AGGREGATE PROJECTED ANNUAL CASH FLOWS AND NET VALUE OF ASSETS OF STATE'S PORTION OF PENSION PLANS
Projected Fiscal Year Ending June 30, 2027 through June 30, 2056
(In Millions)

Fiscal Year Ending (June 30)	Beginning Value of Net Assets[1]	Member Contributions[2]	State Contributions[3][4]	Lottery Net Proceeds[5]	Investment Earnings[6]	Benefit Payments[7]	Ending Value of Net Assets
2027	$51,925	$1,541	$5,825	$1,145	$3,589	$8,380	$55,646
2028	55,646	1,583	5,828	1,155	3,844	8,588	59,467
2029	59,467	1,626	5,833	1,167	4,106	8,796	63,402
2030	63,402	1,669	5,837	1,189	4,377	9,009	67,466
2031	67,466	1,714	5,830	1,201	4,655	9,232	71,633
2032	71,633	1,759	5,828	1,213	4,941	9,455	75,920
2033	75,920	1,806	5,826	1,225	5,236	9,679	80,333
2034	80,333	1,854	5,821	1,237	5,539	9,907	84,876
2035	84,876	1,904	5,810	1,249	5,851	10,136	89,553
2036	89,553	1,956	5,800	1,262	6,173	10,355	94,389
2037	94,389	2,009	5,794	1,275	6,506	10,566	99,407
2038	99,407	2,065	5,790	1,287	6,852	10,773	104,628
2039	104,628	2,122	5,786	1,300	7,213	10,971	110,079
2040	110,079	2,182	5,786	1,313	7,591	11,155	115,797
2041	115,797	2,245	5,790	1,326	7,988	11,323	121,824
2042	121,824	2,309	5,801	1,340	8,407	11,485	128,196
2043	128,196	2,374	5,816	1,353	8,851	11,655	134,935
2044	134,935	2,440	5,832	1,367	9,319	11,835	142,058
2045	142,058	2,508	5,849	1,380	9,815	12,024	149,586
2046	149,586	2,578	5,868	1,394	10,338	12,217	157,548
2047	157,548	2,649	5,891	1,408	10,892	12,428	165,959
2048	165,959	2,721	6,785	0	11,450	12,653	174,262
2049	174,262	2,796	6,715	0	12,024	12,894	182,902
2050	182,902	2,872	2,214	0	12,506	13,144	187,350
2051	187,350	2,953	1,947	0	12,805	13,384	191,671
2052	191,671	3,037	1,972	0	13,102	13,640	196,142
2053	196,142	3,123	2,009	0	13,410	13,917	200,767
2054	200,767	3,212	2,011	0	13,727	14,203	205,513
2055	205,513	3,304	1,940	0	14,050	14,492	210,314
2056	210,314	3,399	1,936	0	14,379	14,791	215,238

Numbers may not add up due to rounding.

(1) Beginning value of net assets represents the projected value of the State's portion of Pension Plan net assets at the beginning of each Fiscal Year. Net assets equal the full market value of assets at the beginning of the Fiscal Year *less* member and employer contribution receivables included in the full market value of assets.

(2) Represents contributions from members of the State's portion of the Pension Plans at current statutory contribution rates. Under the State statute, State employees make contributions to the Pension Plans ranging from 7.5% to 12% of their salary. The level of these contributions in the future could be changed through subsequent legislation.

(3) Represents projected contributions by the State. For Fiscal Year 2027, the contributions reflect the State's contributions set forth in the Fiscal Year 2027 Appropriations Act. For future Fiscal Years, the State assumes that its pension contributions will equal 100% of the actuarially recommended contribution. The projected State contribution amounts reflect the annual credit against the actuarially recommended contribution pursuant to LECA.

(4) Does not include $303 million in contributions that the State makes in respect to local governmental participation in the Pension Plans. In connection with increases in retirement benefits in the local governmental portion of the Pension Plans, the State has undertaken to make contributions to pay for a portion of the impact of those retirement benefits.

(5) Lottery Net Proceeds represent projected net proceeds from the Lottery Enterprise. See "–Lottery Enterprise Contribution Act" below. Through 2029, these projections are consistent with the Division of the State Lottery's management services agreement for sales and

(footnotes continue on next page)

marketing with Northstar NJ. Pursuant to LECA, the State is required to revalue the Lottery Enterprise every five years. The most recent revaluation was completed as of December 31, 2021. The next five-year revaluation has commenced and is expected to be completed by December 31, 2026. See "Lottery Enterprise Contribution Act–Lottery Enterprise – Valuation" below. *L*. 2025, *c*. 82 ("Chapter 82") revised how the proceeds accruing from the sale of lottery tickets are apportioned. Chapter 82, on a pilot basis, revised the required dedication to the pension plans accruing from the sale of lottery tickets to 27 percent from the previously required 30 percent. This change in the required dedication will allow the Division of the State Lottery to offer new games with increased prize amounts, and which is anticipated to increase overall sales results. The pilot program is for a three-year term commencing in Fiscal Year 2026. At the end of the three-year pilot term, the results will be evaluated, and if the pilot program resulted in higher contributions to the State, the change will become permanent. If the change does not produce a benefit, the required dedication to the pension plans will revert to 30 percent. While the Division of the State Lottery anticipates that the change will result in higher Lottery Net Proceeds during the three-year pilot term, no assurances can be given that the Chapter 82 change in the required dedication will result in higher Lottery Net Proceeds actually being realized. The amounts listed in the column "Lottery Net Proceeds" above do not take into account the Chapter 82 change in the required dedication to the pension plans.

(6) The projection of investment earnings is based on an assumed rate of return of 7.0% for assets of the State's portion of the Pension Plans. See "–Actuarial Valuations and Actuarial Funded Status of Pension Plans–Assumptions used in Actuarial Valuations" below.

(7) Benefit payments represent projected retirement benefit payments by the State's portion of the Pension Plans to current and future retired members over the forecasted period. The amounts of projected retirement benefits are based on the various applicable benefit formulas as well as numerous assumptions and methodologies made by the actuaries of the Pension Plans. Key assumptions include, among others, demographic assumptions relating to periods of employment, ages of retirement and life expectancy of members and economic assumptions such as salary growth and inflation. In addition, these projections use methodologies to calculate projected retirement benefits. As opposed to how the actuaries prepare the actuarial valuations, the projected benefit payments also include an estimate of the amount of retirement benefits that members are likely to earn in the future. In addition, the projected benefit payments assume that the State does not increase or enhance retirement benefits during the forecasted period. Under pension reforms, the State has created committees that are authorized to make some specified increases in retirement benefits for Pension Plans that achieve specified levels of funding status. The projected benefit payments assume that none of those retirement benefits are increased although the State, based on the assumptions of the projections above, expects that several of the Pension Plans will achieve the specified levels of funding status. With respect to PFRS, the projection also assumes that the PFRSNJ Board that was established pursuant to *L.* 2018, *c*. 55, will not increase or enhance benefits during the forecasted period. See "–Actuarial Valuations and Actuarial Funded Status of Pension Plans–Assumptions used in Actuarial Valuations" and "–Methodologies used in Actuarial Valuations" below.

State's Pension Plan Funding Policy

Historical Funding Policy

The level of the State's annual contributions has significantly varied since Fiscal Year 1997. Starting in Fiscal Year 1997, the State began contributing minimal contributions, even nothing in some years, to the Pension Plans. In the mid-2000's the State attempted to phase back in contributions but then was unable to do so and returned to minimal contributions for several years. Starting in the mid-2010's, and especially after the adoption of LECA, the State phased back in its contributions for several years until it reached the full actuarially recommended contribution. Since Fiscal Year 2022, the State has contributed more than the full actuarially recommended contribution. For a description of the calculation of actuarially recommended contributions, see "–Actuarial Valuations and Actuarial Funded Status of Pension Plans" below. The following sets forth the State's aggregate annual contributions to the Pension Plans for Fiscal Years ended June 30, 2016 through June 30, 2026, and the proposed annual contribution for Fiscal Year ending June 30, 2027, together with a comparison of those contributions to the actuarially recommended contributions. Since Fiscal Year 2018, the State calculates the percentage of its contribution relative to the actuarial recommended contribution for a Fiscal Year by adding the annual contribution set forth in the Appropriations Act together with the projected Lottery Net Proceeds for that Fiscal Year, and then dividing that sum by the actuarially recommended contribution for the Pension Plans for that Fiscal Year. Under LECA, the State appropriates a contribution to the Pension Plans for each Fiscal Year equal to the actuarially recommended contribution less a Special Asset Adjustment calculated by LECA. Starting with Fiscal Year 2023, the amount of the Special Asset Adjustment is intended to be less than the projected Lottery Net Proceeds for each Fiscal Year, which the State expects will cause contributions for future Fiscal Years to exceed 100% of the actuarially recommended contribution.

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AGGREGATE STATE CONTRIBUTIONS TO PENSION PLANS
For the Fiscal Years Ending June 30, 2016 through June 30, 2027[1]
(In Millions)

Fiscal Year Ending June 30,	Actuarial Recommended Contributions	Actual Contributions	Percentage[2]
State			
2016	$4,353.5	$1,307.1	30%
2017	4,663.1	1,861.6	40
2018	5,017.9	2,484.1	50
2019	5,352.2	3,280.9	60
2020	5,438.7	3,751.6	70
2021	6,109.7	4,787.4	78
2022	6,387.8	6,908.0	108[3]
2023	6,586.4	6,889.3	104[3]
2024	6,842.6	7,145.9	104[3]
2025	6,907.8	7,119.1	103[3]
2026	6,978.7	7,234.1	104[3]
2027	6,996.6	7,271.5	104[3]

Source: New Jersey Department of the Treasury, Division of Pensions and Benefits. Information regarding the actuarially recommended contributions of the State was derived from the actuarial valuation reports as of July 1, 2016 through July 1, 2025. Information regarding the actual contributions of the State for Fiscal Years 2016 through 2025 was provided by the Division of Pensions and Benefits. Actual contributions include Lottery Net Proceeds from the Lottery Enterprise beginning in Fiscal Year 2018 and excludes contributions for Non-Contributory Group Insurance. See "–Lottery Enterprise Contribution Act" below.

(1) For all Pension Plans, the State contributions relating to an actuarial valuation as of the end of a fiscal year are made in the second succeeding fiscal year. For example, the State's actuarial recommended contribution for Fiscal Year 2027 was determined in the actuarial valuation as of July 1, 2025.

(2) Percentage of actual contributions by the State to the Pension Plans to the actuarially recommended contribution for the applicable Fiscal Year. Percentages may not be exact due to rounding. Actual percentages in Fiscal Year may be slightly higher or lower due to technical adjustments.

(3) The statutorily determined lottery enterprise contribution offset to state appropriations to establish an Actuarial Recommended Contribution was designed to result in actual contributions in excess of 100% of the Actuarial Recommended Contribution. See "Lottery Enterprise Contribution Act - Special Asset for Actuarial Calculation" for further information below. The Fiscal Year 2027 Appropriations Act appropriated $6.125 billion for pension contributions. After taking into account anticipated Lottery Net Contribution for Fiscal Year 2027 of $1.146 billion, the State expects that the overall contribution for Fiscal Year 2027 will be approximately 103.9% of the actuarially recommended contribution.

Membership, Benefits and Governance of the Pension Plans

Membership of Pension Plans

Almost all of the public employees of the State and its counties, municipalities and political subdivisions are members of the Pension Plans administered by the State. Listed in order of active membership based on the most recent actuarial valuation reports dated July 1, 2025, the Pension Plans and their active and retired membership are as follows:

Plan	Membership at June 30, 2025	
	Active	Retired
Public Employees' Retirement System ("PERS")	251,112	198,686
Teachers' Pension and Annuity Fund ("TPAF")	162,368	115,929
Police and Firemen's Retirement System ("PFRS")	41,907	52,158
State Police Retirement System ("SPRS")	3,304	3,740
Judicial Retirement System ("JRS")	415	736
Consolidated Police and Firemen's Pension Fund ("CP&FPF")	--	17
Prison Officers' Pension Fund ("POPF")	--	25
Total	459,106	371,291

From June 30, 2024 to June 30, 2025, the total number of active members of all of the State-administered plans increased by 3,331, or 0.73% and the total number of retired members increased by 4,300, or 1.17%.

Local Government Pension Plans

The State is not the only employer sponsoring PERS and PFRS. Local governments within the State also participate as employers. In both PERS and PFRS, contributions from State and local governments are invested together and generate one investment rate of return. In calculating actuarial liabilities, both PERS and PFRS break out the liabilities between active and retired members as well as between State and local government members. As of June 30, 2025, the State was responsible for the employer contributions for 77,680 active and 64,915 retired PERS members and 5,683 active and 8,013 retired PFRS members.

Benefits

Almost all State employees participate in one of the Pension Plans, with eight to ten years of employment required before retirement benefits become vested. The level of retirement benefits varies among the different Pension Plans and is calculated based on a member's years of service, compensation, and age of retirement. State law provides that the retirement benefits of the Pension Plans are not subject to negotiations between the State and other public employers and the employee members of the Pension Plans. The State Legislature has in the past adopted laws that increased the retirement benefits payable by the Pension Plans and may do so again in the future.

Governance

The Pension Plans were established by various State laws between January 1, 1941 and June 1, 1973. These Pension Plans are overseen and administered by the State of New Jersey, Division of Pensions of Benefits within the Department of the Treasury. Each Pension Plan has a board of trustees and related committees in which is vested the general responsibility for the proper operation of the Pension Plan. The Division of Pensions and Benefits is responsible for all administrative and financial functions of the Pension Plans except for the investment of the pension assets, which is the responsibility of the Division of Investment and with respect to PFRS, the PFRSNJ Board of Trustees. The rules and regulations governing the operation and administration of the Pension Plans are set forth in State law and regulations.

With respect to PFRS, the State Legislature adopted *L.* 2018, *c.* 55 in July 2018, which transferred management of PFRS from the New Jersey Department of the Treasury, Division of Pensions and Benefits to a twelve-member PFRSNJ Board of Trustees. The PFRSNJ, which was established in February 2019 pursuant to the legislation, has more powers and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the PFRSNJ Board has certain investment authority, and has the authority to adjust current benefit levels and to change member and employer contribution rates. With regard to changes to current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the PFRSNJ Board. In addition, benefit enhancements can only be made if an independent actuary certifies that such benefit enhancement will not jeopardize the long-term viability of PFRS.

The PFRSNJ consists of twelve (12) trustees as follows: (a) six (6) trustees who are active police or firemen representatives; (b) one (1) trustee elected by the retiree members of PFRSNJ; and (c) five (5) trustees appointed by the Governor.

Pension Plan Assets

As of June 30, 2025, the State's portion of the market value of assets in the Pension Plans is $54.9 billion, which amount does not include the value of the Lottery Contribution. See "–Lottery Enterprise Contribution Act" below. The Division of Investment of the New Jersey Department of the Treasury directly manages all or a portion of the assets of the Pension Plans, except with respect to PFRS. State law and State Investment Council regulations regulate the types of investments that are permitted by the Division of Investment. The State Investment Council is responsible for formulating the policies that govern the methods, practices and procedures for investment, reinvestment, sale or exchange transactions to be followed by the Director of the Division of Investment. However, pursuant to *L.* 2018, *c.* 55, certain investment authority and duties relating to the assets of the PFRS have been transferred from the State Investment Council to the PFRSNJ Board.

Lottery Enterprise Contribution Act

In accordance with the Lottery Enterprise Contribution Act, *L*. 2017, *c*. 98 ("LECA"), and a Memorandum of Lottery Contribution dated July 5, 2017 and effective as of June 30, 2017 (the "MOLC"), executed by the State Treasurer and acknowledged by the Director of the Division of Investment, New Jersey Department of the Treasury, the State's lottery and related assets, including intellectual property, (the "Lottery Enterprise") was contributed to TPAF, PERS, and PFRS for a 30-year term (the "Lottery Contribution"). Under LECA, the Department of the Treasury, Division of the State Lottery ("State Lottery Division") will continue to operate the Lottery Enterprise with a goal of maximizing net proceeds for the benefit of the applicable Pension Plans. Starting on October 1, 2013, Northstar New Jersey Lottery Group, LLC ("Northstar NJ") officially began a 15-year contract to provide growth management services to the State Lottery Division. The Northstar NJ contract, as amended, which will remain in effect through the end of Fiscal Year 2029, contains incentives for the vendor to maximize net proceeds while reducing downside risk through minimum payment requirements imposed on the vendor.

Neither LECA nor the MOLC contain a provision permitting the termination of the contribution prior to the end of the 30-year term of the contribution. However, a future Legislature could pass legislation to reverse the contribution prior to the expiration of its term. Any termination of the Lottery Contribution could implicate the exclusive benefit rule of the Internal Revenue Code, which requires the assets of the Pension Plans to exist for the exclusive benefit of their members in order for the Pension Plans to qualify for the favorable tax treatment under the Internal Revenue Code. The term of the contribution of the Lottery Enterprise will expire at the start of Fiscal Year 2048. At that time, the Lottery Enterprise contributions will revert back to the State.

Lottery Enterprise – Valuation

To determine the value of the Lottery Enterprise contribution, Acacia Financial Group was hired as the independent valuation service provider. In calculating the fair value, Acacia applied Actuarial Standard of Practice ("ASOP-44") of the Actuarial Standards Board. ASOP-44 provides that for assets like the Lottery Enterprise that have no comparable valuations and are difficult to value, the present value of reasonably expected future cash flows may operate as the market value. The independent valuation service provider calculated the fair present value using the financial projections provided by Northstar NJ, for Fiscal Years 2018 through 2029. Estimates for Fiscal Years 2030 through 2048 assumed a 1.0 percent annual growth rate.

The first five-year revaluation of the Lottery Enterprise was completed on December 31, 2021, by the Acacia Financial Group. This revaluation determined the fair market value of the Lottery Enterprise to be $12.980 billion as of the December 31, 2021 valuation date. The second five-year revaluation of the Lottery Enterprise by Loop Capital Financial Consulting Services has commenced and is expected to be completed by December 31, 2026.

Using this valuation methodology, the contribution of the Lottery Enterprise is expected to generate an estimated $37 billion for the Pension Plans over the 30-year term of the Lottery Contribution. The independent valuation service provider applied a 7.65% discount factor, which was the same as the assumed actuarial rate of return on the Pension Plans at the time of valuation, to arrive at a fair market value for the Lottery Enterprise of $13.535 billion as of June 30, 2017. Pursuant to LECA, the Lottery Enterprise is to be re-valued at least every five years and, in the absence of a revaluation, the Lottery Enterprise will be depreciated on a straight-line basis over the remaining term of the contribution based on the most recent valuation. At the end of the 30-year term of the contribution, the value of the Lottery Enterprise will have been depreciated to zero with respect to the Pension Plans. The valuation report of the independent valuation service provider and other documents relating to the Lottery Enterprise developed in 2017 are available at the following website: *http://www.state.nj.us/treasury/njletransparency.shtml*. No information on the website is incorporated by reference into this Appendix I.

Special Asset for Actuarial Calculation Purposes

During the term of the Lottery Contribution, the current methodology for amortizing the UAAL of the applicable Pension Plans and calculating the actuarially recommended contribution remains in place for all assets and liabilities of the applicable Pension Plans except for the Lottery Enterprise. In accordance with LECA, for actuarial purposes, the Lottery Enterprise is considered a "Special Asset", the value of which is reflected in an annual adjustment (the "Special Asset Adjustment") to the State's contribution to the applicable Pension Plan, calculated pursuant to

LECA. Under LECA, the Special Asset Adjustment was fixed for the first five Fiscal Years to minimize the impact of the Lottery Contribution on the State's General Fund during that period.

Starting in Fiscal Year 2023, the Special Asset Adjustment is determined by a level-dollar amortization of the then-current Lottery Enterprise value over the remaining term of the contribution at the regular interest rate applicable to the applicable Pension Plan, multiplied by a stated Adjustment Percentage. The Special Asset Adjustment will not exceed in any year the Maximum Special Asset Adjustment stipulated in the LECA. The purpose of the Adjustment Percentage is to create a lower Special Asset Adjustment, which will increase projected amounts to be contributed to the applicable Pension Plans, and to achieve higher projected funded ratios, provided the State follows its current Pension Plan funding policy. Additionally, LECA includes a mechanism to further reduce the Adjustment Percentage if an applicable Pension Plan's funded ratio drops below 50 percent. The Adjustment Percentage is unaffected by the performance of the Lottery Enterprise during the term of the Lottery Contribution. A future Legislature may change any or all of the provisions of the LECA for all, or some, of the term of the Lottery Contribution.

Impact of the Value of the Lottery Enterprise Contributed upon the Pension Plans' Funded Ratio

Acacia Financial Group valued the Lottery Enterprise at $12.980 billion as of December 31, 2021. As of July 1, 2025, the Lottery Enterprise was valued at $12.098 billion. If the value of the Lottery Enterprise was excluded, the funded ratio of the Pension Plans as of June 30, 2025 would have been 45.6% instead of 55.7%. See "–Actuarial Valuations and Actuarial Funded Status of Pension Plans–Historical Statutory Funding Status" below.

Actuarial Valuations and Actuarial Funded Status of Pension Plans

General

State law requires that all Pension Plans must conduct an actuarial valuation as of the end of each Fiscal Year. The actuarial valuations of the Pension Plans have historically served a critical role in determining appropriate State contributions to the Pension Plans by systematically calculating an actuarially recommended contribution (discussed below). During many of the years when the State did not make the full actuarially recommended contribution, it still contributed a portion of the actuarially recommended contribution. The State's current pension funding policy provides that the combined contribution appropriated from the State budget and LECA net lottery proceeds fully fund the actuarially recommended contribution. Informational copies of these reports as well as other financial information are available on the Division of Pensions and Benefits' website at: *https://www.nj.gov/treasury/pensions/financial-reports.shtml*. No information contained on the website of the Division of Pensions and Benefits is incorporated herein by reference.

Pension Plan actuarial valuations are completed approximately six to eight months after the end of a fiscal year. Consequently, actuarial valuations and recommended contributions for the various Pension Plans do not apply to the fiscal year immediately following the actuarial valuations. Rather, they apply to the second fiscal year following the valuation. For example, the actuarially recommended contributions and valuations as of July 1, 2024 are applicable to the Fiscal Year ended June 30, 2026.

Actuaries and Auditor

Cheiron, Inc. serves as consulting actuary for six of the Pension Plans. Segal is the consulting actuary for PFRS. The consulting actuaries prepare the actuarial valuations and experience investigations (which are described below) for the Pension Plans. KPMG LLP serves as the auditor of the financial statements of the Pension Plans, with PFRS contracting separately for their services.

Content and Timing of Actuarial Valuations

The purpose of an actuarial valuation is to calculate an actuarially recommended contribution by an independent actuary based on an assessment by such actuary, using multiple assumptions and methodologies, whether the assets of a Pension Plan, together with expected earnings and other amounts, will be sufficient to pay expected retirement benefits. Two key calculations the actuaries make in each actuarial valuation is a calculation of the actuarial

accrued liability and the Actuarial Value of Assets ("AVA"). The actuarial accrued liability of a Pension Plan represents an estimate, on the basis of demographic and economic assumptions, of the present value of benefits the Pension Plan will pay to retirees over their lifetime. The AVA represents the market value of the assets of the Pension Plan as adjusted for several methods discussed below. The actuarial valuation compares the actuarial accrued liability with the actuarial value of assets, and any excess of that liability over the assets forms an Unfunded Actuarial Accrued Liability ("UAAL") applicable to the Pension Plan. An actuarial valuation will express the percentage that a Pension Plan is funded through a "Funded Ratio" which represents the quotient obtained by dividing the actuarial value of assets of the Pension Plan by the actuarial accrued liability of the Pension Plan. A Funded Ratio of 100% represents an assessment by the actuary, based on the assumptions and methodologies of the actuarial valuation, that a Pension Plan has a sufficient amount of assets that, with future earnings on those assets and other amounts, will be sufficient to pay expected retirement benefits that have been earned to date.

Actuarially Recommended Contribution

Actuaries of the Pension Plans will also calculate an actuarially recommended contribution in each actuarial valuation. The actuarially recommended contribution consists of two components: (1) normal cost, which represents the portion of the present value of retirement benefits that are allocable to the active members' current year service, and (2) in cases where the Funded Ratio is less than 100%, a portion of the UAAL. The actuarially recommended contribution is determined in accordance with State statutes and uses different assumptions and methodologies than used for purposes of meeting financial disclosure requirements. See "–GASB Statements No. 67 and 68" below.

Assumptions used in Actuarial Valuations

While actuarial valuations express the funding status of a Pension Plan in terms of the value on a particular date, in reality they are projections of future retirement benefits and estimates of the amount of assets that will be available to pay those retirement benefits. To make these projections and estimates, actuaries use assumptions, including, but not limited to, the expected rate of return on assets, inflation rates, future pay increases, age of retirement of members, assumed rates of disability, and retiree and beneficiary life expectancies. The Pension Plan boards establish most of these assumptions. However, the State Treasurer establishes the expected rate of return. If the experience of the Pension Plans is different from these assumptions, the UAAL of the Pension Plans may increase or decrease to the extent of any variances.

State law requires that all Pension Plans conduct an actuarial experience study at least once every three years to examine the demographic and economic assumptions used in actuarial valuations to ensure those assumptions reflect actual Pension Plan experience. The experience studies use long-term assumptions, not solely influenced by short-term fluctuations. Whenever an experience study results in a change to an assumption, it could impact the Pension Plan's UAAL or the statutory contribution calculation in subsequent actuarial valuations. The actuaries of the Pension Plans recently completed experience studies covering the period 2021–2024. The results show only minor adjustments to actuarial assumptions across the Pension Plans. Overall, the studies produce a slight reduction in the State's statutory UAAL of approximately 0.7% (approximately $711 million) and a net reduction in actuarially recommended contributions of approximately $33 million for Fiscal Year 2027. These reductions are estimates based on valuations impacting Fiscal Year 2026 contributions.

The adjustments reflect updated mortality and salary increase assumptions. Impacts differ modestly by system with TPAF and JRS showing small decreases in UAAL and future projected contributions, while PERS, PFRS, and the SPRS show small increases.

The actual rate of return on the investment of Pension Plan assets impacts the value of Pension Plan assets which, in turn, impacts the amount of the UAAL. In Fiscal Year 2025, the PFRSNJ separated management of its plan assets from the other State pension funds and began their first full fiscal year of independent investment management of their plan assets. Actual investment returns for any given fiscal year can vary widely. Returns for Fiscal Year 2025 were 11.01% combined for the JRS, SPRS, TPAF and PERS. The investment rate of return for PFRSNJ was 10.16% for Fiscal Year 2025. Investment returns for all pension funds were 10.74%, 9.06%, (7.90)%, and 28.63%, for Fiscal Years 2024, 2023, 2022, and 2021, respectively. The Treasurer sets the assumed rate of return. That rate was lowered from 7.5% to 7.3% for the June 30, 2019 actuarial valuation. It was further lowered to 7% for the June 30, 2021, and subsequent, actuarial valuations.

Methodologies used in Actuarial Valuations

The actuarial valuations of the Pension Plans use several actuarial methods to calculate the actuarial value of assets and actuarial accrued liability of the Pension Plans. These methods are generally established by State legislation. These methods include the method of amortizing the UAAL, a method of smoothing differences between market value of assets and expected value of assets, and a method of determining when pension benefits accrue for purposes of calculating actuarial liabilities. The State Legislature may change these methods which, depending on the nature of the change, can have a substantial positive or negative impact on the UAAL of the Pension Plans.

Two different methods are used to measure pension assets: market value and the AVA. The market value represents the value of assets if they were liquidated on the valuation date. However, State law requires an alternative measurement method ("AVA method") to be used. Each year, the AVA method smooths investment gains and losses for that year to reduce volatility by recognizing only 20% of the difference between the market value of assets that year and the expected AVA that year (this recognition is done on a preliminary basis and before giving effect to various adjustments). The AVA method may produce an actuarial value of assets that falls outside of what is generally considered to be a reasonable range of the market value. As of June 30, 2025, excluding the estimated value of the Lottery Contribution, the State's portion of the aggregate market value of all of the assets of the Pension Plans, as determined by the Pension Plans' actuaries, was approximately $54.9 billion, as compared to the State's portion of the aggregate actuarial value of all assets of the Pension Plans, which was $54.3 billion. A portion of the difference between these two asset amounts represents the impact of this smoothing method. This smoothing not only affects asset valuations, it also affects the UAAL, funded ratios and contributions, all numbers computed using the AVA

The main purpose of the actuarial valuation is to develop a schedule for restoring the Pension Plans to a Funded Ratio of 100%. The amortization method requires the actuary to calculate that portion of the UAAL that the State needs to contribute each year in order to accomplish that goal. Actuaries use different methods to develop such a schedule. Excluding the CP&FPF and the POPF, the Pension Plans use the level-dollar amortization method. Previously, the State used the level percent of pay UAAL calculation method. Under the level-dollar amortization method, the actuary assumes the State will pay the same dollar amount to amortize the UAAL in each year of the amortization period. Pursuant to statute, the UAAL was being amortized over an open-ended 30-year period through the July 1, 2018 actuarial valuation for PERS, TPAF, SPRS and JRS, and through the July 1, 2017 actuarial valuation for PFRS. Beginning with the July 1, 2019 actuarial valuation for PERS, TPAF, SPRS and JRS, and the July 1, 2018 actuarial valuation for PFRS, the UAAL began to be amortized over a closed 30-year period until the remaining period reaches 20 years, when the amortization period will revert to an open-ended 20-year period. An open amortization period means that the period over which the UAAL is amortized may reset to 20 years with each actuarial valuation if the UAAL increases, whereas, in a closed amortization period, the period is reduced with each actuarial valuation.

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Historical Statutory Funding Status

The following table sets forth the historical statutory funding status of the Pension Plans for the year ended as of July 1, 2015 through the year ended as of July 1, 2025.

HISTORICAL STATUTORY FUNDING STATUS
AGGREGATE PENSION FUND ACTUARIAL LIABILITIES AND ASSETS[1]
Actuarial Valuations as of July 1, 2015 through July 1, 2025
(In Millions)

Valuation Year Ending June 30,	Actuarial Value of Assets[2]	Actuarial Accrued Liability[2]	Unfunded Actuarial Accrued Liability (UAAL)[2]	Funded Ratio	Market Value of Assets[3]
2015	$41,397.4	$85,212.0	$43,814.6	48.6%	$38,505.9
2016[4]	39,731.6	88,800.3	49,068.7	44.7	34,698.9
2016 Rev[5]	52,304.8	88,800.3	36,495.5	58.9	47,272.1
2017	51,416.6	92,150.6	40,734.0	55.8	48,354.5
2018	51,018.0	93,807.5	42,789.5	54.4	48,762.3
2019[6]	51,090.4	100,789.0	49,698.6	50.7	48,743.9
2020	51,355.2	103,118.1	51,762.9	49.8	47,833.8
2021	55,105.5	108,679.7	53,574.2	50.7	56,987.0
2022	57,211.7	111,873.3	54,661.7	51.1	53,907.7
2023	59,834.8	114,265.6	54,430.8	52.4	57,591.3
2024	62,901.3	117,021.6	54,120.3	53.8	62,067.2
2025	66,405.3	119,153.8	52,748.5	55.7	67,070.7

Source: New Jersey Department of the Treasury, Division of Pensions and Benefits. Information was derived from the actuarial valuation reports as of July 1, 2015 through July 1, 2025 for all the Pension Plans.

(1) The actuarial liabilities and assets shown in this chart are based on the actuarial methods and assumptions used to determine the statutory contributions and are different from the actuarial liabilities and assets based on GASB Statement No. 67.

(2) For a description of these terms, see "–Actuarial Valuations and Actuarial Funded Status of Pension Plans" above.

(3) The market value of assets as shown in the actuarial valuation reports for the Pension Plan and included in the table differs from the value of the investment portfolio of the Pension Plans as reported by the Division of Investment. The market value of assets of each of the Pension Plans is as set forth in the actuarial valuation reports for the Pension Plans and represents the full market value of the assets held by the Pension Plan, including expected receivable contributions from the State, local employers and participants. It also includes the estimated value of the Lottery Contribution beginning with the July 1, 2016 valuation.

(4) Information was derived from the original actuarial valuation reports as of July 1, 2016 and excludes the value of the Lottery Contribution.

(5) Information was modified to include $12.573 billion in the Actuarial Value of Assets and Market Value of Assets representing the estimated value of the Lottery Contribution as of July 1, 2016. For the fiscal year ended as of June 30, 2016, this improved the overall funded ratio of the Pension Plans from 44.7% to 58.9% as compared to the original actuarial valuation reports as of July 1, 2016.

(6) The reduction in the funded status between the June 30, 2018 and June 30, 2019 actuarial valuations is mainly attributable to the adoption of revised actuarial assumptions based on experience investigations conducted by the Pension Plans' actuary in 2019, and a reduction in the assumed investment rate of return used in the actuarial valuations from 7.5% to 7.3%. The revised assumptions, which were adopted by the various Pension Boards in early 2020, caused actuarial accrued liabilities to increase by $2.656 billion or 2.6% between the June 30, 2018 and June 30, 2019 actuarial valuations. The change in the assumed rate of return increased liabilities by $2.098 billion or 2.1%.

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Prospective Statutory Funding Status

The following table sets forth the prospective statutory funding status of the Pension Plans for the year ending June 30, 2027 through the year ending June 30, 2057. The following information constitutes forward-looking information and does not represent a prediction of actual results. The following information represents a projection of the future funded status of the Pension Plans that is based on the assumptions and methodologies used by the actuaries to prepare the actuarial valuations for the Pension Plans. The following table assumes that the State continues to make its contributions to the Pension Plan in accordance with its current funding policy, and calculations and contributions related to the Lottery Enterprise remain as set forth in the LECA. Accordingly, the following information is based on numerous assumptions and methodologies and actual results will likely differ. Investors should read carefully all of the footnotes to the following table and the related cross-references to understand the assumptions and methodologies upon which the following information is based.

The following table is based on the actuarial valuations as of June 30, 2025.

PROSPECTIVE STATUTORY FUNDING STATUS
AGGREGATE PENSION FUND ACTUARIAL LIABILITIES AND ASSETS[1]
For the Valuation Year Ending June 30, 2027 through June 30, 2057
(In Millions)

Valuation Year Ending June 30	Actuarial Value of Assets (AVA)[2][3]	Actuarial Accrued Liability (AAL)[2][3]	Unfunded Actuarial Accrued Liability (UAAL)[2]	AVA Statutory Funded Ratio[2]
2027	$66,399	$119,151	$52,752	55.7%
2028	69,973	121,667	51,693	57.5
2029	73,611	124,206	50,595	59.3
2030	77,322	126,769	49,446	61.0
2031	81,119	129,360	48,241	62.7
2032	84,993	131,975	46,983	64.4
2033	88,947	134,603	45,656	66.1
2034	92,988	137,243	44,255	67.8
2035	97,124	139,897	42,773	69.4
2036	101,353	142,559	41,206	71.1
2037	105,686	145,230	39,544	72.8
2038	110,147	147,927	37,780	74.5
2039	114,756	150,662	35,906	76.2
2040	119,532	153,448	33,916	77.9
2041	124,504	156,304	31,800	79.7
2042	129,706	159,255	29,549	81.4
2043	135,182	162,337	27,155	83.3
2044	140,962	165,570	24,608	85.1
2045	147,065	168,961	21,896	87.0
2046	153,504	172,513	19,009	89.0
2047	160,299	176,231	15,932	91.0
2048	167,475	180,129	12,654	93.0
2049	175,831	184,203	8,371	95.5
2050	184,564	188,453	3,889	97.9
2051	189,438	192,878	3,441	98.2
2052	194,236	197,488	3,252	98.4
2053	199,231	202,298	3,067	98.5
2054	204,419	207,295	2,876	98.6
2055	209,750	212,464	2,714	98.7
2056	215,158	217,812	2,654	98.8
2057	220,706	223,349	2,643	98.8

Source: New Jersey Department of the Treasury, Division of Pensions and Benefits.

(1) The actuarial liabilities and assets shown in this chart are based on the actuarial methods and assumptions used to determine the statutory contributions and are different from the actuarial liabilities and assets based on GASB Statement No. 67. The estimates assume an estimated rate of return of 7% for Fiscal Year 2024 and all future Fiscal Years. Projections exclude estimates for the CP&FPF and the POPF.

(2) For a description of these terms, see "–Actuarial Valuations and Actuarial Funded Status of Pension Plans" above.

(3) Actuarial value of assets includes the value of the Lottery Contribution. The amounts shown in this chart are based on projected Fiscal Year 2027 Net Lottery Proceeds of $1.146 billion.

Future Fiscal Years are adjusted for the receipt of projected Lottery Net Proceeds. Under LECA, the Lottery Enterprise is re-valued every five years. The first revaluation was completed on December 31, 2021. The second revaluation has commenced. See "–Lottery Enterprise Contribution Act–Lottery Enterprise–Valuation" above.

GASB Statements No. 67 and 68

The State and the Pension Plans are required to follow GASB Statements No. 67 and 68 in preparing their financial statements. These GASB Statements are intended to improve comparability between public pension plans by standardizing the way certain financial data relating to these plans are disclosed. They do not require changes to the method a plan uses to compute actual employer contributions to a plan. The State's actual contributions to the Pension Plans continue to be calculated under the requirements of the State statutes.

GASB Statements No. 67 ("GASB 67") and 68 ("GASB 68") require governmental plans to use specific methods to calculate the required disclosures that differ from the methods used to calculate the UAAL and funded ratios. Included among those differences are the calculation of each individual member's pension accruals and differences in the discount rate used to calculate the present value of future benefit payments. GASB 67 and 68 additionally require a "depletion date" calculation based on the projected time frame that assets will be available to cover projected benefit payments over a 99-year projection period under certain assumptions.

To project future employer contributions, GASB 67 requires that assumed contributions will be based on a consistent contribution pattern supported by State statute or other formally adopted policy. In the most recent GASB 67 report, as of June 30, 2025, the asset depletion projection assumed the State will make future contributions based on 100% of the full statutory contribution amount. The GASB Statements require that the discount rate used to discount projected benefits payments to their present value will be based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specific conditions to be sufficient to pay pensions of current plan members, and the pension plan assets are expected to be invested using a strategy to achieve that return; and (b) a yield or rate index on tax-exempt 20-year, AA- or higher rated municipal bonds to the extent that conditions for use of the long-term expected rate of return are not met.

The GASB 67 reports for the State are based on information from the prior Fiscal Year's actuarial valuations of the Pension Plans, except that the information is updated to reflect market value of assets as of the date of the GASB 67 report and the information is adjusted to reflect events that the actuarial valuation assumed to occur in the Fiscal Year. Thus, the GASB 67 reports as of the measurement date of June 30, 2025 use census data information from the actuarial valuations of the Pension Plans as of June 30, 2024 subject to these adjustments.

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The results summarized for the GASB 67 Reports as of June 30, 2025 are shown in the following chart:

GASB STATEMENT NO. 67 DISCLOSURE
Net Pension Liability Plan Fiduciary Net Position[1]
Based on Actuarial Valuations as of July 1, 2025
(100% of Actuarially Recommended Contribution)
(In Millions)

Pension Plan	Plan Fiduciary Net Position	Total Pension Liability	Plan Net Pension Liability	Plan Fiduciary Net Position as a % of TPL
PERS[2]	$41,002.9	$ 75,353.3	$ 34,355.4	54.41%
TPAF	33,850.6	80,587.0	46,736.4	42.01%
PFRS[3]	37,450.8	53,963.0	16,512.2	69.40%
CP&FPF	2.0	1.0	(1.0)	200.00%
SPRS	2,564.7	4,743.4	2,178.7	54.07%
JRS	282.4	955.5	673.1	29.56%
POPF	4.3	1.5	(2.8)	286.67%
Total	$115,157.7	$215,609.7	$100,452.0	53.41%

(1) Based on Market Value as of June 30, 2025. Does not take into consideration the fair value contribution of the Lottery Enterprise.
(2) Of the total Net Pension Liability of $34,355.4 million for PERS, $21,950.6 million is the estimated State portion and $12,404.8 million is the estimated local portion.
(3) Of the total Net Pension Liability of $16,512.2 million for PFRS, $4,447.3 million is the estimated State portion and $12,064.9 million is the estimated local portion.

Informational copies of the July 1, 2025 valuation report, which are the most recent audited valuations, are posted on the Division of Pensions and Benefits' website at: *http://www.state.nj.us/treasury/pensions/financial-reports.shtml.* No information posted on the Division's website is incorporated by reference in this Appendix I. Posted on the website are annual audited GASB 67 reports dating back to Fiscal Year 2015.

GASB 67 contains a provision that requires a pension plan to be treated as a single trust for purposes of valuing the plan when there are no separate trust agreements in place for the component groups within the plan. Since there is no language in legislation that legally segregates the State and local components within the PERS and PFRS, the information and disclosures for these two multi-employer plans had to be developed in the aggregate per system and not separately for the State and the local participating employers. If the State and local employers were segregated for GASB 67 disclosure purposes, the State's Plan Fiduciary Net Position as a percentage of Total Pension Liability in both PERS and PFRS would have been lower than the combined State and local Plan Fiduciary Net Position as a percentage of Total Pension Liability shown in the above chart, and the local employer Plan Fiduciary Net Position as a percentage of Total Pension Liability would have been higher.

GASB Statement No. 68 Results

GASB 68 requires each participating employer to recognize and record as a liability on their financial statements their proportionate share of the collective net pension liability determined under GASB 67. For the Fiscal Year ending June 30, 2026, each participating employer must recognize their share of the total net pension liability of $100,452.0 million determined as of the measurement date of June 30, 2025. The State's share of the collective net pension liability as of June 30, 2025 has been determined to be $74,464.3 million. This amount is recorded as a liability on the State's financial statements for the fiscal year ending June 30, 2026.

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The following chart summarizes the allocation of the net pension liability of $100,452.0 million as of the State's financial statements for the fiscal year ending June 30, 2026, as determined under GASB 68:

GASB STATEMENT NO. 68 DISCLOSURE
Allocation of Fiscal Year 2026 Net Pension Liability (NPL) per GASB 68[1]
(In Millions)

Pension Plan	State	State Non-Employer[2]	Total State	State Colleges & Universities	Locals	Plan Net Pension Liability
PERS	$18,481.3	$ 106.1	$18,587.4	$3,469.3	$12,298.7	$ 34,355.4
TPAF	61.3	46,675.1	46,736.4	-	-	46,736.4
PFRS	4,256.6	2,035.9	6,292.5	190.7	10,029.0	16,512.2
CP&FPF	(1.0)	-	(1.0)	-	-	(1.0)
SPRS	2,178.7	-	2,178.7	-	-	2,178.7
JRS	673.1	-	673.1	-	-	673.1
POPF	(2.8)	-	(2.8)	-	-	(2.8)
Total	$25,647.2	$48,817.1	$74,464.3	$3,660.0	$22,327.7	$100,452.0

(1) Audited.
(2) The TPAF and a portion of the local government component of PFRS represent special funding situations because the State is legally responsible for making contributions directly to these plans that are used to provide retirement benefits to non-State employees. Pursuant to GASB 68, these special funding situations require the State to recognize its proportionate share of the collective NPL for these plans.

Since there is no statutory requirement that the State fund the pension costs for the State colleges and universities, the State is not required under GASB 68 to include the State college and university portion of the net pension liability, which is estimated to be $3,660.0 million as of June 30, 2026, as a liability on its financial statements. However, the State's longstanding practice has been to pay the required pension contributions on behalf of the various State higher education institutions, and it is expected that this practice will continue in the future.

An informational copy of the GASB 68 actuarial valuation report for the various Pension Plans is posted on the Division's website. No information posted on the Division's website is incorporated by reference in this Appendix I. Posted on the website are annual audited GASB 68 reports dating back to Fiscal Year 2015.

FUNDING POST-RETIREMENT MEDICAL BENEFITS

In addition to pension benefits, the State provides post-retirement medical benefits ("PRM") for certain State and other retired employees meeting the service credit eligibility requirements. This includes retired State employees of PERS, TPAF, PFRS, SPRS, JRS and ABP; local retired TPAF and other school board employees; and some local PFRS retirees. To become eligible for this State-paid benefit, a member of the Pension Plans must retire with 25 or more years of pension service credit or a disability pension. PRM benefits are provided through the State Health Benefits Program ("SHBP") and the School Employees' Health Benefits Program ("SEHBP"). The SHBP and the SEHBP are administered by the Division of Pensions and Benefits. The benefits provided include medical, prescription drug, and Medicare Part B and Part D reimbursement for covered retirees, spouses and dependents. In Fiscal Year 2026, the State paid PRM benefits for 163,956 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may pay in future years for these costs. The chart below shows a period of stability for PRM costs during Fiscal Years 2017, 2018 and 2019. The 2020 PRM cost decrease is an anomaly attributable to the pandemic-related decrease in treatments and healthcare utilization. In Fiscal Year 2021, PRM costs rose at a 13.5% rate compared to Fiscal Year 2020 as retired employees returned to utilizing their doctors and sought treatments that had been postponed due to the pandemic. The Fiscal Year 2024 expense for PRM benefits increased by 6.7%, or $143.5 million, to $2,292.6 million. The State spent $2,395.0 million for PRM costs in Fiscal Year 2025, which is a 4.5% increase over Fiscal Year 2024. The State projects $2,563.5 million for PRM will have been spent for Fiscal Year 2026, which is a 7.0% increase over Fiscal Year 2025

PRM expenditures. The Fiscal Year 2027 Appropriations Act appropriated $2,810.9 million for PRM, a 9.7% increase over Fiscal Year 2026 PRM expenditures.

AGGREGATE STATE CONTRIBUTIONS FOR OPEB
For the Fiscal Years Ending June 30, 2017 through June 30, 2027

State Fiscal Year Ending June 30,	OPEB Expenditure (in Millions)	Dollar Change Over Prior Year (in Millions)	Percentage Change Over Prior Year
2017	1,865.7	39.7	2.2%
2018	1,908.0	42.3	2.3%
2019	1,907.9	(0.1)	0.0%
2020[1]	1,577.8	(330.1)	(17.3)%
2021[2]	1,790.1	212.3	13.5%
2022	1,907.6	117.5	6.6%
2023	2,149.1	242.1	12.7%
2024	2,292.6	143.5	6.7%
2025	2,395.0	102.4	4.5%
2026[3]	2,563.5	168.5	7.0%
2027[4]	2,810.9	247.4	9.7%

(1) The State experienced a decrease in OPEB costs as healthcare utilization and treatments decreased during the pandemic.
(2) As the effects of the pandemic abated, health care utilization rebounded as retired employees utilized their doctors and received other medical treatments and procedures that had been postponed during the pandemic.
(3) The Fiscal Year 2026 preliminary amount for projected PRM costs is $2,563.5 million.
(4) The Fiscal Year 2027 Appropriations Act includes $2,810.9 million in appropriations for projected PRM costs.

Governmental Accounting Standards

Beginning in Fiscal Year 2018, the State is required to calculate and disclose its obligation to pay PRM to current and future retirees based on GASB 74 and 75. The term "OPEB" as used in the following discussion on GASB 74 and 75 requirements refers to the funding of post-retirement medical benefits. GASB 74 applies to OPEB plans and became effective for plan fiscal years beginning after June 15, 2016. GASB 75 applies to employers that sponsor OPEB plans and became effective for employer fiscal years beginning after June 15, 2017. For the State and local participating employers who report on a fiscal year basis, the GASB 75 reporting and disclosure requirements became effective beginning with the issuance of their financial reports for the fiscal year ending June 30, 2018.

Many of the provisions of GASB 74 and 75 for OPEB are parallel to the provisions of GASB 67 and 68 for pensions. GASB 74 and 75 require a liability for OPEB obligations, known as the net OPEB liability ("NOL"), to be recognized on the balance sheet of the employers participating in the OPEB plan. In addition, an OPEB expense is recognized in the income statement of the participating employers.

Certain actuarial methods and assumptions required under GASB 67 and 68 must also be used to develop the NOL under GASB 74 and 75. For instance, GASB 74 and 75 require that the entry age normal actuarial cost method be utilized to determine the total OPEB liability. GASB 74 and 75 also require that future OPEB benefit payments be discounted using a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate if assets are not available to cover such future benefit payments.

Like GASB 67 and 68, GASB 74 and 75 do not enforce OPEB funding or impact the State's current funding practice which is to fund PRM benefits on a pay-as-you-go basis as benefits become due.

GASB 75 Valuation Results

The State's portion of the total OPEB liability increased from $76.8 billion to $88.5 billion between June 30, 2023 and June 30, 2024. The increase in the State's OPEB liabilities reflects updated trends that are partially offset by a change in the municipal bond rate that is used to discount liabilities. The rate increased from 3.54% as of the measurement date of June 30, 2023 to 3.65% as of June 30, 2024.

The actuarial valuations and GASB 75 reports for the measurement date of June 30, 2025 are nearing completion and we anticipate issuing the reports in the fall of 2026 on our website https://www.nj.gov/treasury/pensions/gasb-notices-opeb.shtml. The results of these reports would be used for the State's financial statements for the fiscal year ending June 30, 2026. Posted on the website are annual audited GASB 75 reports dating back to Fiscal Year 2017.

The audited GASB 75 reports, specifically Note #5 provide sensitivity analysis on the impact of a 1% change in the discount rate, derived from the GO 20-Bond Municipal Bond Index, and a 1% change in the healthcare trend rate. Due to the pay as you go approach, the discount rate used is a material assumption towards the calculation of the OPEB liability.

The results of the measurement date of June 30, 2024 GASB actuarial valuations are summarized in the table below:

GASB Statement No. 75 Accounting Disclosures
Based on the Measurement Date of June 30, 2024
For the Fiscal Year Ending June 30, 2025
(In Millions)

	State Retired Fund	Education Retired Fund	Local Govt Retired Fund	Total
OPEB Liability				
(a) Retirees Receiving Benefits	$ 11,117.3	$ 21,944.5	$ 7,984.6	$ 41,046.3
(b) Active Participants	12,890.3	37,706.1	9,763.7	60,360.1
(c) Total	24,007.6	59,650.6	17,748.3	101,406.5
Plan Fiduciary Net Position			157.2	157.2
Net OPEB Liability	$24,007.6	$ 59,650.6	$17,905.4	$101,563.7

Estimated Allocation of GASB 75 Liability

OPEB Fund	State	State Non-Employer*	Total State	Locals	Net OPEB Liability
State	$ 17,706.5	$ 6,301.1	$ 24,007.6		$ 24,007.6
Education		59,650.6	59,650.6		59,650.6
Local Govt		4,876.6	4,876.6	$ 13,028.8	17,905.4
Total	$ 17,706.5	$ 70,828.3	$ 88,534.8	$ 13,028.8	$ 101,563.6

* The State is legally responsible for funding post-retirement benefit costs for State college and university retirees, education retirees, and certain PFRS local government retirees under the provisions of *L.* 1997, *c.* 330. Since the State is funding the retiree benefits for these groups, it represents a special funding situation under GASB 75 and the State is required to recognize its proportionate share of the collective Net OPEB liability for these plans.

The State OPEB liability is based on plan provisions, as provided by the State, along with certain demographic and economic assumptions recommended by the State's health benefits actuarial consultant and approved by the State, which conform to the requirements of GASB 74 and 75. The entry age normal Actuarial Method is used to calculate the OPEB liability of the State and local participating employers. Many of the actuarial assumptions used to project the OPEB liability are the same as those used to determine the accrued actuarial liabilities of the Pension Plans. The discount rate used to determine the retiree healthcare liabilities is 3.93%, and is based on a 20-year tax-exempt municipal bond index. When projecting the growth of expected claims over the lifetimes of the qualifying retirees, it is assumed that pre-age 65 PPO/HMO medical benefits would increase at a rate of 7.5% in Fiscal Year 2025 and gradually decrease to a 4.5% long-term trend after nine (9) years. For post-65 PPO/HMO medical benefits, the trend rate assumption reflects premiums through plan year 2025 and projected increases in Fiscal Year 2025 of 3.06% and 3.45% for PPO premiums of State and education retirees, respectively; and 2.65% and 2.95% for HMO premiums,

respectively. The Post-65 PPO trend will increase to 21.39% and 19.36% in Fiscal Year 2027 for State and education retirees, respectively while the Post-65 HMO trend will increase to 21.96% and 20.67% in Fiscal Year 2027 for State and education retirees. The Post-65 PPO/HMO Medical trend rate will gradually decline until it reaches a rate of 4.5% in Fiscal Year 2034 and all future years, and it is assumed that prescription drug benefits costs would increase at a rate of 12.25% for current and future retirees in Fiscal Year 2025 and taper off to a 4.5% long-term trend rate after nine (9) years. Copies of audited valuation reports are posted on the Division of Pensions and Benefits' website at: *http://www.state.nj.us/treasury/pensions/financial-reports.shtml*. No information on that website is incorporated by reference into this Appendix I. Posted on the website are annual audited GASB 75 reports dating back to Fiscal Year 2017.

In any Fiscal Year, the State's cost for SHBP and SEHBP benefits depends on a number of factors, including the cost and use of SHBP and SEHBP benefits and other economic and demographic factors. In addition, the State also receives reimbursement from the federal government that offsets a portion of the State's cost for SHBP and SEHBP benefits for retirees over the age of 65. The level of this reimbursement depends on federal policy changes, which can change substantially over time. The amount of the State's OPEB Liability above makes assumptions relating to all of these factors, including federal policy, and, if actual results differ from these assumptions, the cost of the SHBP and the SEHBP may be higher than the State OPEB Liability implies. In particular, the implementation of the Inflation Reduction Act and procedural changes within the Centers for Medicare & Medicaid Services ("CMS") are expected to impact the Medicare Advantage Plan and Medicare Part D Employer Group Waiver Plan ("EGWP") benefits offered by the SHBP and SEHBP for retirees over the age of 65. The unidentified impacts of these changes make it difficult to quantify how much the State's cost will be offset by federal reimbursements in the future.

LITIGATION

The following are cases presently pending or threatened in which the State has the potential for either a significant loss of revenue or a significant unanticipated expenditure.

Bd. of Educ. of Brick Township (Ocean County), et al. v. State of New Jersey, et al.

On May 21, 2026, the Board of Education of Brick Township (the "District") and several of its students (collectively, the "Plaintiffs") filed a complaint in the Mercer County Superior Court, Law Division against the State, the State Board of Education, the Department of Education, and Dr. Lily Laux, in her official capacity as the Commissioner of Education ("Commissioner," and together with the State, the Department of Education, and the State Board of Education, collectively, the "State Defendants") alleging that the State has systemically failed to adequately fund special education and general education programs in the District, in violation of the Individuals with Disabilities Education Act ("IDEA"), 20 U.S.C. § 1400 et seq., and the State's constitutional requirement to "provide for the maintenance and support of a thorough and efficient system of free public schools . . . ." N.J. Const. art. VIII, § 4. Plaintiffs allege that, as a result of the School Funding Reform Act, N.J.S.A. 18A:7F-43 to -71 (the "SFRA"), including the reductions in State aid under the SFRA "S2" amendment, the District has lost nearly $20 million in State aid and lacks sufficient resources to satisfy both its special education obligations and the constitutional requirement to provide a thorough and efficient education. Plaintiffs also allege that the weighted per pupil methodology established in the FY26 Appropriations Act violates the IDEA by creating fiscal incentives for more restrictive special education placements and that the State's alleged underfunding deprives students of a protected educational interest without due process under the New Jersey Constitution. Plaintiffs further allege that the State Legislature has inadequately funded "Extraordinary Special Education Aid," relies on funding methodologies that fail to account adequately for the District's unusually high special education classification rate, and has caused the District to eliminate approximately 350 staff positions, increase class sizes, reduce or delay academic and behavioral programs, and defer necessary facilities, technology, and accessibility improvements.

Among other things, Plaintiffs seek the following relief: (1) a declaration that the SFRA violates the State Constitution by failing to fully fund special education services; (2) an order requiring the State to fully fund special education for the 2026-2027 fiscal year and to pay amounts allegedly owed from fiscal year 2019 to the present; (3) an order requiring the State to reissue the special-education portion of the Education Adequacy Report using a formula supported by research-based evidence and reflecting funding changes contained in the Fiscal Year 2026 budget; and (4) a declaration that the weighted per-pupil methodology for distributing special education categorical aid is

unconstitutional. The State's responsive pleading is due on September 17, 2026. The State is vigorously defending this matter.

Chapter 120 Claims for Injuries Resulting from Sexual Abuse

Under *L*. 2019, *c*. 120 ("Chapter 120"), the New Jersey Tort Claims Act was amended to revise the statute of limitations for and remove the procedural temporal bar for minor victims and adult victims of sexual abuse to bring claims of injury due to sexual abuse against public entities, including the State and its departments and agencies. In addition, Chapter 120 included a two-year grace period for any plaintiff to bring a claim for injury due to sexual abuse.

Since the enactment of Chapter 120, numerous cases have been filed by plaintiffs for alleged abuse suffered from the 1960s through the present day. Some of the cases allege that plaintiffs were abused by State employees (i.e., while plaintiffs were housed in State-run residential centers). Many of these lawsuits are against the Department of Children and Families ("DCF") and/or DCF's Division of Child Protection and Permanency ("DCPP"), filed by plaintiffs alleging that, when they were minors, they were abused by non-employee third parties and that the State is liable for failing to prevent the abuse; failing to investigate or act on complaints of abuse; or placing children in homes where abuse occurred. Cases also have been filed by plaintiffs alleging that, as juveniles, they were abused by employees of the Youth Justice Commission (previously the Juvenile Justice Commission) when they were residents of the New Jersey State Training School, and other State owned and operated facilities between the 1970s and 2010s. The New Jersey Supreme Court has designated the claims against the Youth Justice Commission as a Multicounty Litigation matter which is venued in Middlesex County.

The State's experience thus far has been that the State's liability under Chapter 120 cases is unusually difficult to assess due to the dated nature of many of the claims, the potential unavailability of individuals alleged to have engaged in claimed abused, and the emotionally charged nature of Chapter 120 claims. The State currently expects to have financial exposure under several Chapter 120 claims over the next few Fiscal Years but currently is unable to estimate its exposure for these Chapter 120 claims. The State is vigorously defending these matters.

County of Warren v. State

On August 18, 2025, the County of Warren, the Administrator of the County of Warren, the Director and Deputy Director of the Board of County Commissioners of the County of Warren and a member of the Board of County Commissioners of the County of Warren (collectively, "Warren County") filed a complaint in the New Jersey Superior Court, Law Division against the State, the Governor and the State Treasurer, in which plaintiffs allege that the State has not appropriated the 9-1-1 System and Emergency Response Fee (the "9-1-1 Fee") in accordance with State law; violates federal law concerning the use of 9-1-1 fees; violates Federal Communications Commission regulations concerning the permissible use of 9-1-1 fees; must provide an accounting of the funds in the 9-1-1 System and Emergency Response Trust Fund Account (the "Account"); is unjustly enriched; and violates Article VIII, Section II, paragraph II of the State Constitution. The Counties of Atlantic, Sussex, and Somerset were permitted to intervene as of right, adopting Warren County's complaint, without opposition by the State. The State opposed the County of Monmouth's motion to intervene as of right and to add a new claim against the State, but the motion was granted. On March 23, 2026, the State filed its motion to dismiss. On May 12, 2026, the Plaintiffs filed their opposition. The State filed its reply brief on July 13, 2026. The hearing is scheduled for September 25, 2026. The State is vigorously defending this matter.

Eric R. Perkins, Chapter 7 Trustee for Richard Bernardi, Marilyn Bernardi & Strategic Environmental Partners v. New Jersey Department of Environmental Protection

Richard Bernardi, Marilyn Bernardi, and Strategic Environmental Partners (collectively, "Debtors") are Chapter 7 debtors in Federal Bankruptcy Court, Trenton. The Debtors are the owners/operators of the former "Fenimore Landfill" in Roxbury Township, Morris County. In February 2011, Debtors purchased the landfill property with the stated purpose of closing the landfill and redeveloping it as a solar farm. In conjunction with closure of the landfill, Debtors were authorized to import certain solid waste material. Between November 2012 and June 26, 2013, the DEP investigated over 2500 complaints of noxious hydrogen sulfide gas ("H2S") odors emitting from the landfill. On June 26, 2013, following enactment of the Legacy Landfill Law, *N.J.S.A.* 13:1E-125.1 *et seq.*, DEP issued an emergency order authorizing DEP to enter the landfill property to take measures to abate the H2S odors, which the

Debtors had failed to control. DEP entered the property and eventually installed a gas collection system, thermal oxidizer, and scrubber to capture and destroy the H2S. DEP continues to occupy a portion of the property in order to operate the H2S treatment systems and is designing a replacement treatment system for the site.

In June 2016, the Debtors filed separate bankruptcy petitions under Chapter 11 of the Bankruptcy Code and a trustee was appointed (the "Trustee"). In July 2017, the matters were consolidated and converted to Chapter 7 bankruptcy. In December 2017, the Trustee's counsel advised DEP that they were preparing an adversary complaint in Bankruptcy Court against the DEP seeking damages for DEP's take-over. After brief settlement discussions, on June 14, 2018, the Trustee filed the adversary complaint for unspecified damages, alleging, among other things, a taking of Debtors' property without just compensation. DEP filed counter-claims seeking costs incurred to date by DEP abating the H2S emissions. On July 15, 2025, following a hearing on a motion by the Trustee, and over the objection of DEP, the bankruptcy court granted permission to the Trustee to sell the Fenimore Landfill site and related property rights, the membership interests in Strategic Environmental Partners, and the right to continue the adversary complaint against DEP—all of which were purchased by Crestmont Properties, LLC ("Crestmont") on October 9, 2025. DEP reserved the right to pursue Crestmont for any and all claims related to the Fenimore Landfill. On December 19, 2025, Crestmont filed a bankruptcy petition under Chapter 11 of the Bankruptcy Code. The adversary proceeding is continuing under the original Debtors bankruptcy and discovery is ongoing. The State is vigorously defending this matter.

Estate of Rene Correa Borquez et al. v. Elizabeth Maher Muoio, Treasurer of the State of New Jersey; Steven Harris, Administrator of New Jersey's Unclaimed Property Administration; and Kelmar Associates, LLC

Decedent, a Chilean citizen, owned certain stock that was deemed abandoned under New Jersey's Uniform Unclaimed Property Act, N.J.S.A. 46:30B-1 to -109 (the "Act"). In accordance with the Act, the holder remitted the stock to the Administrator of the New Jersey Unclaimed Property Administration (the "Administrator") in 2013, and the Administrator subsequently sold the stock. In 2023, decedent's heirs filed a claim, which the Administrator approved and paid. On December 19, 2024, Plaintiff, as representative of decedent's heirs, filed a complaint in the U.S. District Court for the District of New Jersey commencing a putative class action against the State Treasurer and the Administrator, in their official capacities (collectively the "State Defendants"), asserting facial and as-applied challenges to the constitutionality of the Act, under the 5th Amendment (takings clause) and 14th Amendment (due process) of the United States Constitution. Plaintiff asserts that the Act does not provide adequate notice to foreign property owners before and after escheat of property to the Administrator. Plaintiff further alleges that a taking under the 5th Amendment occurs when the Administrator pays the actual sale proceeds received by the State rather than the value the stock would have had if it had not been sold, and that Plaintiff's claim was underpaid.

On February 3, 2025, Plaintiff filed a motion for a preliminary injunction ("PI") with temporary restraints (a "TRO"). On February 11, 2025, the District Court denied Plaintiff's request for a TRO and has held Plaintiff's PI motion in abeyance pending the filing and determination of dispositive motions. On April 17, 2025, State Defendants filed a motion to dismiss the complaint. In response, on May 5, 2025, Plaintiff filed an amended complaint which restated the prior constitutional claims and added Plaintiff, individually, as a party due to his recent acquisition of stock that may escheat under the Act in the future. Plaintiff seeks relief declaring that the State Defendants' administration of the Act violates the United States Constitution. Plaintiff also seeks injunctive relief requiring State Defendants to comply with the notice requirements of the United States Constitution, and prohibiting the sale of property in the Administrator's custody belonging to Plaintiff or any class member, or otherwise putting them in the same position monetarily as they would have occupied if the property had not escheated. Plaintiff also seeks an accounting of escheated property belonging to Plaintiff and the putative class, and declaratory relief finding the State Defendants financially responsible for providing notice to the putative class and administering any relief afforded to the class. Plaintiff also seeks an award of interest, costs and attorney's fees.

Pursuant to the District Court's case management order, State Defendants served a motion to dismiss on June 4, 2025. Plaintiff served its opposition on July 7, 2025, and State Defendants served a reply on August 15, 2025. On January 13, 2026, the District Court granted the State Defendants' motion to dismiss the amended complaint without prejudice, and on February 10, 2026, at Plaintiff's request, with prejudice.

On February 10, 2026, Plaintiff appealed the dismissal of the amended complaint to the Third Circuit Court of Appeals. The State is vigorously defending this matter.

Public Service Electric & Gas Company, Inc. v. Director, Division of Taxation

For tax years 2006 through 2014, Public Service Electric & Gas Company, Inc. ("PSE&G") filed Corporation Business Tax ("CBT") returns and included its transitional energy facility assessment ("TEFA") in its CBT base, in accordance with *N.J.S.A.* 54:10A-4.1. Thereafter, PSE&G recalculated its CBT liability, removed the TEFA from the tax base and sought a CBT refund. Notably, the Appellate Division subsequently concluded that TEFA payments are included in the CBT base and denied a similar refund claim. *Rockland Elec. Co. v. Director, Div. of Taxation*, 30 N.J. Tax 448 (Tax 2018), aff'd., A-4522-17T2 (App. Div. June 24, 2019). *Rockland Electric Co.* is now final and binding upon the Tax Court. The Division denied PSE&G's refund claim. On or about May 28, 2019, PSE&G filed a Complaint in the Tax Court of New Jersey, contesting the CBT refund denial. The Division filed its answer to the complaint. PSE&G and the Division have agreed to temporarily pause the litigation while an audit is conducted on later tax years. The State is vigorously defending this matter.

Gomez v. Division of Child Protection and Permanency ("DCPP"), et al. ("State Defendants")

On March 12, 2012, the Plaintiff child was allegedly assaulted by her biological father, suffering severe injuries. Plaintiff alleged that the DCPP knew that the Plaintiff's parents had a history of drug and alcohol abuse, psychiatric problems and were unemployed. The biological mother had two other children removed from her care and was in a methadone program when the Plaintiff was born. The biological father also had an extensive criminal history of domestic violence. Plaintiff filed a complaint in State court claiming failure by DCPP to comply with its own policy and procedure, failure to remove the Plaintiff from the home, negligent training, and violation of the New Jersey Child Placement Bill of Rights, and including Section 1983 claims. On March 11, 2015, DCPP removed the case to the U.S. District Court for the District of New Jersey and filed a motion to dismiss the complaint. The State's motion to dismiss the complaint was denied without prejudice on May 8, 2015. The Plaintiff agreed to withdraw the federal claims and the matter was remanded to State court. The State Defendants filed a motion for summary judgement, which was granted on April 24, 2023. The Appellate Division granted Plaintiff's request to file a motion for leave to appeal by May 29, 2023. The State opposed that motion, and the Appellate Division denied that motion on July 13, 2023. Plaintiff settled with co-defendants, and subsequently filed a direct appeal to the Appellate Division of the grant of summary judgement to the State Defendants. The State filed its opposition brief on March 4, 2024. Oral argument was held on January 30, 2025. On July 7, 2025, the Appellate Division reversed the grant of summary judgment for the State Defendants and remanded to the trial court, as the trial court had not addressed whether the conduct of the State Defendants could constitute "willful misconduct" (which could vitiate any applicable immunities for failure to enforce child protection laws). The parties moved for summary judgment on the issues of willful misconduct and the potential application of immunities; the court denied both motions. The State is exploring further appellate options. The State is vigorously defending this matter.

J.A., et al. v. New Jersey Department of Education, et al.

On May 23, 2018, Plaintiff J.A., individually and on behalf of her minor child J.A., filed a complaint in the U.S. District Court for the District of New Jersey against the New Jersey Department of Education, New Jersey Office of Administrative Law, Commissioner of Education, and Administrative Law Judge ("ALJ") Jeffrey R. Wilson (collectively "State Defendants"), as well as the Monroe Township Board of Education, which has since been dismissed from the case. An amended complaint was filed adding additional plaintiffs and "DOEs 1-250 similarly situated ALJs" as defendants.

Plaintiffs purport to bring class action claims against State Defendants under the Individuals with Disabilities Education Act ("IDEA") *P.L.* 101-476, "Federal Preemption" and 42 U.S.C. § 1983, and alleging two separate systemic violations of the IDEA. Plaintiffs also sought to bring a class action declaratory judgment claim against State Defendants and to appeal three separate interlocutory orders of the ALJ. Among other things, Plaintiffs seek the following relief: (1) a trust fund to provide educational services to all class members for the denial of a Free and Appropriate Public Education ("FAPE") as such term is defined in IDEA; (2) a trust fund to reimburse class members for the denial of a FAPE; (3) punitive damages; and (4) attorneys' fees and costs.

State Defendants filed a motion to dismiss and Plaintiffs opposed that motion. On June 17, 2020, the U.S. District Court ordered the parties to show cause as to why this matter should not be consolidated with the *C.P., et al. v. NJDOE, et al.*, 1:19-cv-12807 (NLH/MJS) ("*C.P.*"). (*C.P.* is a related matter with similar claims, but only seeks

injunctive and declaratory relief). The court has not issued a formal order or decision on consolidation with the *C.P.* matter. On March 25, 2021, the Plaintiffs sought to consolidate this matter ("J.A. I") with three other matters, *J.A. v. MTBOE, et al.*, 1-20-cv-09498 (NLH/MJS) ("J.A. II"), *Joanna A., et al. v. MTBOE, et al.*, 1:21-cv-06283 (NLH/MJS) ("J.A. III"), and *M.D., et al. v. Vineland City Bd. of Ed., et al.*, 1:19-cv-12154 (NLH/MJS) ("M.D."). The districts and the State Defendants opposed consolidation. On March 22, 2022, the U.S. District Court denied consolidation of this matter.

On July 26, 2024, Plaintiffs filed a Second Amended Complaint where they added more than a dozen additional putative class action counts for various alleged violations of due process rights by the New Jersey Office of Administrative Law. Plaintiffs also added claims for damages under the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq. and Section 504 of the Rehabilitation Act of 1973, 29 U.S.C §701 et seq. Rather than file an answer or otherwise respond to the Second Amended Complaint, State Defendants opted to enter mediation before retired United States Magistrate Judge Joel Schneider. A settlement was finalized, and on August 8, 2025, a consent order was entered approving the settlement. The settlement included equitable relief, incentive payments to the families of the named Plaintiffs, and $297,500 in attorney's fees to the named Plaintiffs. The agreement called for the appointment of a monitor for 12 months to receive and forward to the New Jersey Department of Education any reports of alleged violations of the settlement's terms. A compliance monitor was approved on January 23, 2026. At the halfway point of the monitoring period, the monitor has not identified any systemic issues in regard to the errors addressed by the consent order.

J.A., et al. v. Monroe Township Board of Education, et al. and J.A. v. New Jersey Department of Education et al.

On July 28, 2020, Plaintiff J.A., individually and on behalf of her minor child J.A., filed a complaint in the U.S. District Court for the District of New Jersey against the New Jersey Department of Education ("NJDOE"), New Jersey Office of Administrative Law ("NJOAL"), the Interim Commissioner of Education, two named ALJs and NJDOEs 1-250 Similarly Situated ALJs (collectively, "State Defendants"), as well as the Monroe Township Board of Education ("MTBOE"). On March 23, 2021, Plaintiff Johanna A., individually and on behalf of her minor child J.A., filed a complaint in the United States District Court for the District of New Jersey against the NJDOE, NJOAL, Interim Commissioner of Education, four named ALJs and NJDOEs 1-250 Similarly Situated ALJs (collectively, the "State Defendants"), as well as MTBOE. Both complaints seek to appeal the final decision and order of an ALJ in the underlying special education due process dispute. They also allege various systemic violations of the IDEA and 42 U.S.C. § 1983; a claim of discrimination under the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq.; and a claim of retaliation, pursuant to Section 504 of the Rehabilitation Act of 1973, 29 U.S.C §701 et seq. Plaintiffs seek declaratory and injunctive relief, as well as monetary relief in the form of damages, punitive damages, compensatory education, and attorneys' fees and costs. The State Defendants filed motions to dismiss in both matters.

On March 25, 2021, the Plaintiffs filed a motion to consolidate the three J.A. matters (as described in the previous matter) and the M.D. matter (as described in the previous matter). The districts and the State Defendants filed oppositions. On March 22, 2022, the court granted consolidation of the J.A. II and the J.A. III matters and denied consolidation with J.A. I or M.D. On March 31, 2022, the court granted in part and denied in part the State Defendants motion to dismiss. Plaintiffs filed a motion for summary judgment on March 31, 2023, which was subsequently denied.

Following limited discovery on the issue of the 45-day rule compliance, Plaintiffs again moved for summary judgment on several of their claims. On February 6, 2024, State Defendants opposed and also cross-moved for summary judgment on several of Plaintiff's claims. On November 11, 2024, the court granted in part and denied in part both motions for summary judgment. The court granted summary judgment on the 45-day and adjournment rule violations in favor of Plaintiffs, but granted summary judgment for State Defendants on seven other claims of Plaintiffs. A settlement agreement between Plaintiffs and MTBOE has been finalized and MTBOE is no longer a party to this matter. Settlement discussions between Plaintiffs and the State Defendants are ongoing. The State Defendants have completed discovery concerning liability. Additional discovery remains regarding remedies under the IDEA and damages. Plaintiffs filed a motion for partial summary judgment. State Defendants filed an opposition and cross-motion for summary judgment on August 17, 2026. The State is vigorously defending this matter.

Jersey City Board of Education and E.H., a minor, by his guardian ad litem, Shanna C. Givens v. State of New Jersey

On April 29, 2019, the Jersey City Board of Education ("JCBOE") and E.H., a minor, by his guardian ad litem, Shanna C. Givens ("Plaintiffs") filed a complaint against the State and various State officials (collectively, the "State Defendants") alleging that the recent amendments to the School Funding Reform Act, *N.J.S.A.* 18A:7F-43 to -63 (the "Amendments"), as applied to JCBOE, and the State Defendants failure to fully fund JCBOE's long range facilities plan ("LRFP"), violate the State's constitutional requirement to "provide for the maintenance and support of a thorough and efficient system of free public schools...". *N.J. Const.* art. VIII, § 4. The Amendments at issue slowly phase out certain additional State aid previously granted to School Development Authority ("SDA") Districts. The phase out of this additional State aid is to occur over a six-year period beginning in the 2019-2020 school year. Plaintiffs allege that the reduction in State aid to JCBOE will jeopardize JCBOE's ability to provide the level of funding necessary to meet the legal standard of a "thorough and efficient" education ("T&E").

The Plaintiffs seek, among other things, a preliminary and permanent injunction enjoining the State Defendants from reducing funding to JCBOE and an order requiring the State Defendants to fully fund JCBOE's LRFP. On July 23, 2019, Plaintiffs filed a first amended complaint, which continues to allege that the reduction in State aid to JCBOE as a result of the Amendments will jeopardize JCBOE's ability to provide T&E. The State Defendants filed a motion to dismiss the first amended complaint, which was denied by the trial court on January 17, 2020. On June 15, 2023, the trial court granted the State Defendants' motion for summary judgement and denied Plaintiffs' motion for summary judgement. The Plaintiffs filed a notice of appeal on July 28, 2023. The State filed its brief in opposition on March 21, 2024. On February 11, 2025, the Appellate Division affirmed the trial court's decision granting the State Defendants' motion for summary judgement. On February 27, 2025, Plaintiffs filed a notice of petition for certification with the New Jersey Supreme Court. On March 11, 2025, Plaintiffs filed their petition. State Defendants filed opposition to Plaintiff's petition on May 27, 2025. The New Jersey Supreme Court denied the petition for certification on October 16, 2025.

Jackson Township Board of Education, et al. v. State of New Jersey, et al.

On June 9, 2025, the Jackson Township Board of Education (the "District"), one of its board members, and a student and her parent ("Plaintiffs") filed a complaint in the Superior Court, Chancery Division against the State, the Department of Education, and Kevin Dehmer, in his official capacity as the Commissioner of Education ("Commissioner," and together with the State and the Department of Education, collectively, the "State Defendants") alleging that the School Funding Reform Act, N.J.S.A. 18A:7F-43 to -71 (the "SFRA"), as applied to the District, violates the State Constitution because the amount provided thereunder is insufficient for the Board to "provide for the maintenance and support of a thorough and efficient system of free public schools . . . ." N.J. Const. art. VIII, § 4. Plaintiffs allege that recent reductions in State aid to the District under the SFRA's "S-2" amendment (2018) prevent its students from receiving a thorough and efficient education. Plaintiffs also allege that the SFRA, as applied to the District, is unconstitutional because it does not take into account the District's unique demographics and resulted in the District having to sell one of its schools to balance its budget. Plaintiffs further challenge the Commissioner's decision not to provide a State aid advance payment as arbitrary, capricious, and discriminatory.

Among other things, Plaintiffs seek the following relief: (1) a declaration that the SFRA is unconstitutional as applied to the District and its students; (2) a declaration that the District's 2025-2026 budget deprives its students from receiving a thorough and efficient education; (3) an order directing the State to return funding levels to the amount provided before the enactment of S-2; (4) an order finding that the Commissioner's denial of the District's request to recommend an advance State aid payment in the amount of $18 million for the 2024-2025 school year was unlawful; (5) an order directing the Commissioner to recommend to the State Treasurer an advance State aid payment of $18 million; (6) compensatory damages; and (7) attorneys' fees and costs. State Defendants filed a motion to dismiss on August 21, 2025. On March 5, 2026, the trial judge ordered the complaint transferred to the Commissioner for any further adjudication. The matter is currently proceeding as a contested matter at the Office of Administrative Law following transmittal from the Commissioner. The State is vigorously defending this matter.

Lorillard Tobacco Co. v. Director, Division of Taxation

This case involves constitutional challenges to the Division's regulation, *N.J.A.C.* 18:7-5.18(b), the Division's interpretation of the unreasonableness exception to the State's corporate royalty addback statute, N.J.S.A. 54:10A-4.4(c)(1)(b), and the Division's Schedule G-2, which implements the calculation of the unreasonable exception based on the Division's interpretation of its regulation. In 2006, the Division assessed Corporation Business Tax ("CBT") on a subsidiary of Lorillard Tobacco Co. ("Lorillard") for tax years 1999-2004 based on royalty payments the subsidiary had received from Lorillard. The subsidiary was a non-filer in New Jersey and contested the assessment in the New Jersey Tax Court claiming, among other things, that it did not have physical presence in the State so it lacked substantial nexus to permit it to be subject to CBT. While the subsidiary's case was pending in the Tax Court, Lorillard filed refund claims for 2002-2005 by filing amended CBT returns, claiming it would be improper, unreasonable, and unconstitutional to deny it a deduction for the royalty payments if, at the same time, the Division subjected its subsidiary to tax on such amounts.

The Division denied the claims as "protective" and Lorillard filed a complaint with the Tax Court in 2007. The subsidiary ultimately conceded nexus, filed CBT returns and paid taxes under the State's 2009 Tax Amnesty program, after the U.S. Supreme Court denied certiorari regarding the New Jersey Supreme Court decision in *Lanco v. Dir., Div. of Taxation*, 188 N.J. 380 (2006). In *Lanco*, the Court held that the State could subject a taxpayer to CBT even though it lacked physical presence in the State. Thereafter, Lorillard sought an expedited payment of the CBT refund based on the Division's Schedule G-2 calculation, which limited Lorillard's deduction due to its subsidiary's lower allocation factor. Lorillard reserved its challenge to the remainder of the exemption. In 2012, Lorillard filed another complaint with the Tax Court challenging the Division's partial refund denial for tax years 2008-2010 on the same basis as the 2007 complaint.

Lorillard claims that the Division improperly and unconstitutionally granted only a partial deduction of royalty payments that Lorillard made to its subsidiary. In February 2019, the Tax Court issued a decision granting Lorillard summary judgment, and holding that the Division's denial of a deduction for the full amount of royalties Lorillard paid was not a reasonable exercise of the Division's discretion. The Tax Court found it unnecessary to address Lorillard's constitutional attacks.

The Division appealed to the Appellate Division, and Lorillard filed a cross-appeal, re-asserting its constitutional challenges. The Tax Court issued a final judgment on Lorillard's 2012 complaint based on its reasoning regarding the 2007 complaint. Both parties again appealed and the matters were consolidated by the Appellate Division. On September 21, 2021, the Appellate Division reversed the Tax Court's decision granting Lorillard summary judgment and remanded the matter back to the Tax Court for consideration of the constitutional issues. On September 13, 2023, the Tax Court issued an opinion dismissing Lorillard's complaints. The Tax Court found that the Division's regulation at issue violated external consistency of the Dormant Commerce Clause, but the 2020 amendment to the regulation cured the defect and applied retroactively to the tax years at issue. On April 29, 2025, the Appellate Division affirmed the Tax Court's decision dismissing Lorillard's complaints. On May 6, 2025, Lorillard filed a notice of petition for certification with the New Jersey Supreme Court. After all briefs were filed, on October 3, 2025, the Court issued an Order (dated September 30, 2025), denying Lorillard's petition for certification and dismissing Lorillard's appeal. On March 2, 2026, the U.S. Supreme Court denied Lorillard's petition for a writ of certiorari.

William Gaston and Christina Lazicki, individually, and on behalf of those similarly situated v. Governor Mikie Sherrill, in her official capacity as Governor of the State of New Jersey, et al.

On December 5, 2023, William Gaston, Christina Lazicki, and Ronald Trout filed a class action lawsuit in the Superior Court, Law Division against the Governor and the then Acting Director of the New Jersey Division of Taxation, seeking declaratory and monetary relief and arguing New Jersey's tax lien sale law, N.J.S.A. 54:5-86, violated the New Jersey Constitution's takings and excessive fines clauses. The suit was brought on behalf of the Plaintiffs and classes of real estate owners whose property was foreclosed upon under the New Jersey tax lien sale law without receiving just compensation. Plaintiffs based their claim on the New Jersey Civil Rights Act alleging violations of New Jersey Constitution – Art. I, § 20 (taking without just compensation and taking without a valid public use) and Art. I, § 12 (excessive fines). Plaintiffs specifically allege the Governor failed to act to rectify the unconstitutionality of New Jersey's tax lien sale foreclosure laws, while the Acting Director provided advice, oversight, and assistance

based on the tax lien sale foreclosure laws. Plaintiffs sought class certification, appointment of class counsel and Plaintiffs as class representatives, damages (just compensation plus interest), reasonable attorneys' fees and costs, and declarations that New Jersey's tax lien sale law is unconstitutional and title to all real property acquired pursuant to the law is defective (and thus compensation is required).

On December 11, 2023, Plaintiffs amended their complaint. On February 8, 2024, Plaintiffs again amended their complaint to remove Ronald Trout as a class plaintiff, leaving only William Gaston and Christina Lazicki as putative class plaintiffs. The Governor and Acting Director filed a motion to dismiss on April 23, 2024. Plaintiffs filed a motion to amend their complaint on May 22, 2024, and the Governor and Acting Director filed a cross-motion to stay on May 30, 2024. The court stayed the matter until the New Jersey Supreme Court issued its decision in *257-261 20th Ave. Realty, LLC v. Roberto*, 259 N.J. 417 (2025), which was decided on January 9, 2025. On February 14, 2025, Plaintiffs filed a Third Amended Complaint that named the Governor and Acting Director both in their official and individual capacities, and revised the legal bases for their claims to only an unconstitutional taking directly under the New Jersey Constitution and under the New Jersey Civil Rights Act. Plaintiffs seek just compensation, but no longer seek to declare title defective. On March 31, 2025, the Governor and Acting Director filed a motion to dismiss Plaintiffs' Third Amended Complaint. On May 30, 2025, Plaintiffs opposed this motion. The Governor and Acting Director filed their reply brief on June 23, 2025. On January 30, 2026, the trial court granted the State's motion and dismissed the action with prejudice.

Plaintiffs appealed to the Superior Court, Appellate Division and filed their amended merits brief on May 20, 2026. In their brief, Plaintiffs, in part, rely on an Appellate Division decision – *Johnson v. East Orange*, A-2486-23 (App. Div. June 27, 2025). With consent of Plaintiffs and as the New Jersey Supreme Court granted certification in *Johnson* (263 N.J. 66, Dkt 090953), the State filed a motion on June 15, 2026, to stay the *Gaston* appeal pending the Supreme Court's resolution of the *Johnson* appeal. On June 26, 2026, the Appellate Division granted the State's motion for a stay. The State is vigorously defending this matter.

Sirius XM Radio Inc. v. Director, Division of Taxation

On July 7, 2023, Sirius XM Radio Inc. ("Sirius") filed a complaint in the New Jersey Tax Court contesting a final determination by the Division of Taxation that denied Sirius's Corporation Business Tax ("CBT") refund claims for tax years 2015 and 2016. Sirius amended its CBT returns for tax years 2015 and 2016 claiming R&D credit for Sirius's activities in the field of electronic device technology during tax years 2003 through 2007. Sirius alleges that it is entitled to CBT credit as a result of research and development ("R&D") activities in New Jersey and that the credit can be carried forward for a period of 15 years pursuant to N.J.S.A. 54:10A-5.24b(a). The Division denied the CBT refund request because a taxpayer is not permitted to amend a return to claim credits for carryforward periods that are closed tax years due to the statute of limitations. The Division filed its answer to the complaint on November 2, 2023. On December 3, 2025, Sirius withdrew its complaint, with prejudice. On December 23, 2025, the New Jersey Tax Court entered judgment dismissing the complaint.

Shannon MacDonald, M.D., et al. v. S. Chetan Shah, in his official capacity as President of the New Jersey State Board of Medical Examiners

On December 13, 2023, plaintiffs Shannon MacDonald, M.D., a physician residing in Massachusetts, Paul Gardner, M.D., a physician residing in Pennsylvania, J.A., a minor and resident of Essex County, New Jersey, by and through his guardian and next friend Michael Abell, Michael Abell, a resident of Essex County, New Jersey, and Hank Jennings, a resident of Bergen County, New Jersey, filed a complaint in the United States District Court for the District of New Jersey seeking declaratory and injunctive relief against the President of the New Jersey State Board of Medical Examiners. Plaintiffs challenge the constitutionality of a portion of the State's telemedicine and telehealth licensure statute, specifically N.J.S.A. 45:1-62(b). Plaintiffs allege that the statutory requirement that any health care provider who uses telemedicine or engages in telehealth while providing health care services to a patient be licensed as a health care provider in the State violates the Dormant Commerce Clause, Privileges and Immunities Clause, and First Amendment of the United States Constitution, and, as to plaintiff Michael Abell, violates the Due Process Clause of the United States Constitution and his asserted right to direct his child's medical care. On May 12, 2025, the District Court granted the State's motion to dismiss without prejudice, finding that Plaintiffs had not plausibly pleaded the constitutional violations alleged. Plaintiffs thereafter filed an appeal with the Third Circuit. On August 31, 2026, the

Third Circuit Court of Appeals issued an opinion and Order affirming the District Court's dismissal of this Complaint, rejecting all constitutional challenges made by the plaintiffs.

Medicaid, Tort, Contract, Workers' Compensation and Other Claims

The Office of the Inspector General ("OIG") of the U.S. Department of Health & Human Services ("HHS") has conducted and continues to conduct various audits of Medicaid claims for different programs administered by the Department of Human Services ("DHS"). The OIG audits, which have primarily focused on claim documentation and cost allocation methodologies, recommend that certain claims submitted by DHS be disallowed. OIG submits its recommendations on disallowances to the CMS which may, in whole or in part, accept or disagree with the OIG's recommendations. If the OIG's recommendations are not challenged by the State or are upheld by CMS, DHS will be required to refund the amount of any disallowances. Sixteen audits, which in the aggregate total over $900 million, are currently in draft or final form but, due to possible revisions or appeals, the final amounts are uncertain. Approximately one-third of the amount above relates to an audit of the State's School-based Medicaid claiming. However, DHS is disputing the OIG's audit findings. Given that the State is currently disputing and appealing the OIG audit findings, it cannot estimate any final refund amounts or the timing of any refund payments that may be due to CMS. These current audits and any future audits of Medicaid claims submitted by DHS may result in claim disallowances which may be significant. The State is unable to estimate its exposure for these claim disallowances.

The federal Disaster Relief Appropriations Act of 2013 (the "Disaster Relief Act") appropriated approximately $50.38 billion (later reduced by sequestration to $47.9 billion) to various federal agencies to assist states and local communities with the impacts of Superstorm Sandy, including funding provided directly to private homeowners and businesses. The Disaster Relief Act allocated funding to OIG to conduct audits and investigations related to the expenditure of disaster relief aid. Audits are ongoing or have already been undertaken by the OIG from the U.S. Department of Homeland Security, the U.S. Department of Housing and Urban Development, the U.S. Department of Transportation, and the HHS. The State anticipates that there will be continued audit activity throughout the duration of the federally-funded Sandy programs. As with any federal OIG audit or investigation, there is the potential for an OIG recommendation that the federal agency de-obligate funding in the event of non-compliance with federal statutes or regulations.

The federal Coronavirus Aid, Relief, and Economic Security ("CARES") Act, enacted in 2020, established a $150 billion Coronavirus Relief Fund ("CRF"), to assist states, among others, to cover certain necessary expenses incurred due to the COVID-19 public health emergency. The American Rescue Plan ("ARP") Act, enacted in 2021, to assist states, among others, by establishing several funds, including, but not limited to, the State and Local Fiscal Recovery Fund ("SLFRF") with approximately $350 billion to support the response to and recovery from the COVID-19 public health emergency, the Capital Projects Fund ("CPF") with approximately $10 billion to fund capital projects that enable work, education, and health monitoring in response to the COVID-19 public health emergency, and the State Small Business Credit Initiative ("SSBCI") with approximately $10 billion to support small businesses and entrepreneurship by providing capital and technical assistance. The State received funding through the CARES and ARP Acts. Audits by the U.S. Department of the Treasury have been undertaken and are undergoing. The State anticipates that there will be continued audit activity, including by the Office of the Inspector General of the U.S. Department of the Treasury, throughout the duration of the federally-funded programs. As with any federal audit or investigation, there is the potential for the U.S. Department of the Treasury to de-obligate funding. In certain instances, the U.S. Department of the Treasury may require the State to replenish program funding in the event of non-compliance with federal statutes or regulations.

At any given time, there are various numbers of claims and cases pending against the State, State agencies and employees, seeking recovery of monetary damages that are primarily paid out of the fund created pursuant to the New Jersey Tort Claims Act (*N.J.S.A.* 59:1-1 *et seq.*). The State does not formally estimate its reserve representing potential exposure for these claims and cases. The State is unable to estimate its exposure for these claims and cases.

The State routinely receives notices of claim seeking substantial sums of money. The majority of those claims have historically proven to be of substantially less value than the amount originally claimed. Under the New Jersey Tort Claims Act, any tort litigation against the State must be preceded by a notice of claim, which affords the State the opportunity for a six-month investigation prior to the filing of any suit against it.

In addition, at any given time, there are various numbers of contract and other claims against the State and State agencies, including environmental claims asserted against the State, among other parties, arising from the alleged disposal of hazardous waste. Claimants in such matters are seeking recovery of monetary damages or other relief which, if granted, would require the expenditure of funds. The State is unable to estimate its exposure for these claims.

At any given time, there are various numbers of claims by employees against the State and State agencies seeking recovery for workers' compensation claims that are primarily paid out of the fund created pursuant to the New Jersey Workers' Compensation Law (*N.J.S.A.* 34:15-1 *et seq*.). Claimants in such matters are seeking recovery for personal injuries suffered by a claimant by accident arising out of and in the course of the claimant's employment due to the employer's negligence. The State is unable to estimate its exposure for these claims.

Prior to July 1, 2013, there were various numbers of claims and cases pending against the University of Medicine and Dentistry of New Jersey ("UMDNJ") and its employees, seeking recovery of monetary damages that were primarily paid out of the UMDNJ Self Insurance Reserve Fund created pursuant to the New Jersey Tort Claims Act (*N.J.S.A.* 59:1-1 *et seq*.). As a result of the enactment of the New Jersey Medical and Health Sciences Education Restructuring Act, *L.* 2012, *c.* 45 (the "Restructuring Act"), all of UMDNJ was transferred to Rutgers, The State University ("Rutgers"), with the exception of the School of Osteopathic Medicine which was transferred to Rowan University ("Rowan"), and University Hospital in Newark, New Jersey, which now exists as a separate instrumentality of the State. All claims and liabilities of UMDNJ associated with the transferred facilities have been transferred to Rutgers, Rowan and University Hospital, as applicable. Pursuant to the Restructuring Act, Rutgers and Rowan each entered into a memorandum of understanding with the State Treasurer pursuant to which the State shall pay from a self-insurance reserve fund established for each entity medical malpractice claims occurring prior to and post the effective date of the transfers, which was July 1, 2013. The Restructuring Act also provides for University Hospital's medical malpractice claims to be covered by a self-insurance reserve fund established by the State Treasurer. University Hospital entered into a memorandum of understanding with the State Treasurer for such claims. All claims, other than medical malpractice claims, incurred by UMDNJ with respect to the UMDNJ facilities transferred to Rutgers will be paid for by Rutgers out of its own funds. All claims, other than medical malpractice claims, incurred by Rowan will be paid from the Tort Claims Fund. The State is unable to estimate its exposure for these claims.

Approximately two dozen hospitals have challenged in the Office of Administrative Law and the Appellate Division the Medicaid reimbursement rates paid to these hospitals alleging that there were calculation errors or that the methodology used to calculate the rates is incorrect. These challenges date back to 2002. The State is vigorously defending this matter. To date, there have been no findings against the State. In the event the hospitals are successful, DHS has advised that it may possibly need to refund millions of dollars to the hospitals over the various relevant years. The State is unable to estimate its exposure for these claims.

Affirmative Litigation

From time to time, the State initiates litigation against various entities to enforce State laws, contractual and other rights, pursue cost recoveries and natural resource damages in the environmental arena and prosecute entities who have engaged in alleged fraudulent, negligent or other wrongful conduct. The State is unable to estimate the amount of any monetary recoveries from such affirmative litigation. In addition, depending on which State department, division or agency is the plaintiff, any monetary recoveries may already be included in such State department, division or agency's revenue estimates for the current fiscal year.

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APPENDIX I-A
SUMMARY OF CERTAIN STATE TAXES

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APPENDIX I-A
SUMMARY OF CERTAIN STATE TAXES

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Summary of Certain State Taxes

The following is a summary of certain state taxes in New Jersey:

Alcoholic Beverage Tax

The Alcoholic Beverage Tax applies to the first sale or delivery of beer, liquor, wine and sparkling wine to retailers in New Jersey. This tax is collected from licensed manufacturers, wholesalers and State beverage distributors, based on the number of gallons, or fractions thereof, sold. License fees for manufacturing, distributing, transporting and warehousing alcoholic beverages are also imposed pursuant to this law. Materials used by distilleries to produce hand sanitizer during a public health emergency are exempt. *L.* 2020, *c.* 33.

Current Rates: Beer – $0.12 per gallon; Beginning August 1, 2009: Liquor – $5.50 per gallon; Wines – $0.875 per gallon; certain apple ciders – $0.15 per gallon. *L.* 2009, *c.* 71.

Beginning Fiscal Year 2010, $22 million collected from the Alcoholic Beverage Tax will be annually deposited in the Health Care Subsidy Fund. *L.* 2009, *c.* 71.

Beginning April 13, 2026, and ending November 13, 2026, an excise tax of $3.75 per gallon upon the wholesale sale of any intoxicating hemp beverages within New Jersey or upon any delivery of intoxicating hemp beverages made to a New Jersey location will be imposed. *L.* 2025, *c.* 215.

Casino Taxes, Fees, and Surcharges

The Casino Control Act imposes a tax on the "gross revenues" of gambling casinos, as defined by the Casino Control Act, as well as a gross revenue tax on companies that administer and service multi-casino progressive slot machine systems.

Current Rate: 8% (both taxes).

The Tourism Promotion Fee is applied to each room occupied or possessed by guests, with a rate of $2 per day for each occupied room in hotels that provide casino gambling. A $1-per-day rate applies to each occupied room in all other facilities. *L.* 1991, *c.* 376.

There is also a $3 per day occupancy fee imposed on occupied rooms in a casino hotel facility. *L.* 2003, *c.* 116. There is also a minimum daily charge of $3 per car for the use of casino hotel parking facilities in Atlantic City. *L.* 1993, *c.* 159; *L.* 2003, *c.* 116. The casino has the discretion to either pay the parking fee on behalf of the patron, or to charge the patron the parking fee. *L.* 1993, *c.* 159. No patron shall be required, upon proof of payment of the $3 charge, to pay the charge again for the same motor vehicle on the same calendar day, in the same parking facility or any other casino hotel parking facility. *L.* 1993, *c.* 159.

A casino room occupancy surcharge is imposed on a casino hotel facility at $2 per day on occupied rooms in Atlantic City. *L.* 2021, *c.* 497. The surcharge is paid into the General Fund with a portion distributed on a monthly basis to the municipality in which the casino hotel facility is located. All surcharges received by a municipality shall be deposited into a dedicated public safety trust fund. Beginning January 1, 2025, the Director of the Division of Local Government Services may set the maximum percentage of surcharge revenue received by the municipality. *L.* 2021, *c.* 497.

The Casino Control Act was amended to authorize Internet gaming at Atlantic City casinos under certain circumstances. *L.* 1977, *c.* 110; *L.* 2013, *c.* 27. The law imposes an annual 19.75% tax on Internet gaming gross revenues, which is paid into the Casino Revenue Fund. *L.* 2025, *c.* 66. The 8% tax on casino gross revenues excludes Internet gaming, but the investment alternative tax applies to Internet gaming gross revenues at a rate of 5% with the State requiring a partial payment of 2.5% of the estimated taxes. *L.* 1984, *c.* 218*; L.* 2025, *c.* 66.

Revenue received by casinos and horse racing permit holders from sports wagering is subject to an 8.5% tax, while revenue received from Internet sports wagering is subject to a 19.75% tax payable to the Casino Revenue Fund. *L.* 2019, *c.* 36; *L.* 2025, *c.* 66. Revenue received by a fantasy sports operator is subject to a 19.75% tax, payable quarterly to the General Fund. *L.* 2025, *c.* 66.

L. 2021, *c.* 314 temporarily modifies the taxes and credits of casino licensees and permanently redefines promotional gaming credits to include certain coupons and table game wagers.

Cigarette Tax and Tobacco and Vapor Products Tax

A Cigarette Tax is imposed on the sale, use or possession of all cigarettes within New Jersey. *L.* 1948, *c.* 65. This tax is collected from licensed distributors who receive cigarettes directly from out-of-state manufacturers and also on consumers who possess untaxed cigarettes. Receipts from the sale or use of tobacco products other than cigarettes, by a distributor or wholesaler to a retail dealer or consumer, are subject to the Tobacco Products Wholesale Tax. *L.* 1990, *c.* 39. As of March 1, 2002, the Tobacco Products Wholesale Tax is imposed on the price that a distributor pays to buy products from the manufacturer. *L.* 2001, *c.* 448. The Tobacco Products Wholesale Tax is imposed on liquid nicotine used in electronic cigarettes and similar devices. *L.* 2018, *c.* 50. The Tobacco Products Wholesale Sales and Use Tax Act was renamed the Tobacco and Vapor Products Tax Act, and container e-liquid is now subject to the tax. *L.* 2019, *c.* 147.

Current Rates: Cigarette Tax – $0.15 per cigarette and $3.00 per pack of twenty cigarettes; Moist snuff – $0.75 per ounce with a proportionate tax rate for fractional amounts; Tobacco and Vapor Products Tax – 30% of the wholesale price; liquid nicotine – $0.30 per fluid milliliter with a proportionate tax rate on fractional amounts; container e-liquid – 30% of the retail price. *L.* 2018, *c.* 50; *L.* 2025, *c.* 68.

Annually, $1 million from Cigarette Tax Act revenues is deposited into the Cancer Research Fund. *L.* 1982, *c.* 40. After this deposit, the first $150 million collected annually from the Cigarette Tax Act and the first $5 million collected annually from the Tobacco and Vapor Products Tax Act are deposited into the Health Care Subsidy Fund. For fiscal years beginning on or after July 1, 2009, $241.5 million of revenue collected annually from the Cigarette Tax Act are deposited into the Dedicated Cigarette Tax Revenue Fund. *L.* 2009, *c.* 70. For fiscal years beginning on or after July 1, 2025, $2 million of revenue collected annually from the taxes on liquid nicotine and container e-liquid will be deposited into the Health Care Subsidy Fund. *L.* 2025, *c.* 68.

Corporation Business Tax (CBT)

Corporations are subject to mandatory unitary business combined reporting and market sourcing for tax years beginning on and after January 1, 2019. *L.* 2018, *c.* 48. Combined reporting treats the unitary business members of a combined group as one single economic enterprise. *L.* 2020, *c.* 118 amended the combined reporting rules further by adding provisions concerning tax treatment of income of public utilities and New Jersey Subchapter S corporations, and tax treatment for certain allowable net operating loss carryovers, transfers, and deductions. *L.* 2018, *c.* 48. The definition of "unitary business" has been expanded to mean "a single economic enterprise that is made up either of separate parts of a single business entity or of a group of business entities under common ownership" and is "construed to the broadest extent permitted under the Constitution of the United States." *L.* 2018, *c.* 48. Provisions regarding the entire net income tax base and operative dates for combined reporting were amended, a CBT deduction in the amount of a federal deduction claimed on certain foreign related income under 26 U.S.C. § 250 was added, and the tax treatment of certain tax credits awarded by the New Jersey Economic Development Authority ("NJEDA") was clarified.

L. 2024, *c.* 20, imposes a 2.5% Corporate Transit Fee for privilege periods beginning on and after January 1, 2024 through December 31, 2028, on CBT taxpayers with annual taxable net income over $10 million. The Corporate Transit Fee is a surtax in addition to the annual CBT liability. Tax credits cannot be used against the Corporate Transit Fee.

L. 2023, *c.* 96 made various changes to combined reporting, particularly with respect to: certain statutory provisions concerning unitary businesses; the method for calculating the allocation factor of a taxable member of a

combined group; the managerial member duration period; the definition of world-wide basis and world-wide group; water's-edge groups and affiliated groups, including the calculation of entire net income for non-U.S. corporations that are members of a water's-edge group or affiliated group; the "captive" versions of investment companies, real estate investment trusts, and regulated investment companies.

L. 2023, *c.* 96 also modifies the treatment of global intangible low-taxed income ("GILTI") and foreign-derived intangible income ("FDII") under the Corporate Business Tax Act (1945) ("CBT Act"), by repealing the deduction currently allowed for GILTI and FDII, and by treating GILTI as a dividend, subject to the dividend exclusion rules for privilege periods ending on and after July 31, 2023. *L.* 2023, *c.* 96 adds language clarifying the treatment of the income of non-U.S. corporations that are not members of a world-wide group or a water's-edge group for purposes of the CBT Act.

L. 2023, *c.* 96 modifies certain statutory requirements concerning installment payments and changes certain provisions concerning the underpayment of an installment payment. It also changes the due date for filing a return under the CBT Act to: (1) the fifteenth day of the month immediately following the month of the original due date for filing the taxpayer's federal corporate income tax return for the privilege period; or (2) in the case of a taxpayer that received a filing extension for federal tax purposes, the fifteenth day of the month immediately following the month of the extended due date for filing the federal return. *L.* 2023, *c.* 96 also provides certain criteria for determining whether a corporation has "substantial nexus" with the State and will therefore be subject to taxation.

L. 2023, *c.* 96 provides that with respect to its fiscal or calendar accounting years ending on or after July 31, 2023, any taxpayer with a tax liability of less than $1,500 shall not be required to make any installment payments other than an installment payment of 50 percent, which shall be paid at the time of filing the annual return. For a combined group, this provision shall apply by taxable member in aggregate for the combined group.

L. 2023, *c.* 96 provides that for privilege periods ending on and after July 31, 2022, adjustments may be made, by the Director of the Division of Taxation or the taxpayer, to net operating losses ("NOL") in privilege periods closed for purposes of the statute of limitations on assessments in order to determine the correct tax liability in privilege periods that remain open to assessment; provided, however, no such NOL adjustments for those closed privilege periods shall be made after ten years. *L.* 2026, *c.* 21 imposes a temporary $1 million cap on the amount of net operating loss deductions that may be taken by a taxpayer that is not a public utility under the CBT for privilege periods ending on or after July 31, 2026 but before July 31, 2030.

L. 2017, *c.* 254 authorizes the establishment of a drug donation program that encourages the donation of over-the-counter drugs, prescription drugs, and administrative supplies by donors, for use by people who are indigent, uninsured, or underinsured. Donors are persons or entities properly licensed and authorized to possess prescription drugs, and which elect to donate over-the-counter drugs, prescription drugs or administration supplies pursuant to the Act. Donors may claim a CBT or Gross Income Tax ("GIT") credit equal to the sum of the cost of the over-the-counter drugs, prescription drugs and administration supplies; and the verifiable cost incurred to make the donation of the drugs and supplies.

On November 4, 2014, Article VIII, Section II of the State Constitution was amended to provide that from July 1, 2015, until June 30, 2019, an amount equivalent to 4% of the revenue annually derived from the CBT (or any other law of similar effect) be credited to a special account in the General Fund to be appropriated for the preservation, development, and stewardship, of lands for recreation and conservation purposes. Commencing on July 1, 2019, an amount equivalent to 6% of the revenue annually derived from the CBT (or any other law of similar effect) shall be credited to this special account to be appropriated for these purposes.

NJEDA provides tax credits which can be used to offset CBT as well as the Insurance Premiums Tax ("IPT") through the Urban Transit Hub Tax Credit Act ("UTHTCA"), the Grow New Jersey Assistance Act ("GNJAA"), the New Jersey Economic Stimulus Act of 2009 ("NJESA 2009"), the Public Infrastructure Program ("PIP"), and through Business Employment Incentive Program ("BEIP") grants. Awards for any of these programs are based on actual performance and achievement of job and capital investment requirements. The NJEDA is authorized to implement certain accommodations to businesses due to the COVID-19 public health emergency. *L.* 2022, *c.* 134. Businesses participating in the GNJAA and UTHTCA programs are permitted by NJEDA to terminate their program agreements any time before December 31, 2023, commencing with the 2020 tax period or any subsequent tax period ending on or

before December 31, 2023. *L.* 2022, *c.* 134. A business may also extend the time allowed under current law to suspend its obligations under GNJAA and UTHTCA, for the same period of time. *L.* 2022, *c.* 134. *L.* 2012, *c.* 35, amends the UTHTCA to increase the cap on the total amount of tax credits authorized under such Act, for eligible businesses making capital investments in the State. The cap was increased from $1.5 billion to $1.75 billion, to be utilized over a ten-year period. The overall cap on PIP credits is $22 million. There is no overall cap on GNJAA credits. The UTHTCA program is now closed to new applications.

The "New Jersey Angel Investor Tax Credit Act," provides tax credits against CBT and GIT for qualified investments in New Jersey emerging technology businesses. *L.* 1997, *c.* 349; *L.* 2013, *c.* 14. Subject to certain limitations, tax credits equal 35% of a taxpayer's qualifying investment in an emerging technology business, up to a maximum allowed credit of $500,000 for each qualifying investment. *L.* 2025, *c.* 71. The cumulative total tax credits the NJEDA may approve is currently $25 million per year, plus the value of any unused tax credits from the immediately preceding State fiscal year. *L.* 2025, *c.* 71. A New Jersey emerging technology holding company may be a qualified investment under the New Jersey Angel Investor Tax Credit Act. *L.* 2017, *c.* 40. The CBT and GIT tax credits have increased from 10% to 35% of the qualified investment. *L.* 1997, *c.* 349; *L.* 2025, *c.* 71. A taxpayer may be allowed a tax credit of 40% of the qualified investment, when the emerging technology business is located in a qualified opportunity zone or in a low-income community, as defined by federal law, or is certified by the State as a minority business or a women's business; or when a qualified venture fund commits to invest 50% of its funds in hiring diverse entrepreneurs. *L.* 2025, *c.* 71.

Credits against the CBT and IPT are also available to residential developers, through the Economic Redevelopment and Growth ("ERG") program, authorized by NJEDA in 2009. The total cap on credits is $823 million, to be utilized over a ten-year period. *L.* 2015, *c.* 69 provides that mixed use parking project developers are eligible for credits, but did not increase the overall cap. The total tax credits available under the ERG program were increased by $25 million and the deadlines by which certain developers may submit a letter of support from the host municipality were extended until December 31, 2022. *L.* 2022, *c.* 75. Additionally, the requirements for certain mixed-use parking projects undertaken by municipal redevelopers prior to March 9, 2020 under the ERG program were amended so that project costs may include the cost or value of land, demolition, and equity contributions, as well as any particular costs for which the project has received State or local funding. *L.* 2022, *c.* 75. The redevelopment incentive grants awarded for these projects would equal 100 percent of the total project costs for the parking component, and 40 percent of the total project costs for the non-parking component; the redevelopment incentive grants awarded for these projects would equal 100 percent of the total project costs for the parking component, and 80 percent of the total project costs for the non-parking component if the mixed-use parking project is: (1) constructed upon all or a portion of a project site that was previously awarded tax credits pursuant to the UTHTCA or the NJESA 2009, but those tax credits were not issued; (2) built for an entertainment venue with a seating capacity in excess of 5,000; or (3) constructed to be utilized as a visitors center or youth center within or adjacent to a national historic park. *L.* 2022, *c.* 75.

NJEDA awarded BEIP grants to certain businesses which met employment goals in New Jersey. *L.* 2015, *c.* 194. Most recipients of BEIP grants accrued but not paid between 2008 and 2025 elected to receive the grant in the form of a tax credit against the recipient's CBT (as well as IPT) obligations. Credits can be sold in certain circumstances by certain entities. The amount of the grant or credit is based on the recipient company's employee GIT withholdings. There was no overall cap on BEIP grants, although the grant was limited to a maximum of $50,000 per employee. The BEIP program is now closed to new applications.

NJEDA awarded tax credits against CBT and IPT through the Business Retention and Relocation Assistance Act ("BRRAA"). The overall cap was $20 million per year. The program was eliminated by *L.* 2013, *c.* 161. The BRRAA program is now closed to new applications. NJEDA approved $124 million of BRRAA tax credits for companies, which may use the credits over six years.

In response to the impact of the pandemic on the State's economy and finances, the New Jersey Economic Recovery Act of 2020 allowed certain deferrals, adjustments, and the termination of incentive agreements for businesses affected by COVID-19. *L.* 2020, *c.* 156. The New Jersey Economic Recovery Act of 2020 authorized the NJEDA to request a tax certificate holder, at the holder's discretion, to defer the application of a currently allowable tax credit pursuant to the Grow New Jersey Assistance Act (*L.* 2011, *c.* 149), to a later tax period. *L.* 2020, *c.* 156. The deadline to suspend certain obligations under the Grow New Jersey Act is extended until December 31, 2025. *L.* 2025, *c.* 127.

Most tax credit programs administered by the NJEDA are nonrefundable, meaning that a taxpayer may not claim a tax credit greater than its tax liability. The nonrefundable status of the tax credits negates the potential for a tax refund based upon the applicable NJEDA tax credit in any tax year for taxpayers without sufficient tax liability. However, many of the tax credits can be sold and utilized by the buyer of the tax credit.

The Garden State Film and Digital Media Jobs Act, provides tax credits for qualified film production expenses and qualified digital media content production expenses, against the CBT and the GIT. *L.* 2018, *c.* 56. An application for the tax credits must be submitted to and approved by the NJEDA in order for a taxpayer to receive the credits. *L.* 2018, *c.* 56.

For qualified film production expenses, a tax credit of 40% of the expenses incurred by a taxpayer that is a New Jersey studio partner is allowed, and a tax credit of 35% of qualified film production expenses, incurred by a taxpayer other than a New Jersey studio partner or a New Jersey film-lease production company is allowed, during tax years beginning on or after July 1, 2018, but before July 1, 2049. *L.* 2018, *c.* 56. *L.* 2025, *c.* 81. The tax credits allowed are subject to certain requirements and restrictions, and may be transferred by the taxpayer in certain circumstances. *L.* 2018, *c.* 56, *L.* 2025, *c.* 81. A tax credit transfer certificate may be applied against CBT, GIT and IPT, and against retaliatory taxes imposed upon insurers of a state or province doing business in New Jersey. *L.* 2018, *c.* 56, *L.* 2025, *c.* 81. When qualified film production expenses are incurred for use at a sound stage or other location in New Jersey within a 30-mile radius of certain locations within Manhattan, New York City, a tax credit of 40% is allowed in the case of a taxpayer designated as a New Jersey studio partner, a tax credit of 35% is allowed for a New Jersey film-lease production company, and a tax credit of 30% is allowed for a taxpayer other than a New Jersey studio partner or a New Jersey film-lease production company. *L.* 2021, *c.* 160, *L.* 2025, *c.* 81.

For qualified digital media content production expenses, a tax credit of 30% of expenses incurred in New Jersey for the production of digital media content is allowed. *L.* 2018, *c.* 56, *L.* 2023, *c.* 97. In addition, a tax credit of 35% of qualified digital media content production expenses incurred by a taxpayer through New Jersey qualified vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County is allowed, and may be utilized during the same privilege periods. *L.* 2018, *c.* 56, *L.* 2023, *c.* 97. The tax credit is 40% of qualified digital media content production expenses incurred by a taxpayer, subject to certain conditions, for post-production services including visual effects services performed at a New Jersey film-lease partner facility that are incurred by a taxpayer that is a New Jersey studio partner, or a New Jersey film-lease post-production company. *L.* 2024, *c.* 33. The credit applies to privilege periods beginning on or after July 1, 2018 but before July 1, 2049. *L.* 2025, *c.* 81.

Various defined terms in the Garden State Film and Digital Media Jobs Act have been amended to expand the definition of a "full-time and full-time equivalent employee" under the Act to include individuals whose wages are not subject to tax under the GIT Act, N.J.S.A. 54A:1-1 to -2.1, due to the provisions of a tax reciprocity agreement with another state. *L.* 2024, *c.* 33. Additionally, the defined terms "qualified film production expenses," "qualified digital media content production expenses" and "loan out company" were amended to incorporate the same language. *L.* 2024, *c.* 33.

Additionally, the definition of the term "digital media content" was amended to include the following digitally formatted and distributed content, including data or information created in analog form but reformatted in digital form: animation; video games; visual effects; interactive media, including virtual, augmented, or mixed reality; content containing text, graphics, or photographs; sound; and video. *L.* 2024, *c.* 33. "Qualified digital media content production expenses" means expenses incurred in New Jersey for the production of digital media content, and was amended for post-production costs, including, but not limited to: editing, sound design, visual effects, animation, music composition, color grading, and mastering. *L.* 2024, *c.* 33.

"Qualified film production expenses" are expenses incurred in New Jersey for the production of a film, including pre-production and post-production costs. *L.* 2018, *c.* 56. They include wages and salaries of individuals employed, and the costs for tangible personal property used and services performed, directly and exclusively in the production of a film. *L.* 2018, *c.* 56. The term includes, for New Jersey studio partners, certain deferred compensation payments in the calculation of wages and salaries. *L.* 2024, *c.* 33. For a New Jersey studio partner or New Jersey film-lease production company that enters into a lease to occupy a New Jersey film-lease partner facility for at least three years, qualified film production expenses include production insurance premiums paid to insurance companies doing

business in New Jersey, subject to certain limitations, and script costs of any script written within New Jersey, subject to certain criteria. These costs are applied based on the percentage of photography shoot days in New Jersey relative to the total principal photography shoot days for the film. *L.* 2025, *c.* 81.

The Act defines "film" to include a competition, a variety show filmed in front of a live audience, and certain reality shows if the production company has obtained a minimum four episode order from, and is commissioned and scheduled to premiere on, a major linear network or streaming service. *L.* 2024, *c.* 33, *L.* 2025, *c.* 81. The Act defines "incurred in New Jersey" to provide that, under certain conditions, if a production is also located in another jurisdiction then purchased tangible property is used and consumed in New Jersey to the extent that the property is located in New Jersey during its use or consumption. *L.* 2024, *c.* 33.

The Garden State Film and Digital Media Jobs Act also allows a tax credit against CBT and GIT, upon approval by the NJEDA of a taxpayer's application, that is accompanied by a plan outlining specific goals, which may include advertising and recruitment actions, for hiring residents of an economically disadvantaged area in the State, a distressed municipality, or on land owned by the federal government on or before December 31, 2005. *L.* 2018, *c.* 56, *L.* 2025, *c.* 81. The taxpayer shall be allowed a tax credit of 4% of the taxpayer's qualified film production expenses or digital media content production expenses of the taxpayer. *L.* 2018, *c.* 56, *L.* 2025, *c.* 81. The tax credit is available to a taxpayer during a privilege period or taxable year commencing on or after July 1, 2018, but before July 1, 2049. *L.* 2025, *c.* 81.

The NJEDA may make available the uncommitted balance of the tax credits it is authorized to award pursuant to the "New Jersey Aspire Program Act" and the "Emerge Program Act," to New Jersey studio partners and New Jersey film-lease productions companies. *L.* 2023, *c.* 97. The value of tax credits made available each fiscal year to New Jersey film-lease production companies is $100 million in Fiscal Year 2021 through Fiscal Year 2023, and $150 million in Fiscal Year 2024 until Fiscal Year 2050. *L.* 2025, *c.* 81. Beginning in Fiscal Year 2023, in addition to the cumulative total tax credits made available for New Jersey film-lease production companies, up to an additional $250 million may be made available annually, at the discretion of the NJEDA. *L.* 2023, *c.* 97. The value of tax credits made available each fiscal year to New Jersey studio partners is $100 Million in Fiscal Year 2021 through Fiscal Year 2023, and $150 million in Fiscal Year 2024 until Fiscal Year 2050. *L.* 2025, *c.* 81. Beginning in Fiscal Year 2023, in addition to the cumulative total tax credits made available for New Jersey studio partners, up to an additional $400 million may be made available annually, at the discretion of the NJEDA. *L.* 2023, *c.* 97.

Tax credits are also to be made available to taxpayers other than New Jersey studio partners and New Jersey film-lease production companies that are awarded tax credits under the program which value is not to exceed $100 million in Fiscal Year 2026 and in each fiscal year thereafter until Fiscal Year 2050. *L.* 2025, *c.* 81. *L.* 2023, *c.* 97 also permits the NJEDA to make capital investments in New Jersey film-lease partner facilities in amounts not to exceed $10 million per project, and appropriates $30 million to the NJEDA for the purpose of making and administering these capital investments. *L.* 2023, *c.* 97 removed the 20 percent penalty that was imposed on a New Jersey film-lease partner's qualified film production expenses that fall below a $50 million annual average and includes a requirement for a New Jersey studio partner to occupy its production facility for the duration of the studio partner's commitment period or else risk recapture of awarded tax credits and loss of New Jersey studio partner designation. In the event of a recapture of film tax credits, the tax credits shall only be recaptured from the initial recipient of the tax credits and not the purchaser or assignee of a tax credit transfer certificate. *L.* 2025, *c.* 81. If a New Jersey studio partner, a New Jersey film-lease partner facility, or a New Jersey film-lease post-production company fails to occupy the necessary space due to any reason outside the control of the entity, the tax credits are not to be recaptured. *L.* 2025 *c.* 81. Additionally, if a New Jersey film-lease production company is leasing or subleasing space from a New Jersey film-lease partner facility and the tax credits are issued before the facility receives a temporary certificate of occupancy, no tax credits can be recaptured within one year of the date of the lease, or two years if the construction commences of the facility. *L.* 2025 *c.* 81.

L. 2023, *c.* 97 revised the definitions of "incurred in New Jersey" and "qualified film production expenses," to include certain payments made to homeowners for the use of their personal residence located in New Jersey. The definition of "qualified film production expenses" was expanded to include, for New Jersey studio partners, certain deferred compensation payments in the calculation of wages and salaries, and modified the limitation on the amount of wages, salaries, and other compensation that New Jersey studio partners and New Jersey film-lease production companies may include as "qualified film production expenses." *L.* 2024, *c.* 33 made eligibility modifications to film

production expenses, including (1) at least 60 percent of the total film production expenses, exclusive of post-production costs, of the taxpayer are to be incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey; or (2) the qualified film production expenses of the taxpayer during the tax period for services performed, and goods purchased, through vendors authorized to do business in New Jersey, are to exceed $1 million per production. *L.* 2025, *c.* 81 also included certain out-of-State costs, in proportion to the percentage of principal photography shoot days in New Jersey, as "qualified film production expenses" for New Jersey studio partners and for New Jersey film-lease production companies that enter into a lease to occupy a New Jersey film-lease partner facility for at least three years. Some of out-of-State costs that are "qualified film production expenses" cannot exceed 7.5% of such qualified film production expenses. *L.* 2025, *c.* 400 clarifies that advances on deferred compensation and script costs have no maximum as "qualified film production expenses" for feature films with qualified film production expenses exceeding $125 million.

The definition of "film" includes a competition or variety show filmed in front of a live audience, and certain reality shows if the production company has obtained a minimum four episode order from, and is commissioned and scheduled to premiere on, a major linear network or streaming service. *L.* 2023, *c.* 97, *L.* 2024, *c.* 33, *L.* 2025, *c.* 81. The definition of "incurred in New Jersey" was amended to provide that, under certain conditions, if a production is also located in another jurisdiction then the purchased tangible property is used and consumed in New Jersey to the extent that the property is located in New Jersey during its use or consumption, and amends the definition of "qualified film production expenses" to provide for the inclusion of wages and salaries not subject to GIT due to tax reciprocity agreements with other states. *L.* 2024, *c.* 33, *L.* 2025, *c.* 81.

L. 2025, *c.* 81 provides for an increase in the tax credit against CBT and GIT in an amount equal to 4% of a taxpayer's qualified film production expenses or qualified digital media content production expenses for certain activities that promote or invest in New Jersey. An increase of 4% of a taxpayer's qualified film production expenses or qualified digital media content production expenses is also authorized if the taxpayer submits and has approved a plan for hiring residents of certain economically disadvantaged areas in New Jersey, certain distressed municipalities, or land owned by the federal government on or before December 31, 2005. *L.* 2025, *c.* 81. The aggregate of the two increases cannot exceed five percent. *L.* 2025, *c.* 81.

A tax credit is available to employers for employees with an impairment to their work capacity, to help to offset the cost to the employer of any wage increases for the impaired employees, caused by enacting an increased minimum wage. The minimum wage has increased in stages, from $8.80 per hour to $15 per hour by January 1, 2024. *L.* 2019, *c.* 32.

L. 2019, *c.* 320 creates the "Pass-Through Business Alternative Income Tax Act." The alternative tax is elected by the entity's members and calculated by a progressive percentage, 5.675% to 10.9%, depending on the amount of pass-through proceeds. If paid, the members are entitled to a corresponding GIT credit.

Employers are provided a CBT and GIT credit for workers who missed time due to donating organs or bone marrow, capped at 25% of the worker's salary for up to thirty days of missed time. *L.* 2019, *c.* 444.

Starting July 1, 2019, a taxpayer can claim credits against CBT and GIT of up to $10,000 for start-up costs immediately following a qualifying one-year apprenticeship in an apprenticeable trade. *L.* 2019, *c.* 417. The Director of the Division of Taxation can approve up to $1,000,000 in credits annually.

The New Jersey Economic Recovery Act of 2020 authorized the award of various tax credits, including under the jurisdiction of the NJEDA, through various constituent programs, not to exceed an overall cap of $11.5 billion. The New Jersey Economic Recovery Act of 2020 originally awarded the tax credits over six years, with an additional seventh year to award uncommitted tax credits under the constituent programs. *L.* 2020, *c.* 156. *L.* 2023, *c.* 98 extends this period by another two years, to March 1, 2029. The overall cap was increased to $14 billion. *L.* 2025, *c.* 399.

The New Jersey Innovation Evergreen Act, under the jurisdiction of the NJEDA, allows the NJEDA to approve investors to make special purpose qualified investments and to administer programs that create an innovation ecosystem that supports high growth businesses in the State. *L.* 2020, *c.* 156. The total value of tax credits annually awarded during each of the first six years of the nine-year period shall not exceed $60 million, and the total value of tax credits awarded over the entirety of the nine-year period shall not exceed $300,000,000. *L.* 2023, *c.* 98. The Food

Desert Relief Act provides CBT and IPT credits in order to incentivize businesses to establish and retain new supermarkets and grocery stores in food desert communities. *L.* 2020, *c.* 156, amended by *L.* 2021, *c.* 160 and *L.* 2022, *c.* 47. The taxpayer may claim 25 percent of the total credit in the taxable year during which the taxpayer establishes and opens the supermarket or grocery store for business and may carryforward any unused credits for 10 years. Tax credits awarded under this program are capped at $40 million annually for each of the first six years of the nine-year period. *L.* 2020, *c.* 156. The Cultural Arts Incentives Program Act amends and supplements *L.* 2020, *c.* 156 and establishes a tax credit program under the jurisdiction of the NJEDA which incentivizes the establishment of cultural arts projects in New Jersey. *L.* 2023, *c.* 197. An eligible cultural arts institution seeking a tax credit pursuant to this program must apply for the tax credit with the NJEDA, and tax credits awarded to a cultural arts institution under this program may be applied against CBT and IPT liabilities. *L.* 2023, *c.* 197. Recipients of the tax credits can apply for a tax credit transfer certificate, which can be sold or assigned in full or in part in the privilege period during which the cultural arts institution receives the tax credit transfer certificate. *L.* 2023, *c.* 197. Tax credits under this program are capped at $200 million annually for the first six years of the nine-year program. *L.* 2020, *c.* 156; *L.* 2023, *c.* 98. Certain restrictions apply to the geographical distribution of these awards. *L.* 2023, *c.* 98.

L. 2024, *c.* 61 modifies certain provisions of the Historic Property Reinvestment Program and the Brownfields Redevelopment Incentive Program. The Historic Property Reinvestment Program provides CBT and IPT tax credits for part of the cost of rehabilitating historic properties in this State. The credit is based on 50 percent of the rehabilitation cost of a qualified property other than a transformative project, and tax credits under this program are capped at $50 million annually for the first six years of the nine-year period. The Brownfields Redevelopment Incentive Program provides CBT tax credits to compensate developers of redevelopment projects located on brownfield sites for remediation costs, based on 60 percent of the actual remediation costs, or 60 percent of projected remediation costs as set forth in a redevelopment agreement, or $8,000,000, whichever is least. Tax credits under this program are capped at $50 million annually for the first six years of the nine-year period. *L.* 2024, *c.* 61.

L. 2024, *c.* 49, established the Next New Jersey Program Act under the jurisdiction of the NJEDA to encourage economic development of artificial intelligence (AI) in the State, by providing tax credits to eligible businesses primarily engaged in the AI industry. A business will be considered primarily engaged in the AI industry if it can demonstrate various factors, including that at least 50 percent of the business's employees are engaged in AI-related activities, or at least 50 percent of the business's revenue is generated from AI-related activities. *L.* 2024, *c.* 49. A business eligible for a tax credit may submit an application to the NJEDA for approval. The amount of the tax credit allowed for a particular project equals the lesser of: (1) the product of 0.1 percent of the eligible business's total capital investment multiplied by the number of new full-time jobs; or (2) 25 percent of the eligible business's total capital investment; or (3) $250 million.

L. 2025, *c.* 123, establishes the "Next New Jersey Manufacturing" tax credit program to encourage substantial investment in the State, create new jobs and economic opportunities, and position New Jersey as a leader in the manufacturing economy. An eligible business is required to: (1) make, acquire, or lease not less than $10 million in capital investments at a qualified business facility in the State; (2) create not less than 20 new full-time jobs in the State; (3) provide a median salary for the full-time jobs at the qualified business facility of not less than 120 percent of the median salary for manufacturing employees in the county in which the project is located; and (4) satisfy certain other requirements. The amount of the tax credit allowed for a particular project equals the lesser of: (1) 0.1 percent of the eligible business's total capital investment, multiplied by the number of new full-time jobs; (2) 25 percent of the eligible business's total capital investment; or (3) $150 million. A tax certificate holder may transfer the tax credit amount on or after the date of issuance for use by the transferee in the tax period for which it was issued, or in any of the next three successive tax periods. *L.* 2025, *c.* 123.

L. 2026, *c.*77, establishes the "End Data Center Tax Credits Act," which reduces the amount of tax credits available for the Next New Jersey Program by $250 million. Under current law, $500 million is currently available under the Next New Jersey Program for certain projects related to the development of artificial intelligence or data centers. As of May 2026, the NJEDA has awarded $250 million in tax credits to one project under the Next New Jersey Program, which award is not impacted by this statute. This statute reduces the total amount of tax credits available under the Next New Jersey Program by the uncommitted amount of $250 million.

The New Jersey Economic Recovery Act of 2020 also established The New Jersey Aspire Program ("Aspire") and the Emerge Program ("Emerge"), both under NJEDA authority. *L.* 2020, *c.* 156. Aspire provides CBT and IPT tax

credits to encourage redevelopment projects, including special needs, moderate-income, and low-income redevelopment projects, by covering certain project financing gap costs. *L.* 2020, *c.* 156. Institutions of higher education are also eligible for tax credits under Aspire for certain redevelopment projects. *L.* 2025, *c.* 313. Emerge provides CBT and IPT tax credits to encourage economic development, job creation, and the retention of significant numbers of jobs in imminent danger of leaving the State. Developers may submit an application for an Aspire tax credit for an eligible redevelopment project during the grant period, through March 1, 2029. The tax credits are awarded in the order the applications are received for eligible redevelopment projects submitted during the grant period. *L.* 2020, *c.* 156; *L.* 2023, *c.* 98. *L.* 2022, *c.* 46 amended Aspire to provide that the recipients of tax credits under its program may carry forward unused tax credits during the seven privilege periods following the year in which the credits are awarded. The recipient may also carry forward unused tax credits, including when tax credits exceed the value of eligible tax liabilities against which the tax credits may be claimed. Under Aspire, the recipient of a tax credit may apply to the Director of the Division of Taxation for a tax credit certificate to transfer all or part of its tax credit amount for use by the transferee in the tax period for which it was issued, and the transferee may carry forward all or part of the tax credit amount in any of the next five successive tax periods. *L.* 2023, *c.* 98. The amount of tax credits that may be claimed by the transferee in any tax period shall not exceed the total tax credit amount divided by the duration of the eligibility period in years. *L.* 2023, *c.* 98. Additionally, the NJEDA is no longer required to approve the carry forward of tax credits. *L.* 2022, *c.* 46. Tax credits under Aspire combined with tax credits under Emerge are capped at $1.1 billion annually for the first six years of the nine-year period. *L.* 2020, *c.* 156. During the seventh and eighth years of the extended nine-year period, an additional $1.25 billion in tax credits shall be available under Aspire and Emerge. *L.* 2025, *c.* 399. After the nine-year period, remaining credits shall be deployed to the Aspire and Emerge programs in subsequent years. *L.* 2025, *c.* 399.

The combined $1.1 billion annual cap for Aspire and Emerge does not apply to annual expenditures for transformative projects under Aspire. Transformative projects under Aspire do not have an annual cap but have an overall cap of $2.5 billion, subject to certain transfers from the amount for non-transformative projects. *L.* 2020, *c.* 156; *L.* 2023, *c.* 98.

L. 2025, *c. 399* creates a new tax credit category for sports entertainment facility renovation projects, with a cap of $300 million dollars from the tax credits available to Aspire in the seventh and eighth years. Applications must be submitted to NJEDA before June 30, 2027. Development is permitted to occur in phases, with each phase requiring an additional contribution of capital and certifications to the NJEDA for tax credits. Developers of a sports and entertainment facility must demonstrate a project financing gap and undergo a State fiscal impact analysis. Tax credits may be recaptured if a developer is not in compliance with the terms of the required community benefits agreement or if the developer fails to provide certification that the project is in compliance with the community benefits agreement. The developer of a sports and entertainment project may receive a total tax credit equal to 80% of eligible project costs or $300 million, whichever is less.

For CBT and GIT purposes, a taxpayer shall not be denied a deduction for ordinary and necessary business expenses paid for with the proceeds of a federal Paycheck Protection Program loan, by reason of the exclusion of the loan from entire net income or because the loan was forgiven pursuant to section 1106 of the federal CARES Act, *Pub. L.* 116-136, or any subsequent expansion of the federal Paycheck Protection Program. *L.* 2021, *c.* 90.

A taxpayer may apply a credit of up to $30,000 for a commercial property and $3,000 for a residential property in a single privilege period toward an imposed CBT or GIT, for the purchase and use of unit concrete products that utilize carbon footprint-reducing technology. *L.* 2021, *c.* 278. The law establishes a credit value of $2 per square foot of qualified unit concrete products when the taxpayer makes a minimum purchase of 100 square feet of qualified unit concrete products. *L.* 2021, *c.* 278.

L. 2023, *c.* 4 provides CBT and GIT credits to concrete producers that deliver concrete associated with reduced greenhouse gas emissions, for use in certain State funded projects. *L.* 2023, *c.* 4 also provides CBT and GIT credits to these same producers, for the costs of conducting environmental production declaration analyses of their products. The amount of the tax credits would be capped at 5 percent of the cost of the reduced emission concrete, for "low embodied carbon concrete," and 3 percent of the costs of the reduced emission concrete, for concrete that incorporates "carbon capture, utilization, and storage technology." Concrete that meets both criteria could receive a tax credit of up to 8 percent of the cost of the reduced emission concrete. *L.* 2023, *c.* 4.

L. 2023, *c.* 50 decouples New Jersey's CBT Act from 26 U.S.C. 280E, which prohibits deductions and credits for cannabis businesses, and also decouples S Corporation income under the New Jersey GIT Act from 26 U.S.C. 280E, to allow a New Jersey taxpayer to deduct from income all ordinary and necessary business expenses incurred in carrying on a licensed cannabis business. N.J.S.A. 54:10A-1 to -41; N.J.S.A. 54A:5-1 to -18.

L. 2024, *c.* 1 modifies the formula for calculating the percentage of eligible property expenditures a taxpayer may depreciate. The formula is two (2) times the number of affordable housing units in a development divided by the total number of housing units in a development.

L. 2026, *c.* 23 establishes a fee on certain employers that employ individuals who receive health benefits coverage through the State Medicaid program known as NJ FamilyCare as follows: (1) for an employer with at least 50 but fewer than 250 employees and their dependents who receive health benefits coverage through the State Medicaid program, $325 for each employee and for each dependent; (2) for an employer with at least 250 but fewer than 500 employees who receive health benefits coverage through the State Medicaid program, $525 for each employee and for each dependent; and (3) for an employer with 500 or more employees who receive health benefits coverage through the State Medicaid program, $725 for each employee and for each dependent. Beginning on July 1, 2027, there is an exemption for the following employees: (1) an employee of the employer who has been employed by the employer for less than 90 days at the time the fee is determined pursuant to *L.* 2026, *c.* 23; (2) an employee who works part-time, on a per diem basis, or who is a temporary employee; or (3) a seasonal employee.

Energy Tax Receipts

To preserve certain revenues while transitioning to more competitive markets in energy and telecommunications, the law concerning taxation of gas and electric public utilities, and certain telecommunication companies was amended, as were tax laws concerning sales of electricity, natural gas, and energy transportation service. Effective January 1, 1998, the Gross Receipts and Franchise Tax previously collected by electric, gas and telecommunications utilities was eliminated. *L.* 1997, *c.* 162. In its place, electric, gas, and telecommunications utilities became subject to the CBT, and the retail sale of electricity and natural gas, with certain exceptions, became subject to the State's Sales and Use Tax. *L.* 1997, *c.* 167.

Current Rate for sewerage and water corporations: 5% (2% if gross receipts do not exceed $50,000) plus 7% on gross receipts plus 0.625% surtax (0.25% if gross receipts do not exceed $50,000) plus 0.9375%.

Utilities are generally subject to the CBT, with certain exceptions. The retail sale of energy and utility service is subject to the State's Sales and Use Tax, with certain exceptions. A portion of the revenues derived from the taxation of energy and utility service is credited to a special dedicated fund known as the "Energy Tax Receipts Property Tax Relief Fund". *L.* 1997, *c.* 167. Sewerage and water corporations are exempt from the CBT, but are subject to a specific excise tax which applies only to them. Utilities are also assessed by the Board of Public Utilities. Certain utilities may also be subject to the Uniform Transitional Utility Assessment.

L. 2007, *c.* 94 grants a seven (7) year period of exemption from the State's Sales and Use Tax to qualified manufacturing facilities producing products meeting certain recycled content standards. However, qualified manufacturing facilities will continue to pay the Sales and Use Tax but shall file for quarterly refunds within 30 days of the close of the calendar quarter.

Gross Income Tax (GIT)

The GIT is imposed on enumerated categories of gross income of New Jersey resident individuals, estates and trusts. New Jersey source income, except pension and annuity income or other retirement income, such as income from Internal Revenue Code § 401(k), 403, 414, and 457 Plans (*L.* 1989, *c.* 219), of non-resident individuals, estates and trusts, is also subject to GIT. Gambling winnings of non-residents are subject to GIT as well. *L.* 1993, *c.* 143. Non-residents pay GIT based on a statutory calculation which requires non-residents to compute liability as though they are residents and then prorate liability by the proportion of New Jersey source income to total income. *L.* 1993, *c.* 178. However, the requirement that non-residents must compute their tax liability on a prorated basis may be suspended

provided New York State eliminates a similar requirement for its non-resident personal income taxpayers. *L.* 1993, *c.* 320. *Current Rates*: Beginning in 1996 and thereafter, further rate reductions enacted pursuant to *L.* 1995, *c.* 165 will result in cumulative decreases from the 1993 taxable year levels of 30%, 15% and 9% for certain taxable income levels.

The graduated rate effective for tax years commencing January 1, 1996 for married couples filing jointly and certain qualified individual filers is: 1.400% on taxable income not exceeding $20,000; $280.00 plus 1.750% on taxable income in excess of $20,000 but not over $50,000; $805.00 plus 2.450% on taxable income in excess of $50,000 but not over $70,000; $1,295.50 plus 3.500% on taxable income in excess of $70,000 but not over $80,000; $1,645.00 plus 5.525% on taxable income in excess of $80,000 but not over $150,000; and $5,512.50 plus 6.370% on taxable income exceeding $150,000.

The graduated rate effective for tax years commencing January 1, 1996 for qualified individual filers is: 1.400% on taxable income not exceeding $20,000; $280.00 plus 1.750% on taxable income in excess of $20,000 but not over $35,000; $542.50 plus 3.500% on taxable income in excess of $35,000 but not over $40,000; $717.50 plus 5.525% on taxable income in excess of $40,000 but not over $75,000; and $2,651.25 plus 6.370% on taxable income exceeding $75,000.

Beginning in 2004 and thereafter, a GIT rate of 8.97% is imposed on taxpayers with income over $500,000. *L.* 2004, *c.* 40.

Effective January 1, 2018 and thereafter, a new graduated GIT rate of 10.75% is imposed on taxpayers with income over $5,000,000. *L.* 2018, *c.* 45.

Effective January 1, 2020 and thereafter, the tax rate for income between $1,000,000 and $5,000,000 increases from 8.97% to 10.75%. *L.* 2020, *c.* 94.

The GIT includes many of the same taxable additions as the federal income tax, but allows only certain deductions such as for personal exemptions, medical expenses, alimony payments, property taxes on principal residences and qualified contributions of certain real property interests. Gross income does not include employer-provided commuter transportation benefits for employees who participate in ride-sharing programs beginning January 1, 1997. The benefit limit an employee may exclude from GIT annually adjusted based on relevant U.S. Consumer Price Index data. The benefit limit for 2026 is $4,000. *L.* 1996, *c.* 121; *L.* 2002, *c.* 162. Additionally, under the "New Jersey Limited Liability Company Act," for State tax purposes, members or assignees of members of the newly created limited liability companies are treated as partners in a partnership and single member limited liability companies are treated as sole proprietorships, unless treated otherwise for federal income tax purposes. *L.* 1993, *c.* 210; *L.* 1998, *c.* 79. Discharge of student loan indebtedness is excluded from gross income when it is from the Total and Permanent Disability discharge process of the United States Department of Education, for a taxpayer who is a totally and permanently disabled veteran. *L.* 2022, *c.* 125.

Military pension and survivor benefits respecting service in the United States Armed Forces are not included in gross income. *L.* 2001, *c.* 84. For taxable years beginning on or after January 1, 2004, *L.* 2005, *c.* 63 excludes from taxable income housing and subsistence allowances received by New Jersey National Guard members on State Active duty, and by members of the U.S. Armed Forces' active and reserve components (effective April 7, 2005). For taxable years beginning on or after January 1, 2021, military combat zone pay excluded under IRC §112 is also excluded from New Jersey gross income. *L.* 2020, *c.* 93.

Gross income also does not include earnings on or distributions from an individual trust account or savings account established pursuant to the New Jersey Better Educational Savings Trust Program ("NJBEST") (*L.* 1997, *c.* 237) or the New Jersey Achieving a Better Life Experience ("ABLE") Program (*L.* 2015, *c.* 185); or contributions to or distributions from a medical savings account excluded from federal gross income under 26 U.S.C. 220 (*L.* 1997, *c.* 414). Distributions from Roth IRAs also receive favorable tax treatment. *L.* 1998, *c.* 57. For taxable years beginning on or after January 1, 2022, a NJBEST account, when it is initially opened by a taxpayer with gross income of $75,000 or less, shall be eligible for a one-time grant of up to $750 in a dollar-for-dollar match of the initial deposit to the account. *L.* 2021, *c.* 128. A taxpayer with gross income of $200,000 or less shall be allowed a deduction not to exceed $10,000, from the taxpayer's gross income for the taxable year, in the amount of the taxpayer's contribution for the

taxable year to an account established pursuant to the NJBEST Program. *L.* 2021, *c.* 128. A taxpayer with gross income of $200,000 or less shall be allowed a deduction, not to exceed $2,500, from the taxpayer's gross income for the taxable year, in the amount of principal and interest payments paid on a student loan under the New Jersey College Loans to Assist State Students ("NJCLASS") Loan Program. *L.* 1999, *c.* 46; *L.* 2021, *c.* 128. A taxpayer with gross income of $200,000 or less shall be allowed a deduction, not to exceed $10,000, from the taxpayer's gross income for the taxable year, in the amount the taxpayer paid to an in-State institution of higher education during the taxable year, for tuition costs related to the taxpayer's enrollment or attendance at the institution of higher education or related to the enrollment or attendance of a spouse or dependent of the taxpayer at the institution. *L.* 2021, *c.* 128.

Pursuant to *N.J.S.A.* 54A:3A-17, New Jersey resident taxpayers are permitted a deduction of up to $10,000 from gross income for property taxes. Effective January 1, 2018 and thereafter, the deduction from gross income for property taxes increases to $15,000. *L.* 2018, *c.* 45. Married residents filing separately are allowed one-half of the deduction permitted by law on the qualifying homestead. Allowable deductions are subject to certain limitations. The deductions are available in some instances for renters as well. For sales or exchanges of principal residences occurring after May 7, 1997, gains of up to $500,000 on joint returns and $250,000 on single returns may be excluded, subject to certain limitations and qualifications. *L.* 1998, *c.* 3.

The law also provides a State-administered property tax relief program to eligible homeowner and tenant residents pursuant to the Homestead Property Tax Credit Act. *L.* 1990, *c.* 61. The Homestead Property Tax Credit Act provides minimum statutory benefits and is subject to annual appropriation. *L.* 2023, *c.* 84 clarifies base year income eligibility criteria for the Homestead property tax benefit. *L.* 2023, *c.* 74, authorizes property tax benefits to eligible residents for Fiscal Year 2024, under the Affordable New Jersey Communities for Homeowners and Renters ("ANCHOR") property tax rebate program. This program includes those who reside in housing that operates under a Payment In Lieu of Taxes ("PILOT") agreement with their municipality. Homeowner residents with gross income in excess of $150,000 but not in excess of $250,000 for tax year 2020 are eligible for a benefit in the amount of $1,000 of property taxes paid; homeowner residents with income of $150,000 or less are eligible for $1,500. *L.* 2023, *c.* 75 provides an additional $250 to eligible homeowner residents age 65 years or older; tenant residents with gross income in excess of $150,000 for tax year 2020 are excluded from the program, and tenant residents with gross income not in excess of $150,000 for tax year 2020 are eligible for a benefit of $450. *L.* 2023, *c.* 75 provides an additional $250 to eligible tenant residents age 65 years or older.

L. 2023, *c.* 75 establishes a new program to provide property tax benefits to senior citizens called the "Stay NJ" property tax credit program. The program was implemented January 1, 2026. *L.* 2023, *c.* 75. The Stay NJ property tax credit provides eligible claimants an annual property tax credit of up to 50 percent of the property taxes they paid on their principal residence in the prior tax year, up to a maximum of $6,500 per year. An "eligible claimant" is a person who is 65 or more years of age, is the owner of a homestead that is the person's primary residence, and has a gross annual income that is less than $500,000. *L.* 2023, *c.* 75. An applicant seeking property tax relief will be entitled to the greater of: (1) the amount of the Stay NJ property tax credit; or (2) the combined amount of the ANCHOR property tax rebate and the homestead property tax reimbursement. *L.* 2023, *c.* 75.

The minimum taxable income for GIT purposes is an amount in excess of $10,000 for unmarried individuals, married persons filing separately, estates, and trusts, for tax years commencing January 1, 1999. *L.* 1994, *c.* 8. With respect to married persons filing joint returns, and individuals filing as head of household or as a surviving spouse for federal income tax purposes pursuant to *N.J.S.A.* 54A:2-1, the minimum taxable income subject to tax are amounts in excess of $20,000.

L. 2023, *c.* 125 establishes that if an employee's state of residence determines the source of income of nonresidents by a "convenience of the employer test," and the employee works for a New Jersey employer from a location in the employee's state of residence for the employee's own convenience, then the New Jersey employer would be required to include those days as days worked in New Jersey and withhold income tax accordingly. *L.* 2023, *c.* 125. This legislation does not apply to Pennsylvania residents who work in New Jersey, since there is a Reciprocal Agreement in place with that state. Further, the convenience of employer sourcing rule also does not apply to Connecticut residents who work in New Jersey, based on New Jersey's understanding that the similar Connecticut convenience rule does not apply to New Jersey residents who work in Connecticut. The Division of Taxation intends to coordinate with the Connecticut Department of Revenue Services and issue further guidance for clarification.

L. 2023, *c.* 125 also provides a refundable GIT credit available to New Jersey resident taxpayers who obtain a favorable final judgment from the tax court or tribunal of another state or jurisdiction, resulting in the resident taxpayer being refunded taxes paid to that state or jurisdiction on income derived from services rendered while the resident taxpayer was within New Jersey. The tax credit would be equal to 50 percent of the amount of the taxes that are owed to New Jersey as a result of the readjustment of New Jersey's credit for taxes paid to another state or jurisdiction. *L.* 2023, *c.* 125 also establishes a nonrefundable GIT credit of $2,000 for individuals who seek from their employer and accept a reassignment from an out-of-State location to an in-State location and the amount of tax credits that may be awarded to qualified taxpayers is limited to $10 million per State fiscal year. *L.* 2023, *c.* 125 provides that NJEDA will provide grants to eligible businesses to assign their New Jersey resident employees to New Jersey locations, and a business is eligible for a grant if the business has 25 or more full-time employees, is principally located in another State, and the sum of all grants awarded in any fiscal year is capped at $35 million. *L.* 2023, *c.* 125 clarifies that its provisions would not affect any agreements entered into by the Division of Taxation with another state concerning the payment of income taxes by residents and out-of-state workers. *L.* 2023, *c.* 125 limits the time period for which a taxpayer may claim a credit for taxes to other jurisdictions, when another state changes or corrects reportable income, to within one year after the date the taxpayer received notification that the other state's income tax was due.

L. 2000, *c.* 80 created an Earned Income Tax Credit ("EITC") program in New Jersey. Effective January 1, 2000, an eligible New Jersey resident can claim a credit based upon a percentage of the individual's federal EITC, which is allowed and applied for, under section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C. 32). *L.* 2008, *c.* 109. The credit percentages for eligible claimants are as follows: 20% from 2003 through 2007, 22.5% in 2008, 25% for 2009, 20% for 2010 through 2014, 30% for 2015 (*L.* 2015, *c.* 73), 35% for 2016 through 2017 (*L.* 2016, *c*. 57), 37% for 2018 (*L.* 2018, *c.* 45), 39% for 2019 (*L.* 2018, *c.* 45) and 40% for 2020 and thereafter. *L.* 2018, *c*. 45. For tax years beginning on and after January 1, 2021, eligibility under the EITC program includes taxpayers that are at least 18 years of age and removes the maximum age restriction of 65 years old. *L.* 2021, *c.* 130.

L. 2004, *c*. 55 amends the New Jersey GIT Act by imposing a GIT obligation on nonresident individuals, estates, or trusts to report and pay estimated GIT on any gain derived from the sale or transfer of real property in the State. Chapter 55 specifies that county recording officers will act as agents of the Director of the Division of Taxation, in collecting the estimated GIT due at an amount no less than 2% of the consideration stated in the deed for the sale or transfer of property and transmitting those funds, net of the administrative fee, to the Division of Taxation in such form and manner as the Director will determine.

L. 2004, *c*. 55 further requires that no deed for the sale or transfer of real property by a nonresident will be accepted or recorded by the county recording officer without the simultaneous filing of the appropriate forms and the payment of the tax due or proof of payment. *L*. 2004, *c*. 55 became effective on August 1, 2004. See also summary of *L*. 2004, *c*. 66, amending the Realty Transfer Tax, below.

For tax years 2005 and thereafter, Chapter 139 creates a deduction from the GIT for certain health care providers that practice in or near a Health Enterprise Zone. *L*. 2004, *c*. 139.

For taxable years beginning after December 31, 2017, the GIT is uncoupled from any deduction provided under section 199A of the federal Internal Revenue Code. Section 199A allows taxpayers other than corporations a deduction of 20% of qualified business income earned in a qualified trade or business, subject to certain limitations. *L.* 2018, *c.* 48.

Effective in the tax year beginning on or after January 1, 2023, resident taxpayers with New Jersey taxable income of $80,000 or less are allowed to claim a refundable child tax credit for each child who has not attained the age of six years as of the close of the taxable year, and for which the taxpayer is allowed a personal exemption deduction. *L.* 2023, *c.* 72. The taxpayer must use a Social Security number or an Individual Taxpayer Identification Number ("ITIN") on their tax forms to be eligible. Income of $30,000 or under receives a $1,000 credit; income over $30,000 but not over $40,000 receives an $800 credit; income over $40,000 but not over $50,000 receives a $600 credit; income over $50,000 but not over $60,000 receives a $400 credit; and income over $60,000 but not over $80,000 receives a $200 credit. The child tax credit amounts are temporarily increased for taxable years 2026, 2027, and 2028, after which the child tax credit amounts revert to the amounts listed above. A taxpayer with income of $30,000 or under receives a $1,250 credit; income over $30,000 but not over $40,000 receives a $1,000 credit; income

over $40,000 but not over $50,000 receives a $750 credit; income over $50,000 but not over $60,000 receives a $500 credit; and income over $60,000 but not over $80,000 receives a $250 credit. *L.* 2026, *c*. 26.

The GIT pension exclusion and other retirement income exclusion are available to certain taxpayers in amounts up to a total of $100,000 for joint filers, $75,000 for individuals, and $50,000 for married but filing separately. *L.* 2016, *c.* 57. *L.* 2005, *c.* 130 previously eliminated the GIT pension exclusion and other retirement income exclusions for taxpayers with gross income over $100,000. For tax years beginning on and after January 1, 2021, taxpayers with income greater than $100,000 but less than $125,000 are newly eligible for partial exclusions of retirement and pension income of up to 50% (married filing jointly), 25% (married filing separately) or 37.5% (single filer). *L.* 2021, *c*. 129. For taxpayers with income greater than $125,000 but less than $150,000, the exclusion is 25% (married filing jointly), 12.5% (married filing separately), or 18.75% (single filer). *L.* 2021, *c*. 129.

Effective January 1, 2012, a taxpayer is permitted an alternative business calculation ("ABC") deduction offsetting gains from one type of business with losses from another. *L*. 2011, *c*. 60. A taxpayer's alternative business income cannot be less than zero for a taxable year, and any net business-related losses can be carried forward for up to 20 years. The ABC deduction includes four categories of business income as follows: (1) net profit from business; (2) net gain or net income derived from, or in the form of, rents, royalties, patents, and copyrights; (3) distributive share of partnership income; and (4) net pro rata share of S corporation income. For taxable years beginning in 2026 and thereafter, taxpayers with a gross income at or below $500,000 may deduct from taxable income 50% of the difference between the taxpayer's regular business income and the taxpayer's ABC income (the "business increment"); those with a gross income of more than $500,000 but not more than $1 million are limited to 25% of the business increment; and those with a gross income over $1 million are ineligible to deduct any business increment. *L.* 2026, *c*. 22.

NJEDA awarded BEIP grants to certain businesses which meet employment goals in New Jersey. Recipients of BEIP grants accrued but not paid between 2008 and 2025 can choose to receive the grants in the form of a credit against the recipient's GIT withholding obligations. *L.* 2015, *c.* 194. A recipient that is a partnership can receive a credit against its GIT withholding obligations or the GIT obligations of certain partners. Credits can be sold in certain circumstances by certain entities. The BEIP program is now closed to new applications.

L. 2009, *c*. 69 provides that New Jersey State Lottery winnings from prizes exceeding $10,000 are taxable under the GIT and authorizes the New Jersey State Lottery to withhold a percentage of such winnings for GIT. *L.* 2009, *c.* 69.

The additional annual personal exemption for veterans was increased from $3,000 to $6,000. *L.* 2019, *c*. 146. The additional annual personal exemption is allowed for any individual New Jersey gross income taxpayer who is a veteran honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States, a reserve component thereof, or the National Guard of New Jersey in a federal active duty status. *L.* 2016, *c.* 57.

The Wounded Warrior Caregivers Relief Act, provides tax credits for qualified family caregivers of qualified armed service members. *L.* 2017, *c.* 67.

L. 2017, *c*. 174, established the "Gold Star Family Counseling Program" in the Department of Military and Veterans Affairs and provides an annual tax credit that shall be determined by the Department as the sum of the hours of donated counseling provided to the Gold Star family member, multiplied by the documented compensation rate applied to those hours.

Individuals can elect to designate part or all of their GIT refund to the Meals on Wheels program, directly on their GIT return. *L*. 2019, *c*. 295.

The deadline to file GIT returns for tax year 2019 was extended to July 15, 2020. *L*. 2020, *c*. 19. The statute of limitations for assessments was also extended until ninety days after the conclusion of the state of emergency declared by the Governor. *L*. 2020, *c*. 19.

L. 2019, *c.* 320 creates the "Pass-Through Business Alternative Income Tax Act." A GIT credit is available in the amount of the individual member's pro rata share of the entity's elected alternative minimum tax.

Unreimbursed costs related to donating organs or bone marrow can be deducted from gross income, up to $10,000. *L.* 2019, *c.* 444.

Election worker compensation paid for work performed on Primary or General Election Days, or during early voting periods is exempt from the GIT. *L.* 2022, *c.* 71.

The federal partnership audit regime is adopted and taxpayers are required to pay any additional New Jersey GIT due with respect to final federal adjustments resulting from an audit or other action by the Internal Revenue Service no later than 180 days after the final determination date. *L.* 2022, *c.* 133. The requirement to affirmatively elect New Jersey S Corporation status has been eliminated. *L.* 2022, *c.* 133.

L. 2023, *c.* 96 provides for uniform sourcing rules for CBT and GIT for taxable years beginning on and after January 1, 2023. A GIT taxpayer's income from a trade, business, partnership, or S corporation will be sourced in a manner consistent with CBT, and any income from salary, wages, tips, fees, commissions, bonuses, and other similar forms of remuneration will be sourced in a manner consistent with GIT.

L. 2025, *c.* 67 allows an exemption from GIT for the capital gains or income derived from the sale or exchange of qualified small business stock to the extent that such capital gains or income are exempt for purposes of federal taxation pursuant to IRC §1202.

Insurance Premiums Tax (IPT)

The IPT is imposed on net premiums collected by every stock, mutual and assessment insurance company transacting business in New Jersey, for insurance contracts covering property and risks in the State. Effective January 1, 1992, health service corporations became subject to tax on their experience-rated health insurance. *L.* 1989, *c.* 295. A surtax on all automobile insurance premiums, except as exempted by statute, was imposed from June 1, 1990 through May 31, 1992. *L.* 1990, *c.* 8. There is also a retaliatory tax imposed against foreign insurance companies doing business in New Jersey when a foreign company's state, country, or province (in the event that the foreign country is Canada) imposes an overall tax (including but not limited to fines and penalties) on New Jersey insurance companies doing business in the foreign jurisdiction that is higher than the tax New Jersey imposes on the foreign company doing business in New Jersey. The tax rate is equal to the difference between the two rates.

Current Rates: 1.05% on group accident and health or legal insurance policies; 2.1% on life and non-life insurance companies; 5% on surplus lines coverage; 5.25% on marine insurance companies; 2% on foreign fire insurance companies.

L. 2005, *c.* 128 modifies the IPT treatment of health service corporations. Specifically, Chapter 128 amends the "maximum tax rule," which caps taxable premiums at 12.5% of total New Jersey premiums. The amendment excludes from the maximum tax rule all health service corporations established pursuant to the provisions of *L.* 1985, *c.* 236 (*N.J.S.A.* 17:48A-1 *et seq.*). Additionally, *L.* 2005, *c.* 128 imposes the IPT on all premiums of health services corporations and on any life, accident or health insurance corporation in which a health services corporation owns stock in, controls, or with which it otherwise becomes affiliated. Effective January 1, 2009, accident and health insurance premiums are also excluded from the 12.5% maximum tax rule on a company's total premiums when the ratio of the company's New Jersey business to total business is greater than 12.5%. *L.* 2009, *c.* 75.

L. 2011, *c.* 25 imposes a new tax rate on captive insurance companies. The annual minimum aggregate tax calculated for both direct premiums and assumed reinsurance premiums to be paid is $7,500 and the annual maximum aggregate tax is $200,000. With respect to direct premiums, captive insurers must pay a tax of .38 of 1% on the first $20 million; .285 of 1% on the next $20 million; .19 of 1% on the next $20 million; and .072 of 1% on each dollar thereafter, on the direct premiums collected or contracted for on policies or contracts of insurance written by the company during the year ending December 31. Captive insurers may deduct return premiums including dividends on unabsorbed premiums or premium deposits returned or credited to policyholders. No tax is due or payable on

considerations received for annuity contracts. With respect to assumed reinsurance premiums, the tax is imposed at the rate of .214 of 1% on the first $20 million of assumed reinsurance premiums; .143 of 1% on the next $20 million; .048 of 1% on the next $20 million and .024 of 1% on each dollar thereafter. The reinsurance premium tax does not apply to premiums for risks or portions of risks, which are subject to taxation on a direct basis. In addition, the reinsurance premium tax does not apply in connection with the receipt of assets in exchange for the assumption of loss reserves and other liabilities of another insurer under common ownership and control, when (1) the transaction is part of a plan to discontinue the operations of the other insurer and (2) the intent of the parties to the transaction is to renew or maintain the business with the captive insurance company.

L. 2011, *c.* 119 modifies the tax treatment of surplus lines policies so that the tax payable pursuant to this section shall be based on the total United States premium for the applicable policy when New Jersey is the home state.

Motor Fuels Tax (MFT)

The MFT is a tax imposed upon the sale of motor fuel, liquefied petroleum, and aviation gasoline, for use or consumption in the State. While fuel taxes are imposed upon the ultimate consumer, *L.* 2010, *c.* 22 requires that the tax be pre-collected by the fuel supplier, permissive supplier, importer, exporter, blender, distributor, aviation fuel dealer, and liquefied petroleum gas dealer. *L.* 2010, *c.* 22 changed the point of motor fuel taxation from the retail and distribution system of refineries, pipelines, ships and barges, at a terminal.

Current Rates: Motor Fuel – 10.5 cents per gallon for gasoline and blended fuel that contains gasoline or is intended for use as gasoline; 13.5 cents per gallon for diesel fuel and blended fuel that contains diesel fuel or is intended for use as diesel fuel and kerosene (but does not include aviation grade kerosene). Liquefied Petroleum Gas – 5.25 cents per gallon; Aviation Gasoline – 10.5 cents per gallon. In addition to the foregoing, aviation fuel distributed to a general aviation airport is taxed at 2 cents per gallon. *L.* 2010, *c.* 22.

Article VIII, Section 2, Paragraph 4 of the State Constitution provides for a dedication of revenue from the MFT to the Transportation Trust Fund Account for improvements to the State's transportation infrastructure. Effective after the fiscal year beginning July 1, 2015, the dedicated funds shall be an amount equivalent to all revenue derived from collection of the MFT.

Petroleum Products Gross Receipts Tax (PPGRT)

The PPGRT applies to gross receipts from the first sale or use of petroleum products in New Jersey. Exempt sales include home heating oil and propane gas used exclusively for residential heating, certain sales to non-profit or governmental entities, sales to the federal government (*L.* 1991, *c.* 19) and the sale of asphalt. This tax does not apply to the sale of fuel oil used by any utility, co-generation facility or wholesale operation facility to generate electricity.

Under current law, the rate of tax imposed under the PPGRT is annually adjusted by the State Treasurer to ensure that the State realizes a statutorily prescribed revenue target, more commonly referred to as the "highway fuel cap." *L.* 2016, *c.* 57. All revenues collected are deposited into the Transportation Trust Fund Account to support transportation infrastructure projects, including debt service on bonds to fund transportation infrastructure projects. *L.* 2016, *c.* 57. If the actual revenues generated fall above or below the highway fuel cap amount set for the fiscal year, the rate of tax is adjusted accordingly, to ensure the highway fuel cap amount is realized. This annual adjustment mechanism was set to expire at the conclusion of State Fiscal Year 2026. *L.* 2024, *c.* 7 modified this mechanism, beginning with fiscal year 2025, to gradually raise the highway fuel cap amount through Fiscal Year 2029.

Effective July 1, 2024, the law increases the highway fuel cap annually for Fiscal Year 2025 through Fiscal Year 2029. *L.* 2024, *c.* 7. On or before November 15 of each State Fiscal Year beginning in State Fiscal Year 2025, the State Treasurer and the Legislative Budget and Finance Officer shall annually adjust the rate of tax imposed on highway fuel, so that the total revenue derived from shall not exceed the annual highway fuel cap amount determined each year by statute. *L.* 2024, *c.* 7. The law also abolishes the three-member review council tasked with monitoring the implementation of the PPGRT. *L.* 2024, *c.* 7.

Current Rates: 7% of gross receipts for petroleum products, $0.124 per gallon for fuel oil effective November 1, 2016. *L.* 2016, *c.* 57. Aviation fuel remains subject to tax at $0.04 per gallon. Effective January 1, 2026, the tax on gasoline and liquefied petroleum gas is $0.386 per gallon and the tax on diesel fuel is $0.426 per gallon.

In November 2000, the State Constitution was amended to dedicate to the Transportation Trust Fund Account in the General Fund, amounts derived from State revenues collected from the PPGRT. *N.J. Const.* art. VIII, § 2, ¶ 4(b). Amounts so dedicated fund transportation infrastructure improvements, and are not less than $100 million for Fiscal Year 2001; and not less than $200 million for Fiscal Year 2002 through Fiscal Year 2016. *N.J. Const.* art. VIII, § 2, ¶ 4(b). For each State fiscal year thereafter, an amount equivalent to all revenue derived from the collection of the PPGRT shall be dedicated to the Transportation Trust Fund Account. *N.J. Const.* art. VIII, § 2, ¶ 4(b).

Realty Transfer Fee (RTF)

The RTF is imposed on grantors recording deeds or other writings which transfer title to real property located in New Jersey for consideration greater than $100. Certain transfers of title are exempt from this tax. The Neighborhood Preservation Nonlapsing Revolving Fund is funded by the increase in taxes ($0.75 per $500) collected on transfers greater than $150,000. *L.* 1985, *c.* 222.

Current Rates: Counties collect a basic tax at a rate of $1.75 for each $500 of consideration up to $150,000. For each $1.75 collected, the county retains $0.50 and the county remits $1.25 to the State Treasurer. An additional fee of $0.75 per $500 of consideration over $150,000 is also remitted to the State Treasurer. Pursuant to *N.J.S.A.* 46:15-10.1(b), new construction is exempt from 80% of the State portion of the basic tax imposed by *N.J.S.A.* 46:15-7 (*i.e.*, $1.00 of the State portion), for each $500 of consideration up to $150,000. Sales of one- and two-family, owner-occupied residences that are owned by senior citizens, blind persons and disabled persons, and sales of low- and moderate-income housing are exempt from the State portion of the tax for each $500 of consideration or fraction thereof (*i.e.*, $1.25). *L.* 2004, *c.* 66.

Pursuant to *N.J.S.A.* 46:15-7.1, a supplemental fee is imposed in addition to the above-recited RTF, upon presentation for filing of deeds evidencing transfers of real property. The supplemental fee is also allocated to the counties. The supplemental fee is $0.25 for each $500 of consideration not in excess of $150,000; $0.85 for each $500 of consideration in excess of $150,000 but not in excess of $200,000; and $1.40 for each $500 of consideration in excess of $200,000. The law also imposes an additional fee of $1.00 for each $500 of consideration, not in excess of $150,000, for transfers of title to property on which there is new construction. The new supplemental fee does not apply to the transfers that are now completely exempt from the current fee and does not apply to the transfers of one- and two-family, owner-occupied residences by senior citizens, blind persons, or disabled persons and the transfers of low- and moderate-income housing. *L.* 2003, *c.* 113.

A general purpose fee is imposed under *N.J.S.A.* 46:15-7 in addition to the above-recited RTF on grantors, upon presentation for filing deeds evidencing transfers of real property whose value is more than $350,000. *L.* 2004, *c.* 66. The general purpose fee is also being collected by the counties. The general purpose fee is $0.90 for each $500 on the first $550,000 of the value recited in the deed of transfer; $1.40 on each $500 of the value between $550,000 and $850,000; $1.90 on each $500 of value between $850,000 and $1,000,000; and $2.15 for each $500 of the value over $1,000,000. *L.* 2004, *c.* 66.

In addition, the RTF was amended for Fiscal Year 2026 to now impose on the grantor (seller) of residentially-zoned real property, whether improved or not, a separate graduated percentage fee of the full amount of consideration, when the consideration exceeds $1,000,000. The fee is 1% of the full amount of the consideration, when in excess of $1,000,000 but not in excess of $2,000,000; the fee is 2% of the full amount of the consideration when in excess of $2,000,000 but not in excess of $2,500,000; the fee is 2.5% of the full amount of the consideration when in excess of $2,500,000 but not in excess of $3,000,000; the fee is 3% of the full amount of the consideration when in excess of $3,000,000 but not in excess of $3,500,000; the fee is 3.5% of the full amount of the consideration when in excess of $3,500,000. *L.* 2025, *c.* 69.

This separate fee imposed by subsection a. of *L.* 2004, *c.* 66, § 8 (*N.J.S.A.* 46:15-7.2) shall not apply to a deed if the transfer of real property is incidental to a corporate merger or acquisition, and the equalized assessed value of the real property transferred is less than 20% of the total value of all assets exchanged in the merger or acquisition. *L.*

2006, *c*. 33. The RTF graduated percentage fee applies to deeds presented for recording that evidence real property transfers occurring on or after November 15, 2025, pursuant to a contract that was fully executed before July 10, 2025. *L*. 2025, *c*. 69. The fee only applies to the purchase of certain types of residentially-zoned property for consideration in excess of $1,000,000, including real property that: (1) is classified for assessment purposes as Class 2 (residential); (2) includes certain property classified for assessment purposes as Class 3A (farm property (regular)) and other real property sold in conjunction with such property; (3) that is a cooperative unit; or (4) that is classified pursuant to the requirements of *N.J.A.C.* 18:12-2.2 as Class 4A (commercial properties). *L*. 2005, *c*. 19, *L*. 2006, *c*. 33. If a transfer includes property classified pursuant to the requirements of *N.J.A.C.* 18:12-2.2 as Class 4 property of any type, the parties to the transaction shall file affidavits of consideration indicating the consideration, the county and municipality in which the property is situated, and the block and lot description of the real property conveyed.

L. 2006, *c*. 33 did not alter *L*. 2005, *c*. 19, which exempts from the fee any transfer to a 26 U.S.C. 501(c)(3) charitable organization, and permits a full refund to be provided to a buyer who paid the fee but would not have been required to do so under the amended law.

Sales and Use Tax (SUT)

The SUT is imposed on the receipts from: (a) the retail sale, rental or use of tangible personal property not specifically exempted by statute; (b) the retail sale of services, except for resale, including producing, fabricating, processing, installing, maintaining, repairing, storing and servicing tangible personal property and certain advertising services, subject to certain exceptions; (c) sales of food and drink by restaurants and other similar establishments; and (d) the sale, except for resale, of telecommunications. Effective October 1, 2022, sign installation services and signs sold to the end user are subject to SUT. *L*. 2022, *c*. 97. This tax is also imposed on the rental of hotel and motel rooms, and certain admission charges including those for professional wrestling. Effective July 1, 1992, retail sales of alcoholic beverages are also subject to this tax. *L*. 1990, *c*. 40. Beginning on October 1, 2018, the rental of a transient accommodation is subject to this tax and to a State occupancy fee unless the keys to the transient accommodation are obtained off-site from a New Jersey real estate broker, or accommodation is for a lease of real property with a term of at least 90 days. *L*. 2018, *c*. 49. On and after August 9, 2019, State occupancy fees on transient accommodations only apply when the renter obtains the rental unit through a transient space marketplace or when the unit is professionally managed. *L*. 2019, *c*. 235. In addition, travel agencies and online travel agencies are now considered to be transient space marketplaces and are required to collect the State occupancy fee on transient accommodations. *L*. 2019, *c*. 235. Effective August 1, 2015, rentals of hotels, motels, and transient accommodations located within the Hackensack Meadowlands District are subject to an additional 3% Meadowlands regional hotel use assessment. *L*. 2015, *c*. 19. Effective July 1, 2018, the assessment also applies to the occupancy of every room in every hotel or transient accommodation located outside of the Hackensack Meadowlands district, but within one of the 14 municipalities that participate in the Meadowlands revenue sharing program. *L*. 2018, *c*. 49; *L*. 2018, *c*. 52.

Current Sales and Use Tax Rate: 6.625% (*L*. 2016, *c*. 57).

As of October 1, 2006, the scope of the SUT Act is broadened to include "digital property" and some services. Digital property includes delivered music, ringtones, movies, books, audio and video works and similar products where the customer is granted a right or license to use, retain, or make a copy of such an item. *L*. 2006, *c*. 44. *L*. 2011, *c*. 49 replaced the term "digital property" with the term "specified digital product."

The SUT is also extended as of October 1, 2006, to services, subject to some exemptions, including, but not limited to, furnishing of space for storage; parking, storing or garaging a motor vehicle; tanning services, massage services, tattooing, investigation and security services, information services, limousine services originating within New Jersey; and initiation fees, membership fees or dues for access to the use of property or facilities of a health and fitness, athletic, sporting or shopping club or organization. *L*. 2006, *c*. 44. Effective May 1, 2017, the imposition of SUT on limousine transportation services is repealed. *L*. 2017, *c*. 27.

Qualified businesses engaged in retail sales in a designated Urban Enterprise Zone ("UEZ") are exempt from sales tax equal to 50% of the tax rate in effect, except on sales of alcoholic beverages, cigarettes, motor vehicles, manufacturing products, energy, medical cannabis and cannabis products sold under the Jake Honig Compassionate Use Medical Cannabis Act (*L*. 2009, *c*. 307), and recreational cannabis and cannabis products sold under the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act. *L*. 1983, *c*. 303; *L*. 1990, *c*. 40; *L*. 2023, *c*.

282. Tax revenues on retail sales of cannabis items shall be credited to the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization ("CREAMM") Fund. *L.* 2023, *c.* 282. Retail sales of tangible personal property (except motor vehicles and energy) and sales of services (except telecommunications services and utility services) to a qualified business for the exclusive use or consumption by such business within the UEZ were fully exempt from sales tax. *L.* 2007, *c.* 328. Effective January 1, 2022, *L.* 2021, *c.* 197 limits the SUT exemption of tangible personal property for qualified businesses to the first $100,000 of annual purchases. However, retail sales by supermarkets or grocery stores located in a food desert community, or that are located in a UEZ and have received an annual certificate of eligibility from the Department of Community Affairs have an unlimited sales tax exemption. *L.* 2021, *c.* 197; *L.* 2022, *c.* 42. Receipts from sales of materials, supplies, or services, to a qualified business, for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of the qualified business within the UEZ, were also fully exempt from SUT. However, *L.* 2021, *c.* 197 limits this exemption to the first $100,000 of these purchases, effective January 1, 2022. The SUT exemption is not limited when the purchase is for the exclusive use of erecting new structures or buildings on, or substantially improving, altering or repairing, the real property of the qualified business within the UEZ. *L.* 2021, *c.* 197.

Under the Brownfields Reimbursement Program, the State provides cash payments to developers in an amount equivalent to 75% of the estimated costs of remediation of a contaminated site, and derived from tax revenues generated by new incremental sales and other taxes paid to the State, from the project site. The grant payments are made after completion of the project and subject to receipt of taxes over a maximum period stated in the agreement. There is no cap on the Brownfields Reimbursement program. There is also a program for the remediation of municipal landfills in which eligible developers, under redevelopment agreements negotiated with the State, may receive reimbursement of 75% of the costs of closure and remediation of municipal solid waste landfills after the sites are redeveloped, from one half of the sales tax collected on non-exempt sales generated from businesses located on the sites. *L.* 1996, *c.* 124.

The State Constitution provides for the dedication of up to $98 million annually from SUT revenues for open space, farmland and historic preservation commencing on July 1, 2009 and the dedication of and not less than $200 million annually for credit to the Transportation Trust Fund Account in the General Fund to be used to fund improvements to the State's transportation infrastructure. *N.J. Const.* art. VIII, § 2, ¶¶ 7(b), 4(c).

L. 2003, *c.* 136, effective August 1, 2003, provides a SUT exemption for rentals of tangible personal property between related business entities. To qualify for this exemption, the entities must be 80% or more owned by each other or 80% owned by the same third parties. This exemption became operative November 1, 2003.

Effective October 1, 2005, *L.* 2005, *c.* 126 conforms New Jersey's SUT Act to the Streamlined Sales and Use Tax Agreement. These amendments to the SUT Act enable the State to join with 42 other states and the District of Columbia to continue the task of seeking common definitions and uniformly understood tax principles. Key features of the Agreement incorporated in the SUT Act by Chapter 126 include certain uniform definitions and determinations of transactions subject to sales and use taxation, uniform exemptions from tax, rate simplification, various administrative provisions, and an amnesty program for uncollected or unpaid sales and use tax for certain sellers under specified circumstances.

As of July 1, 2014, the State's sales tax collection and remittance requirements extend to remote sellers who solicit New Jersey customers through an agreement with an independent contractor, or other representative, who has a physical presence in the State. The law creates a rebuttable presumption that remote sellers have nexus with the State from those referrals obtained through an Internet website link, or otherwise, and from which the seller derives over $10,000 in annual taxable sales. *L.* 2014, *c.* 13.

Effective November 1, 2018, following the U.S. Supreme Court decision in *South Dakota v. Wayfair*, in which the Court determined that physical presence within a state was not a prerequisite for the collection of sales tax, *L.* 2018, *c.* 132 established sales tax nexus in New Jersey for remote sellers, which requires the seller to collect State sales tax. Nexus is established when a remote seller makes $100,000 in taxable sales or 200 or more separate transactions into the State in a calendar year or in a prior year. A "marketplace facilitator" now has sales tax collection and reporting requirements. A "marketplace facilitator" means any person or business that provides a forum to a retailer to advertise, promote, and list the retailer's products and who also collects receipts from the customer and remits payment to the seller.

Commercial redevelopment projects qualifying under the ERG program are eligible for funding of up to 20% of the total cost of the project. *L.* 2009, *c.* 90. The funds are paid to the developer out of incremental tax revenue from the project, which is primarily SUT, but also includes various other taxes. The payments are made from up to 75% of incremental tax revenue (85% in a Garden State Growth Zone) over a period of up to twenty years. The ERG program expired on July 1, 2019, and no new applications are being accepted, except applications in certain circumstances will be accepted from a developer of a qualified residential project or a mixed-use parking project until December 31, 2021.

Exemptions from the SUT include, but are not limited to: prescription medicines and drugs; enumerated medical equipment and supplies; clothing (except fur clothing) and footwear; household paper products; recycling equipment; certain sales of direct mail advertising materials for distribution to out-of-State recipients and related printing and production costs; certain sales of materials and supplies for contractors' use in constructing, improving or rehabilitating housing projects financed by the New Jersey Housing and Mortgage Financing Agency and other government subsidiaries and for certain affordable housing projects; sales of telephones, telephone lines, cables, central office equipment or station apparatus or other similar equipment, provided that the sale is made to a service provider subject to the jurisdiction of the Board of Public Utilities or the Federal Communications Commission; coin-paid charges for coin-operated telecommunications devices; and property used directly and primarily on farms. Purchases made by contractors or repair persons of materials, supplies, and services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in certain affordable housing projects are exempt from the SUT. *L.* 2024, *c.* 3. The SUT on receipts from certain retail sales in counties in which there is an entrance to an interstate bridge or tunnel connecting New Jersey with a state which does not impose a sales and use tax or imposes such a tax at a rate at least five percentage points lower than the New Jersey rate, is reduced by 50%. *L.* 1993, *c.* 373. Sales and leases of new and used boats and other vessels are exempt to the extent of 50% of the tax imposed under the SUT Act, with a cap of $20,000 on the total tax. *L.* 2015, *c.* 170. In addition, out-of-state boats operated and registered lawfully can be used in New Jersey in a non-commercial manner for up to 30 days per year without incurring use tax. Sales of materials integral to sand casting processes and operations are exempt from SUT. *L.* 2019, *c.* 98. Receipts from the sale or use of energy and utility service to or by a recovered materials manufacturing facility or by a recycled materials manufacturing facility for use or consumption directly and primarily in the production of tangible personal property is exempt from SUT for a period of seven years. *L.* 2019, *c.* 437, *L.* 2021, *c.* 213. Receipts from the sales of unit concrete products that utilize carbon footprint-reducing technology are exempt from SUT. *L.* 2021, *c.* 278.

Effective October 1, 2024, through June 30, 2025, a tax rate of 3.3125% was imposed on the sale of zero emission vehicles, and as of July 1, 2025, zero emission vehicles are taxed at the full statutory rate of 6.625%. *L.* 2024, *c.* 19. Receipts from the sales of investment metal bullion and investment coins are exempt from SUT. *L.* 2024, *c.* 64.

Social Equity Excise Fee (SEEF)

A SEEF is imposed on the cultivation of cannabis by any cannabis cultivator, based on the receipts from the sale or equivalent value of the transfer of usable cannabis by a cannabis cultivator, to any other cannabis establishment other than another cannabis cultivator. *L.* 2021, *c.* 16. Any sale by a cannabis cultivator for which the excise fee is imposed pursuant to this section shall be exempt from the SUT. *L.* 2021, *c.* 16. The SEEF is calculated at 1/3 of 1% of the Statewide average retail price of an ounce of cannabis and any fractional portion of an ounce of cannabis sold or transferred shall be subject to the fee on a proportional basis. *L.* 2021, *c.* 16. Beginning January 1, 2026, the SEEF is $2.50 per ounce of cannabis. The SEEF may be adjusted annually based upon the Statewide average retail price of usable cannabis for consumer purchase as follows: (1) up to $10 per ounce, as established by the Cannabis Regulatory Commission ("CRC"), if the average retail price of an ounce of usable cannabis was $350 or more; (2) up to $30 per ounce, as established by the CRC, if the average retail price of an ounce of usable cannabis was less than $350 but at least $250; (3) up to $40 per ounce, as established by the commission, if the average retail price of an ounce of usable cannabis was less than $250 but at least $200; and (4) up to $60 per ounce, as established by the commission, if the average retail price of an ounce of usable cannabis is less than $200. *L.* 2021, *c.* 16. Sales or transfers of usable cannabis by a cannabis cultivator to a licensed medical cannabis alternative treatment center for use in medical cannabis dispensing is not subject to the excise fee. *L.* 2021, *c.* 16. If a sale is subject to a municipal transfer tax or user tax it is exempt from the SUT. *L.* 2021, *c.* 16.

Transfer Inheritance and Estate Tax

The Transfer Inheritance Tax applies to the transfer of all personal property, New Jersey real property and intangible personal property wherever situated, having a market value of $500 or more in estates of resident decedents, and of real and tangible personal property located within New Jersey of nonresident decedents. No tax is imposed on transfers made to a husband, wife or child of a decedent. *L*. 1985, *c*. 57.

Current Rates: 11% to 16%, depending on the relationship of the beneficiaries to the decedent and the amount received by each beneficiary.

The New Jersey Estate Tax was reduced to zero percent and is not imposed on transfers of estates of resident decedents dying on or after January 1, 2018. *L*. 2016, *c*. 57.

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APPENDIX II

COPY OF GENERAL RESOLUTION

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NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

SCHOOL FACILITIES CONSTRUCTION BOND RESOLUTION

ADOPTED FEBRUARY 13, 2001
AND AMENDED SEPTEMBER 5, 2002, SEPTEMBER 11, 2007, APRIL 15, 2010,
DECEMBER 21, 2010 AND JANUARY 15, 2013

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SCHOOL FACILITIES CONSTRUCTION BOND RESOLUTION

ADOPTED FEBRUARY 13, 2001
AND AMENDED SEPTEMBER 5, 2002, SEPTEMBER 11, 2007, APRIL 15, 2010, DECEMBER 21, 2010 AND JANUARY 15, 2013

BE IT RESOLVED by the New Jersey Economic Development Authority (not less than seven members thereof affirmatively concurring) as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Definitions. The following terms shall, for all purposes of the Resolution, have the following meanings:

Abbott District shall mean an Abbott District as defined in Section 8 of P.L. 1996, c. 138 (C. 18A:7F-3).

Account or Accounts shall mean, as the case may be, each or all of the Accounts established or to be established pursuant to Article V.

Accountant's Certificate shall mean a certificate signed by an independent certified public accountant of recognized standing or a firm of independent certified public accountants of recognized standing, selected by the Authority, which may be the accountant or firm of accountants which regularly audits the books of the Authority.

Accreted Value shall mean, as of any date of computation with respect to any Compound Interest Bond, an amount equal to the principal amount of such Compound Interest Bond at original issuance, plus the interest accrued on such Compound Interest Bond from the date of its original issuance to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to accrue at the interest rate per annum of the Compound Interest Bonds set forth in the Supplemental Resolution or Series Certificate authorizing such Compound Interest Bonds, compounded on each Compounding Date in each year, plus, with respect to matters related to the payment upon redemption or acceleration of the Compound Interest Bonds, if such date of computation shall not be a Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Compounding Date, calculated based upon an assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on such basis as shall be set forth in the Supplemental Resolution or Series Certificate authorizing the Series of which such Compound Interest Bond is a part.

Act shall mean the New Jersey Economic Development Authority Act, P.L. 1974, c. 80, as heretofore or hereafter from time to time amended and supplemented.

Administrative Expenses – Extraordinary shall mean any unusual or extraordinary administrative expenses incurred by the Authority to undertake the financing, design, construction and maintenance of School Facilities Projects, which may be charged against available moneys in the Projects Fund (but only after receipt of the written approval of the Treasurer) or paid from the General Fund to the Authority in an amount determined by the Authority and the Treasurer.

Administrative Expenses – Initial shall mean any Administrative Expenses – Ordinary to be paid at the closing for a Series from the proceeds of such Series.

Administrative Expenses – Ordinary shall mean ordinary costs, liabilities and expenses incurred by the Authority to undertake the financing, design, construction and maintenance of School Facilities Projects, including, but not limited to, the fees and expenses of the Trustee, accounting and other usual administrative costs, in an amount pursuant to the budget prepared by the Authority and approved by the Treasurer.

Appreciated Value shall mean (i) as of any date of computation with respect to any Compound Interest and Income Bond prior to the Interest Commencement Date set forth in the Supplemental Resolution or Series Certificate authorizing such Compound Interest and Income Bond, an amount equal to the principal amount of such Compound Interest and Income Bond at original issuance plus the interest accrued on such Compound Interest and Income Bond from the date of original issuance of such Bond to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to accrue at the rate per annum of the Compound Interest and Income Bond set forth in the Supplemental Resolution or Series Certificate authorizing such Compound Interest and Income Bond, compounded semi-annually on each Compounding Date, plus, if such date of computation shall not be a Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Compounding Date calculated based upon an assumption that Appreciated Value accrues during any period in equal daily amounts on such basis as shall be set forth in the Supplemental Resolution or Series Certificate authorizing the Series of which such Compound Interest and Income Bond is part, and (ii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

Authority shall mean the New Jersey Economic Development Authority, a public body corporate and politic constituting an instrumentality of the State, created and existing under and by virtue of the Act, exercising governmental functions, and any body, board, authority, agency or political subdivision or other instrumentality of the State which shall hereafter succeed to the powers, duties and functions thereof.

Authorized Newspaper shall mean a financial newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

The definition of "Authorized Officer of the Authority" in this Section 101 was amended in the Authority's Eighteenth Supplemental

School Facilities Construction Bond Resolution adopted September 11, 2007. Prior to such amendment, the definition read as follows:

Authorized Officer of the Authority shall mean the Chairman, Executive Director, any Deputy Director, the Managing Director of Investment Banking or the Controller of the Authority or any person or persons designated by the Authority by resolution to act on behalf of the Authority.

From and after September 11, 2007, the definition of "Authorized Officer of the Authority" in this Section 101 reads as follows:

Authorized Officer of the Authority or **Authorized Officer** shall mean the Chairman, Vice Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Director, or any other authorized officer of the Authority who shall have power to execute contracts pursuant to the by-laws of the Authority.

The definition of "Bond or Bonds" in this Section 101 was amended in the Authority's Twenty-Fifth Supplemental School Facilities Construction Bond Resolution adopted April 15, 2010. Prior to such amendment, the definition read as follows:

Bond or Bonds shall mean any bonds, including Refunding Bonds, notes or Other Obligations, (other than Subordinated Debt), authorized to be issued pursuant to Section 14 of the Educational Facilities Act and authenticated and delivered under and pursuant to the Resolution; provided, however, that as used in Articles III and IV hereof, the term "Bonds" shall not include Other Obligations. Without limiting the generality of the immediately preceding sentence, the term "Bonds" shall include "qualified zone academy bonds" authorized to be issued pursuant to Section 1397E of the Code and similar non-interest bearing obligations.

From and after April 15, 2010, the definition of "Bond or Bonds" in this Section 101 reads as follows:

Bond or Bonds shall mean any bonds, including Refunding Bonds, notes or Other Obligations, (other than Subordinated Debt), authorized to be issued pursuant to Section 14 of the Educational Facilities Act and authenticated and delivered under and pursuant to the Resolution; provided, however, that as used in Articles III and IV hereof, the term "Bonds" shall not include Other Obligations. Without limiting the generality of the immediately preceding sentence, the term "Bonds" shall include "qualified zone academy bonds" authorized to be issued pursuant to Section 1397E of the Code and similar non-interest bearing obligations. Without limiting the generality of the first sentence, the term "Bonds" shall include "Build America Bonds" authorized to be issued pursuant to the Code.

Bondholder or Holder of Bonds or Holder shall mean any person who shall be the registered owner of any Bond or Bonds. A Financing Facility Provider or Liquidity Provider which owns Bonds by purchase or is subrogated to the rights of Bondholders is a Bondholder for purposes of this Resolution.

Bond Counsel shall mean any lawyer or firm of lawyers nationally recognized in the field of municipal finance and satisfactory to the Authority.

Bond Payment Obligations shall mean the Authority's obligation to pay the principal or Redemption Price of and interest on the Bonds, including Bonds held by Financing Facility Providers and Liquidity Providers.

Bond Registrar shall mean the Trustee and any other bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by the Authority to perform the duties of Bond Registrar enumerated in Section 703 and Section 304.

Business Day shall mean any day that is not a Saturday, Sunday or legal holiday in the State or a day on which banking institutions chartered by the State or the United States are legally authorized or required to close.

Code shall mean the Internal Revenue Code of 1986.

Commissioner shall mean the Commissioner of the New Jersey Department of Education.

Compound Interest and Income Bonds shall mean any Bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Resolution or Series Certificate authorizing such Bonds and the Appreciated Value for such Bonds is compounded on each of the applicable Compounding Dates designated for compounding prior to the Interest Commencement Date for such Compound Interest and Income Bonds, all as so designated by the Supplemental Resolution or Series Certificate relating to the issuance thereof.

Compound Interest Bonds shall mean those Bonds as to which interest is compounded on each of the applicable Compounding Dates designated for compounding and payable in an amount equal to the then current Accreted Value only at the maturity, earlier redemption or other payment date therefor, all as so designated by the Supplemental Resolution or Series Certificate relating to the issuance thereof.

Compounding Date shall mean, with respect to any Series of Compound Interest and Income Bonds or Compound Interest Bonds, the dates set forth in the Supplemental Resolution or Series Certificate authorizing such Series of Bonds as of which interest accrued on the Bonds of such Series shall be added to the Appreciated Value or Accreted Value, as the case may be, of the Bonds of such Series, which dates shall be Interest Payment Dates for the Bonds of such Series.

Costs of Issuance Account shall mean the Costs of Issuance Account within the Projects Fund established in Section 502

Debt Issuance Limits shall mean any limitations contained in the Educational Facilities Act on the aggregate principal amount of Bonds which may be issued thereunder for certain specific purposes. As of the date of adoption of this Resolution, the Debt Issuance Limits is as follows:

$100,000,000 for the State Share of county vocational school district School Facilities Projects;

$6,000,000,000 for the State Share of costs for Abbott District School Facilities Projects; and

$2,500,000,000 for the State Share of costs for School Facilities Projects in all other Districts.

Debt Service shall mean, with respect to any Series and with respect to each Payment Date for such Series, the principal and Redemption Price of and accrued interest coming due and payable on such Series on such Payment Date.

Debt Service Fund shall mean the Debt Service Fund established in Section 502.

Defeasance Securities shall mean (i) any direct and general obligations of, or any obligations guaranteed by, the United States of America, including but not limited to interest obligations of the Resolution Funding Corporation or any successor thereof, (ii) any obligations of any state or political subdivision of a state ("Refunded Bonds") which are fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holders of the Refunded Bonds, (iii) certificates of ownership of the principal or interest of direct and general obligations of, or obligations guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System, (iv) obligations described in clause (ii) of the definition of "Investment Securities", and (v) obligations described in clause (x) of the definition of "Investment Securities" which are rated, at the time of purchase, in the highest rating category, without regard to rating sub-categories, by any two Rating Agencies then rating the Bonds.

Demonstration Project shall mean a School Facilities Project selected by the Treasurer for construction by a redevelopment entity pursuant to Section 6 of the Educational Facilities Act.

Depository shall mean any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the Authority as a depository of moneys and securities held under the provisions of the Resolution, and may include the Trustee.

District shall mean a local or regional school district established pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey Statutes, a county special services school district established pursuant to article 8 of chapter 46 of Title 18A of the New Jersey Statutes, a county vocational school district established pursuant to article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and a State-operated school district established pursuant to P.L. 1987, c. 399 (C.18A:7A-34 et seq.).

District Aid Percentage shall mean the number expressed as a percentage derived from dividing the District's core curriculum standards aid calculated pursuant to section 15 of P.L. 1996, c. 138 (C.18A:7F-15) as of the date of the Commissioner's determination of preliminary eligible costs by the District's T & E budget calculated pursuant to subsection d. of

section 13 of P.L. 1996, c. 138 (C.18A:7F-13) as of the date of the Commissioner's determination of preliminary eligible costs.

Educational Facilities Act shall mean the Educational Facilities Construction and Financing Act, constituting Chapter 72, §§ 1 through 30 and 57 through 71, Laws of New Jersey of 2000, as heretofore or hereafter from time to time amended and supplemented.

Eligible Local Share shall mean Final Eligible Costs less the State Share.

Event of Default shall have the meaning given to such term in Section 801.

Event of Non-Appropriation shall be deemed to have occurred hereunder if the New Jersey Legislature shall fail to appropriate funds to the Authority for any Fiscal Year in an amount sufficient to pay when due the Authority's Bond Payment Obligations and Financing Facility Payment Obligations coming due in such Fiscal Year.

The definition of "Fiduciary or Fiduciaries" in this Section 101 was amended in the Authority's Twenty-Fifth Supplemental School Facilities Construction Bond Resolution adopted April 15, 2010. Prior to such amendment, the definition read as follows:

Fiduciary or Fiduciaries shall mean the Trustee, the Depositories, the Paying Agents, the Bond Registrar or any or all of them, as may be appropriate.

From and after April 15, 2010, the definition of "Fiduciary or Fiduciaries" in this Section 101 reads as follows:

Fiduciary or Fiduciaries shall mean the Trustee, the Depositories, the Paying Agent, the Bond Registrar, the Calculation Agent, the Tender Agent or any or all of them, as may be appropriate.

Final Eligible Costs shall mean, for School Facilities Projects to be constructed by the Authority, the Final Eligible Costs of the School Facilities Project as determined by the Commissioner, in consultation with the Authority pursuant to Section 5 of the Educational Facilities Act; for Demonstration Projects, the Final Eligible Costs of the project as determined by the Commissioner and reviewed by the Authority which may include the cost of community design features determined by the Commissioner to be an integral part of the School Facility and which do not exceed the facilities efficiency standards, and which were reviewed by the Authority and approved by the State Treasurer pursuant to Section 6 of the Educational Facilities Act; and for districts whose District Aid Percentage is less than 55% and which elect not to have the Authority construct a School Facilities Project, Final Eligible Costs as determined pursuant to paragraph (1) of subsection h of Section 5 of the Educational Facilities Act.

Financing Facility shall mean any revolving credit agreement, agreement establishing a line of credit or letter of credit, reimbursement agreement, interest rate exchange agreement, currency exchange agreement, interest rate floor or cap, options, puts or calls to hedge payment, currency, rate, spread or similar exposure or similar agreements, float agreements, forward agreements, insurance contracts, surety bonds, commitments to purchase or sell bonds, purchase or sale agreements, or commitments or other contracts or agreements

and other security agreements, including Swaps and Liquidity Facilities, approved by the Authority and the Treasurer in connection with the Bonds.

Financing Facility Payment Obligations shall mean all payment and reimbursement obligations of the Authority to a Financing Facility Provider in connection with any Financing Facility securing or entered into in connection with all or a portion of any Series of Bonds.

Financing Facility Provider shall mean the issuer or provider of a Financing Facility.

Fiscal Year shall mean the fiscal year of the State which presently includes the twelve (12) month period commencing July 1 of each year and ending on the succeeding June 30.

Fitch shall mean Fitch, Inc.

Fund or Funds shall mean, as the case may be, each or all of the Funds established in Section 502.

Interest Commencement Date shall mean, with respect to any particular Compound Interest and Income Bond, the date which must be an Interest Payment Date, specified in the Supplemental Resolution or Series Certificate authorizing such Bond (which date must be prior to the maturity date for such Bond) after which interest accruing on such Bond shall be payable semiannually, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

Interest Payment Date shall mean, with respect to a Series of Bonds, each date set forth in the Supplemental Resolution or Series Certificate authorizing such Series of Bonds on which accrued interest on the Bonds of such Series shall be payable.

Investment Agreement shall mean an investment agreement with (i) a commercial bank or trust company or a national banking association in any case having a capital stock and surplus of more than $100,000,000, or (ii) an insurance company with the highest rating provided by A.M. Best Company, or (iii) a corporation; provided that the credit of such commercial bank or trust company or national banking association, insurance company or corporation, as the case may be, is rated (or, in the case of a corporation, whose obligations thereunder are guaranteed by a corporation whose credit is rated) not lower than the rating category of any two Rating Agencies then rating the Bonds required to maintain the rating then in effect or to obtain the rating to be obtained on the Bonds in respect of which such Investment Agreement is entered into, which agreement provides for the investment of funds held in the Funds and Accounts, which funds shall be collateralized by at least one hundred two (102%) percent in principal amount of Investment Securities, as the same may be amended from time to time.

Investment Securities shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of the Authority's funds:

(i) Defeasance Securities;

(ii) Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States to the extent such obligations are guaranteed by the United States or by another such agency the obligations (including guarantees) of which are guaranteed by the United States;

(iii) Bonds, debentures, notes or other evidences of indebtedness issued by any corporation chartered by the United States, including, but not limited to, Governmental National Mortgage Association, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Resolution Funding Corporation, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;

(iv) Negotiable or non-negotiable certificates of deposit (or other time deposit arrangements) issued by any bank, trust company or national banking association, including a Fiduciary, which certificates of deposit shall be continuously secured or collateralized by obligations described in subparagraphs (i) or (ii) of this definition, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit;

(v) Uncollateralized negotiable or non-negotiable certificates of deposit (or other time deposit arrangements) issued by any bank, trust company or national banking association, the unsecured obligations of which are rated, at the time of purchase, in one of the two highest rating categories, without regard to rating sub-categories, by any two Rating Agencies;

(vi) Repurchase agreements collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rated in one of the two highest rating categories, without regard to rating sub-categories, by any two Rating Agencies, or any commercial bank with the above ratings, provided;

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction, which characterizes the transaction as a purchase and sale of securities,

(b) the securities are held, free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $75,000,000 or (iii) a bank approved in writing for such purpose by each Financing Facility Provider, if any, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee,

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. or a successor provision in such securities is created for the benefit of the Trustee,

(d) the repurchase agreement has a term of six months or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation,

(e) the repurchase agreement matures on or before a Payment Date (or, if held in a Fund other than the Debt Service Fund, other appropriate liquidation period), and

(f) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to the collateral levels established by a Rating Agency for the rating assigned by the Rating Agency to the seller.

(vii) Banker's acceptances, eurodollar deposits and certificates of deposit (in addition to the certificates of deposit provided for by subparagraphs (iv) and (v) above) of the domestic branches of foreign banks having a capital and surplus of $1,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, in the amount of $1,000,000,000; provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at any time as investments of Funds under this Resolution with respect to any particular bank, trust company, or national association shall not exceed 5% of its capital and surplus; and provided further than any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by any two Rating Agencies;

(viii) Other obligations of the United States of America or any agency thereof which may then be purchased with funds belonging to the State of New Jersey or which are legal investments for savings banks in the State of New Jersey;

(ix) Deposits in the New Jersey Cash Management Fund;

(x) Obligations of any state, commonwealth or possession of the United States or a political subdivision thereof or any agency or instrumentality of such a state, commonwealth, possession or political subdivision, provided that at the time of their purchase such obligations are rated in either of the two highest rating categories, without regard to rating sub-categories, by any two Rating Agencies then rating the Bonds;

(xi) Commercial paper with a maturity date not in excess of 270 days rated by the Rating Agencies at least equal to the rating assigned by the Rating Agencies to the applicable Series of Bonds and in no event lower than the "A" category established by a Rating Agency (which may include subcategories indicated by plus or minus or by numbers) at the time of such investment, issued by an entity incorporated under the laws of the United States or any state thereof;

(xii) Shares of a diversified open-end management investment company as defined in the Investment Company Act of 1940, which is a money market fund, which is then rated in any of the three highest rating categories by each Rating Agency which is then rating the Bonds or money market accounts of the Trustee or any bank or trust company organized under the laws of the United States or any state thereof which has a combined capital and surplus of not less than $75,000,000;

(xiii) Investment contracts (a) providing for the future purchase of securities of the type described in (i), (ii), (iii) and (viii) above, which contracts have been approved for sale by a national securities exchange and all regulatory authorities having jurisdiction or (b) the obligor under which or the guarantor thereof shall have a credit rating such that its long term debt is rated in one of the two highest rating categories, without regard to rating sub-categories, by any two Rating Agencies then rating the Bonds; and

(xiv) Investment Agreements.

(xv) Any other investment authorized in writing by the Treasurer

Liquidity Facility shall mean any letter of credit, line of credit or standby loan commitment made available to fund repurchases of Variable Interest Rate Bonds or Subordinated Debt upon maturity or mandatory or optional tender of such obligations, approved by the Authority and the Treasurer in connection with the Bonds; such Liquidity Facility may be part of, or separate from, any other Financing Facility supporting such obligations.

Liquidity Provider shall mean the issuer of a Liquidity Facility.

Local Unit shall mean a county, municipality, board of education or any other political subdivision or instrumentality authorized to construct, operate and maintain a School Facilities Project and to borrow money for those purposes pursuant to law.

Local Unit Payments shall have the meaning given to such term in the State Contract.

Maximum Interest Rate shall mean, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, which shall be set forth in the Supplemental Resolution or Series Certificate authorizing such Variable Interest Rate Bond, that shall be the maximum rate of interest such Variable Interest Rate Bond may at any time bear.

Moody's shall mean Moody's Investors Service.

Opinion of Counsel or Opinion shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds (who may be general, special or bond counsel to the Authority).

Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holders thereof for payment by the Authority prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Other Obligations shall mean bank loan agreements, lines of credit and other security agreements, and any other form of indebtedness which the Authority is authorized to enter into or obtain pursuant to the Educational Facilities Act.

Outstanding when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

(i) Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provisions satisfactory to the Trustee shall have been made for the giving of such notice as provided in Article IV;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 406 or Section 1106;

(iv) Bonds deemed to have been paid as provided in subsections 2 or 3 of Section 1201; and

(v) Option Bonds deemed tendered in accordance with the provisions of the Supplemental Resolution or Series Certificate authorizing such Option Bonds on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution.

Parity Financing Facility Payment Obligations shall mean Financing Facility Payment Obligations which, by the terms of the Supplemental Resolution or Series Certificate authorizing the Financing Facility to which such Financing Facility Payment Obligations relate, are on a parity with the Bond Payment Obligations.

Paying Agent shall mean any bank or trust company organized under the laws of any state of the United States of America or any national banking association designated as paying agent for the Bonds of any Series, and its successors hereafter appointed in the manner provided in the Resolution.

Payment Date shall mean each date on which payment of principal or Redemption Price or interest with respect to any Bonds or payment of any Financing Facility Payment Obligations shall be due and payable.

Pledged Property shall mean, with respect to the Bond Payment Obligations and the Financing Facility Payment Obligations, all Revenues of the Authority and the monies and earnings held in the Revenue Fund, the Debt Service Fund, the Subordinated Payment Obligations Fund and the Subordinated Debt Fund; the State Contract, including all payments thereunder and the right to receive the same (except amounts in respect of Administrative Expenses – Ordinary, Administrative Expenses – Extraordinary and Rebate Payments); and all right, title and interest of the Authority in and to the foregoing.

Projects Fund shall mean the Projects Fund established in Section 502.

Rating Agency shall mean, to the extent applicable, S&P and any successor thereto, if it has assigned a rating to any Bonds, Moody's and any successor thereto, if it has assigned a rating to any Bonds, Fitch and any successor thereto, if it has assigned a rating to any

Bonds or any other nationally recognized bond rating agency and any successor thereto if it has assigned a rating to any Bonds.

Rebate Payments shall mean the amounts received from the Treasurer pursuant to the State Contract for the purpose of making rebate payments to the United States pursuant to Section 148 of the Code.

Record Date shall mean with respect to an Interest Payment Date for a particular Series of Bonds, unless otherwise provided by the Supplemental Resolution or Series Certificate authorizing such Series, the fifteenth day next preceding such Interest Payment Date.

Redemption Price shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Refunding Bonds shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to Section 203, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or Section 1106.

Related Swap Bonds shall mean, with respect to and during the term of any Swap Agreement, the Bonds to which such Swap Agreement relates, as specified in the applicable Supplemental Resolution or Series Certificate authorizing such Swap Agreement.

Related Swap Bond Payment Obligations shall mean, with respect to any Related Swap Bonds, (i) that portion of the interest on such Bonds payable from Swap Revenues as set forth in the applicable Supplemental Resolution or Series Certificate, and (ii) any Swap Termination Payments payable to the Holders of such Related Swap Bonds or to be used to purchase a substitute Swap Agreement.

Resolution shall mean this School Facilities Construction Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions and Series Certificates in accordance with the terms hereof.

Revenue Fund shall mean the Revenue Fund established in Section 502.

The definition of "Revenues" in this Section 101 was amended in the Authority's Twenty-Fifth Supplemental School Facilities Construction Bond Resolution adopted April 15, 2010. Prior to such amendment, the definition read as follows:

Revenues shall mean (i) all amounts appropriated and paid to the Authority by the Treasurer pursuant to the State Contract (except amounts in respect of Administrative Expenses – Ordinary, Administrative Expenses – Extraordinary and Rebate Payments), and all rights to receive the same, and (ii) all Swap Revenues.

From and after April 15, 2010, the definition of "Revenues" in this Section 101 reads as follows:

Revenues shall mean (i) all amounts appropriated and paid to the Authority by the Treasurer pursuant to the State Contract (except amounts in respect of Administrative Expenses - Ordinary, Administrative Expenses - Extraordinary and Rebate Payments), and all rights to receive the same, (ii) all Swap Revenues and (iii) any other revenues, funds or amounts received or to be received from any other source by the Authority or the Trustee and directed by an Authorized Officer of the Authority to be deposited into the Revenue Fund.

S&P shall mean Standard & Poor's Rating Group.

School Facility shall mean and include any structure, building or facility used wholly or in part for academic purposes by a district, but shall exclude athletic stadiums, grandstands, and any structure, building or facility used solely for school administration.

School Facilities Project shall mean the acquisition, demolition, construction, improvement, repair, alteration, modernization, renovation, reconstruction or maintenance of all or any part of a School Facility or of any other personal property necessary for, or ancillary to, any School Facility, and shall include fixtures, furnishings and equipment, and shall also include, but is not limited to, site acquisition, site development, the services of design professionals, such as engineers and architects, construction management, legal services, financing costs and administrative costs and expenses incurred in connection with the project, as authorized pursuant to the Educational Facilities Act, including any regulations promulgated thereunder.

Series shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or Section 1106, regardless of variations in maturity, interest rate, redemption provisions or other provisions.

Series Certificate shall mean a certificate executed by an Authorized Officer of the Authority making certain determinations in connection with the issuance of a Series of Bonds or Subordinated Debt pursuant to the Supplemental Resolution providing for, among other items, the issuance of such Series of Bonds or Subordinated Debt. Each Series Certificate, upon execution and delivery, shall be deemed to be a part of the applicable Supplemental Resolution.

State shall mean the State of New Jersey.

State Contract shall mean the Contract Implementing Funding Provisions of the Educational Facilities Construction and Financing Act to be entered into between the Treasurer and the Authority prior to the issuance of the first Series of Bonds under this Resolution, together with any and all amendments and supplements thereto, and any other contract or contracts entered into by the Authority and the State or officers of the State pursuant to the Act which contract or contracts provide, among other things, for payment, subject to appropriation, to the Authority pursuant to the Educational Facilities Act.

State Share shall mean the State's proportionate share of the Final Eligible Costs of a School Facilities Project to be constructed by the Authority and any other costs as determined pursuant to Section 5 of the Educational Facilities Act; in the case of a Demonstration Project, the State's proportionate share of the Final Eligible Costs of the project as determined pursuant to Sections 5 and 6 of the Educational Facilities Act; and in the case of a School Facilities Project to

be financed pursuant to Section 15 of the Educational Facilities Act, the State Share as determined pursuant to that section; provided, however, that, in the case of any Abbott District, State Share shall mean 100% of the costs of the School Facility Project approved as eligible for State funding by the Commissioner.

Subordinated Debt shall mean indebtedness issued pursuant to and complying with the provisions of Section 512.

Subordinated Debt Fund shall mean the Subordinated Debt Fund established in Section 502.

Subordinated Payment Obligations Fund shall mean the Subordinated Payment Obligations Fund established in Section 502.

Subordinated Financing Facility Payment Obligations shall mean Financing Facility Payment Obligations which, by the terms of the Supplemental Resolution or Series Certificate authorizing the Financing Facility to which such Financing Facility Payment Obligations relate, are subject and subordinate to the Bond Payment Obligations.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Authority in accordance with Article X hereof.

Surplus Fund shall mean the Surplus Fund established in Section 502.

Swap or **Swap Agreement** shall mean any agreement between the Authority and a Swap Provider confirming a transaction which is a rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, corridor transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of these transactions, approved by the Authority and the Treasurer in connection with the Bonds.

Swap Payment Obligations shall mean, for any period of time and with respect to any Related Swap Bonds, all net amounts payable by the Authority under any Swap in respect of such Related Swap Bonds.

Swap Provider shall mean shall mean the Authority's or the Trustee's counterparty under a Swap Agreement.

Swap Revenues shall mean all amounts received by the Authority or the Trustee pursuant to any Swap, including without limitation any Swap Termination Payment.

Swap Termination Payment shall mean, with respect to any Swap, any settlement amount payable by the applicable Swap Provider or the Authority by reason or on account of the early termination of such Swap. The term "Swap Termination Payment" shall not include net unpaid amounts which would have been payable by the Swap Provider or the Authority pursuant to the terms of the applicable Swap irrespective of the early termination of such Swap.

Treasurer shall mean the Treasurer of the State of New Jersey.

Trustee shall mean the Trustee to be appointed pursuant to the Series Certificate authorizing the first Series of Bonds to be issued under the Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

Variable Interest Rate shall mean a variable interest rate to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds. The method of computing such variable interest rate shall be as specified in the Supplemental Resolution or Series Certificate authorizing such Series of Bonds.

The definition of "Variable Interest Rate Bonds" in this Section 101 was amended in the Authority's Twenty-Fifth Supplemental School Facilities Construction Bond Resolution adopted April 15, 2010. Prior to such amendment, the definition read as follows:

Variable Interest Rate Bonds for any period of time, shall mean Bonds which during such period bear a Variable Interest Rate, provided that Bonds the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be Variable Interest Rate Bonds.

From and after April 15, 2010, the definition of "Variable Interest Rate Bonds" in this Section 101 reads as follows:

Variable Interest Rate Bonds for any period of time, shall mean Bonds or Notes which during such period bear a Variable Interest Rate, provided that Bonds or Notes the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be Variable Interest Rate Bonds.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies. Capitalized terms used but not defined herein shall have the meanings given them in the Educational Facilities Act.

SECTION 102. Authority for the Resolution. This Resolution is adopted pursuant to the provisions of the Act and the Educational Facilities Act.

SECTION 103. Resolution to Constitute Contract.

(a) In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the Bonds; and the security interest granted and the pledge and assignment made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, all except as expressly provided in or permitted by the Resolution.

(b) The security interest granted and the pledge and assignment made in the Resolution shall also secure the Authority's Financing Facility Payment Obligations; provided however, that such pledge and security interest granted to secure the Authority's Subordinated Financing Facility Payment Obligations shall be subject and subordinate to the pledge and security interest granted to secure the Bond Payment Obligations and Parity Financing Facility Payment Obligations.

(c) To the extent provided in any Supplemental Resolution or Series Certificate, or any other resolution of the Authority, authorizing the issuance of Subordinated Debt meeting the requirements set forth in Section 512, the security interest granted and the pledge and assignment made in the Resolution may also secure such Subordinated Debt, but only to the extent of amounts, if any, from time to time on deposit in the Subordinated Debt Fund and available for payment of Subordinated Debt, and subject and subordinate to the security interest granted and the pledge and assignment of such amounts made in the Resolution for the benefit of the Bonds and the Financing Facility Payment Obligations.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS AND SUBORDINATED DEBT

SECTION 201. Authorization of Bonds.

1. The Authority is hereby authorized to issue from time to time, as hereinafter provided, Bonds of the Authority to be designated as "School Facilities Construction Bonds", or in the case of notes or Other Obligations, such designation as shall be set forth in the Supplemental Resolution or Series Certificate authorizing such notes or Other Obligations. The Bonds shall be issued for the purpose of financing all or a portion of the costs of (a) the State Share of School Facilities Projects, and (b) the Eligible Local Share of School Facilities Projects; lending moneys to Local Units to pay the costs of all or a portion of School Facilities Projects and any costs related to the issuance thereof; funding the grants to be made pursuant to Section 15 of the Educational Facilities Act; and financing the acquisition of School Facilities Projects to permit the refinancing of debt by the Local Unit pursuant to Section 16 of the Educational Facilities Act. In addition, Bonds may be issued to finance any costs related to the issuance of the Bonds, including, but not limited to, the administrative, insurance, operating and other expenses of the Authority to undertake the financing, design, construction and maintenance of School Facilities Projects. The aggregate principal amount of the Bonds and Subordinated Debt which may be executed, authenticated and delivered under the Resolution is not limited except as the aggregate principal amount of Bonds and Subordinated Debt which may be executed, authenticated and delivered may be limited by the Educational Facilities Act or any other applicable law.

2. The Bonds may be issued in one or more Series, and the designation thereof, in addition to the name "School Facilities Construction Bonds" (where applicable), shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Nothing in the Resolution shall be deemed to preclude or prevent the consolidation into a single Series for purposes of issuance and sale of Bonds otherwise permitted by the Resolution to be issued at the same time in two or more separate Series, provided that solely for the purpose of satisfying the requirements of Section 202 or Section 203, as the case may be, the Bonds otherwise permitted by the Resolution to be issued as a separate Series shall be considered separately as if such Bonds were to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution.

SECTION 202. General Provisions for Issuance of Bonds.

1. All (but not less than all) the Bonds of each Series shall be executed by the Authority for issuance under the Resolution and, except as otherwise provided in any Supplemental Resolution or Series Certificate authorizing Other Obligations, delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but only upon the receipt by the Trustee, or in the case of Other Obligations provision by the Authority, of:

(1) With respect to the initial Series of Bonds issued under the Resolution, a copy of the Resolution certified by an Authorized Authority Representative.

(2) A copy of the Supplemental Resolution authorizing such Bonds, and a copy of the Series Certificate, if any, relating to such Bonds. The Supplemental Resolution and the Series Certificate, if any, shall each certified by an Authorized Officer of the Authority and shall, among other provisions, specify: (a) the authorized maximum principal amount, designation and Series of such Bonds; (b) the purposes for which such Series of Bonds is being issued, which shall be (i) the financing of all or a portion of the costs of (A) the State Share of School Facilities Projects, and (B) the Eligible Local Share of School Facilities Projects; lending moneys to Local Units to pay the costs of all or a portion of School Facilities Projects and any costs related to the issuance thereof; funding the grants to be made pursuant to Section 15 of the Educational Facilities Act; financing the acquisition of School Facilities Projects to permit the refinancing of debt by the Local Unit pursuant to section 16 of the Educational Facilities Act; and financing any costs related to the issuance of the Bonds, including, but not limited to, the administrative, insurance, operating and other expenses of the Authority to undertake the financing, design, construction and maintenance of School Facilities Projects, (ii) the refunding of Bonds as provided in Section 203 or (iii) any other lawful purpose permitted under the Educational Facilities Act; (c) the date, and the maturity date or dates, of the Bonds of such Series; (d) if any Bonds of such Series are current interest Bonds, the interest rate or rates or the method of calculation of the interest rate or rates of the Bonds of such Series and the Interest Payment Dates therefor, and if any Bonds of such Series are Compound Interest Bonds or Compound Interest and Income Bonds, the Accreted Value or Appreciated Value, as the case may be, on each Compounding Date, and if any Bonds of such Series are Variable Interest Rate Bonds, the Maximum Interest Rate for such Bonds, and the provisions, if any, as to the calculation or change of such Variable Interest Rates; (e) the denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series; (f) the Redemption Price or Prices or prepayment price or prices, if any, and, subject to Article IV, the redemption or prepayment terms for the Bonds of such Series; (g) provisions for the sale of the Bonds of such Series; (h) the amount (or the method of determining the amount), if any, to be deposited from the proceeds of such Series of Bonds or other sources in the Debt Service Fund and provisions for the application thereof to the payment of all or a portion

of the interest on such Series of Bonds or any other Series of Bonds; (i) the form of the Bonds of such Series, and the form of the Trustee's certificate of authentication (if applicable), which forms shall be, respectively, substantially in the forms set forth in Section 1301, with such variations, omissions or insertions as are required or permitted by the Resolution; (j) with regard to Option Bonds, provisions regarding tender and payment thereof; (k) provisions, if any, for furnishing a Financing Facility with respect to such Series; and (l) such other provisions as the Authority may deem necessary or desirable in connection with the issuance of such Series of Bonds. Notwithstanding the foregoing, the Authority may delegate to an Authorized Officer of the Authority the authority to determine by Series Certificate any of the matters that are required to be set forth in a Supplemental Resolution other than the maximum principal amount of the Bonds of such Series, the final maturity date of the Bonds of such Series and, if the Bonds of such Series are not to be sold by competitive sale, the maximum interest rate (whether or not the Bonds of such Series are Variable Interest Rate Bonds) or true interest cost with respect to such Bonds.

(3) The written approvals of the Treasurer required pursuant to Section 301 of the State Contract.

(4) An Opinion of Bond Counsel to the effect that (i) the Authority is duly created and validly existing as a public body corporate and politic and an instrumentality of the State of New Jersey created pursuant to the Act, and the Authority had and has the right, power and authority under the Act and the Educational Facilities Act to adopt the Resolution, to enter into the State Contract and to issue the 2001 Series A Bonds; (ii) the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Resolution is required; (iii) the Resolution creates the valid pledge which it purports to create of the Pledged Property, including payments made to the Authority from the State General Fund pursuant to the Act and as provided in the State Contract, subject to and dependent upon appropriations being made from time to time by the New Jersey Legislature for such purpose; (iv) the Bonds of such Series have been duly and validly authorized and issued by the Authority in accordance with the Constitution and the statutes of the State of New Jersey, including the Act, the Educational Facilities Act and the Resolution, constitute valid and binding obligations of the Authority as provided in the Resolution and are entitled to the benefits of the Resolution, the Act and the Educational Facilities Act and are enforceable in accordance with their terms and the terms of the Resolution; and (v) the State Contract is in full force and effect and is valid and binding upon the Authority and the Treasurer and enforceable against the Authority and the Treasurer in accordance with its terms, and the 2001 Series A Bonds are entitled to the benefits of the State Contract; provided, that such Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity affecting creditors' rights generally and judicial discretion and may state that no opinion is being rendered as to the availability of any particular remedy;

(5) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Authority;

(6) A certificate of an Authorized Officer of the Authority stating that the Authority is not, or upon the issuance of such Series of Bonds will not be, in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution;

(7) Evidence satisfactory to the Treasurer and Bond Counsel that the issuance of the Bonds of such Series is in compliance with all Debt Issuance Limits at the time in effect; and

(8) Such further documents, moneys, securities and evidences of deposit of funds with the Trustee as are required by the provisions of Section 203 or Article X or the Supplemental Resolution or Series Certificate authorizing such Series of Bonds.

2. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 406 or Section 1106.

SECTION 203. Refunding Bonds.

Section 203 was amended in the Authority's Thirtieth Supplemental School Facilities Construction Bond Resolution adopted January 15, 2013. Prior to such amendment, Section 203 read as follows:

1. One or more Series of Refunding Bonds may be issued at any time to refund Outstanding Bonds of one or more Series or one or more maturities within a Series or any Bonds of one or more maturities within one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding (including, without limitation, the payment of the costs of issuance of such Refunding Bonds) and to make the deposits in the Funds and Accounts under the Resolution required by the provisions of the Supplemental Resolution or Series Certificate authorizing such Refunding Bonds.

2. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 202) of:

(1) Instructions to the Trustee, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions, subject to the provisions of Section 1201 hereof;

(2) If the Bonds to be refunded are not by their terms subject to redemption or will not be redeemed within the next succeeding sixty (60) days, instructions to the Trustee, satisfactory to it, to mail the notice provided for in Section 1201 to the Holders of the Bonds being refunded; and

(3) Either (i) moneys (including moneys withdrawn and deposited pursuant to subsection 2 of Section 506) in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of subsection 2 of Section 1201, which Defeasance Securities and moneys shall be held in trust and used only as provided in said subsection 2.

(4) Such further documents and moneys as are required by the provisions of Article X or any Supplemental Resolution or Series Certificate authorizing such Refunding Bonds.

3. The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Refunding Bonds for the purposes of making deposits in such Funds and Accounts under the Resolution as shall be provided by the Supplemental Resolution or Series Certificate authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution or Series Certificate.

From and after January 15, 2013, Section 203 reads as follows:

1. One or more Series of Refunding Bonds may be issued at any time to refund Outstanding Bonds of one or more Series or one or more maturities within a Series or any Bonds of one or more maturities within one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding (including, without limitation, the payment of the costs of issuance of such Refunding Bonds) and to make the deposits in the Funds and Accounts under the Resolution required by the provisions of the Supplemental Resolution or Series Certificate authorizing such Refunding Bonds.

2. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 202) of:

(1) Instructions to the Trustee, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions, subject to the provisions of Section 1201 hereof, if applicable pursuant to Section 203(2)(3) below;

(2) If the Bonds to be refunded are not by their terms subject to redemption or will not be redeemed within the next succeeding sixty (60) days, instructions to the Trustee, satisfactory to it, to mail the notice provided for in Section 1201 to the Holders of the Bonds being refunded, if applicable pursuant to Section 203(2)(3) below; and

(3) Either (i) moneys (including moneys withdrawn and deposited pursuant to subsection 2 of Section 506) in an amount sufficient to effect payment at maturity of the Bonds to be refunded or at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity date or redemption date, as applicable, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of subsection 2 of Section 1201, which Defeasance Securities and moneys shall be held in trust and used only as provided in said subsection 2; *provided, however,* that if an Authorized Officer of the Authority, in consultation with the Treasurer, determines, in its absolute discretion, to refund Variable Interest Rate Bonds without effecting the defeasance of such Variable Interest Rate Bonds pursuant to subsection 1 or 2 of Section 1201, then in applying this paragraph (3) to such Variable Interest Rate Bonds, interest to come due on such Variable

Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated (A) for any period with respect to which the interest rate shall have been established in accordance with the terms of such Variable Rate Bonds, at the actual rate so established for such period, and (B) for any period with respect to which the interest rate shall not have been established in accordance with the terms of such Variable Rate Bonds, at the highest interest rate per annum borne by such Variable Interest Rate Bonds during the twelve (12) month period immediately preceding such date of determination, plus one percent (1.00%) per annum.

(4) Such further documents and moneys as are required by the provisions of Article X or any Supplemental Resolution or Series Certificate authorizing such Refunding Bonds.

3. The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Refunding Bonds for the purposes of making deposits in such Funds and Accounts under the Resolution as shall be provided by the Supplemental Resolution or Series Certificate authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution or Series Certificate.

SECTION 204. Subordinated Debt. The Authority is hereby authorized to issue from time to time Subordinated Debt, the provisions for issuance and general terms and provisions of which shall be as set forth in the Supplemental Resolution or Series Certificate authorizing such Subordinated Debt, subject however, in all cases, to the provisions of Section 512.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS AND OTHER OBLIGATIONS

SECTION 301. Medium of Payment; Form and Date; Letters and Numbers.

1. The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

2. The Bonds of each Series may be issued only in the form of fully registered Bonds without coupons, and unless otherwise authorized by a Supplemental Resolution or Series Certificate, the Bonds of each Series shall be in substantially the form set forth in Section 1301 or substantially in the form set forth in the Supplemental Resolution or Series Certificate authorizing such Series.

3. Each Bond shall be lettered and numbered as provided in the Resolution or the Supplemental Resolution or Series Certificate authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

4. Except as may be otherwise provided for any Series of Bonds in the Supplemental Resolution or Series Certificate authorizing such Series of Bonds, the Bonds of each Series shall be dated as of the Interest Payment Date next preceding the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such date of authentication; provided, however, that if, as shown by the

records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date for the Bonds of such Series, Bonds shall be dated as provided in the Supplemental Resolution or Series Certificate authorizing the Bonds of such Series. Bonds of each Series shall bear interest from their date.

SECTION 302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

SECTION 303. Execution and Authentication.

1. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Chairman, Executive Director or Deputy Director and its seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of its Secretary or an Assistant-Secretary, or in such other manner as may be required or permitted by law. In case any one or more of the officers of the Authority who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the Persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Authority by such Persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in the Authority, although at the date borne by the Bonds of such Series such Persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in Section 1301, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

SECTION 304. Exchange, Transfer and Registry.

1. The Bonds shall be transferable only upon the books of the Authority, which shall be kept for such purposes at the principal corporate trust office of the Bond Registrar, by the registered owner thereof in person or by such registered owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the transfer of any Bond the Authority shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond. For purposes of the Resolution, Option Bonds which are required to be

tendered pursuant to the provisions of the Resolution shall be deemed surrendered for transfer even though such Bonds have not been actually delivered.

2. The registered owner of any Bond or Bonds of one or more denominations shall have the right to exchange such Bond or Bonds for a new Bond or Bonds of any denomination as the same aggregate principal amount and Series and maturity of the surrendered Bond or Bonds. Such Bond or Bonds shall be exchanged by the Authority for a new Bond or Bonds upon the request of the registered owner thereof in person or by such registered owner's attorney duly authorized in writing, upon surrender of such Bond or Bonds together with a written instrument requesting such exchange satisfactory to the Bond Registrar duly executed by the registered owner or such registered owner's duly authorized attorney.

3. The Authority and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for the payment of the purchase price of any Option Bond tendered to the Authority and for all other purposes, and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary.

SECTION 305. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchange or transfer shall forthwith be delivered to the Trustee and cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Bond Registrar shall be required (a) to exchange or transfer Bonds of any Series for a period beginning on the Record Date next preceding an Interest Payment Date for Bonds of a particular Series and ending on such interest payment date, or for a period of fifteen days next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed and thereafter until after the mailing of the notice of redemption, (b) to transfer or exchange any Bonds called for redemption or (c) to transfer or exchange any Option Bonds called for mandatory purchase.

SECTION 306. Bonds Mutilated, Destroyed, Stolen or Lost. If any Bond becomes mutilated or is lost, stolen or destroyed, the Authority may execute and the Trustee shall authenticate and deliver a new Bond of like date of issue, maturity date, principal amount and interest rate per annum as the Bond so mutilated, lost, stolen or destroyed, provided that (i) in the case of such mutilated Bond, such Bond is first surrendered to the Authority, (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Authority together with indemnity satisfactory to the Authority and the Trustee, (iii) all other reasonable requirements of the Authority are complied with, and (iv) expenses in connection with such transaction are paid by the Holder. Any Bond surrendered for transfer shall be cancelled. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen

or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under the Resolution, in any moneys or securities held by the Authority or any Fiduciary for the benefit of the Bondholders.

SECTION 307. Temporary Bonds.

1. Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 303, and upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to the Resolution.

2. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

SECTION 308. Other Obligations. The general terms and provisions of any Other Obligations issued under this Resolution, including, but not limited to, any or all of the items set forth in this Article III with respect to the issuance of Bonds, shall be as set forth in the Supplemental Resolution or Series Certificate authorizing the issuance of such Other Obligations.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to a Supplemental Resolution or a Series Certificate shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Supplemental Resolution or Series Certificate authorizing such Series.

SECTION 402. Redemption at the Election or Direction of the Authority. In the case of any redemption of Bonds at the election or direction of the Authority, the Authority shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution). Such notice shall be given at least forty (40) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be

redeemed. The Authority shall promptly notify the Trustee in writing of all such payments by it to such Paying Agents.

SECTION 403. Redemption Otherwise Than at the Authority's Election or Direction. Whenever by the terms of the Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Authority, the Trustee shall (i) select the Bonds or portions of Bonds to be redeemed, (ii) give the notice of redemption and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, Section 506.

SECTION 404. Selection of Bonds to be Redeemed. Unless otherwise provided in the Resolution, if less than all of the Bonds of like maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond (other than a Compound Interest Bond or Compound Interest and Income Bond prior to its Interest Commencement Date) of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of $5,000 denomination which is obtained by dividing by $5,000 the principal amount of such Bond to be redeemed in part. For purposes of this Section 404, if less than all of the Compound Interest Bonds or Compound Interest and Income Bonds prior to their respective Interest Commencement Dates shall be called for prior redemption, the portion of any Compound Interest Bond or Compound Interest and Income Bond of a denomination of more than $5,000 due at maturity to be redeemed shall be in the amount due at maturity of $5,000 or a multiple thereof, and, in selecting portions of such Compound Interest Bond or Compound Interest and Income Bond for redemption, the Trustee shall treat such Compound Interest Bond or Compound Interest and Income Bond as representing that number of Compound Interest Bonds or Compound Interest and Income Bonds of $5,000 amount due at maturity which is obtained by dividing the amount due at maturity of such Compound Interest Bond or Compound Interest and Income Bond to be redeemed in part by $5,000.

Section 405 was amended in the Authority's Twenty-Sixth Supplemental School Facilities Construction Bond Resolution adopted December 21, 2010. Prior to such amendment, Section 405 read as follows:

SECTION 405. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is authorized or required pursuant to Section 403, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with

interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, postage prepaid, not less than twenty-five (25) days (or such other period as may be specified in the Supplemental Resolution or Series Certificate authorizing the Bonds to be redeemed) prior to the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books. Such notices shall also be given by publication once a week for at least two successive weeks in any Authorized Newspaper, the first such publication to be sent not less than 30 days nor more than 60 days prior to the redemption date. Failure of the registered owner of any Bonds which are to be redeemed to receive any notice, or failure of the Authority to publish notices of redemption as provided in the immediately preceding sentence, shall not affect the validity of the proceedings for the redemption of the Bonds.

From and after December 21, 2010, Section 405 reads as follows:

Section 405. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is authorized or required pursuant to Section 403, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, postage prepaid, not less than twenty-five (25) days (or such other period as may be specified in the Supplemental Resolution or Series Certificate authorizing the Bonds to be redeemed) prior to the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books. Failure of the registered owner of any Bonds which are to be redeemed to receive any notice shall not affect the validity of the proceedings for the redemption of the Bonds.

SECTION 406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Bond, the Authority shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like Series and maturity in any authorized denominations. If, on the redemption date, moneys for the redemption of all of the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and

maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 407. Adjustment of Sinking Fund Installments Upon Redemption of Bonds. Upon any purchase or redemption (other than mandatory sinking fund redemption) of Bonds of any Series and maturity for which sinking fund redemption provisions shall have been established, there shall be credited toward each such sinking fund installment thereafter to become due, unless otherwise directed by the Authority, an amount bearing the same ratio to such sinking fund installment as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such sinking fund installments to be so credited.

SECTION 408. Redemption or Prepayment of Other Obligations. Other Obligations shall be subject to redemption or prepayment at such times, if any, and subject to such terms and conditions as shall be set forth in the Supplemental Resolution or Series Certificate authorizing such Other Obligations.

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

SECTION 501. The Pledge Effected by the Resolution. The Bonds are special, limited obligations of the Authority payable solely from the Pledged Property. The Revenues and all other Pledged Property are hereby pledged and a security interest is therein granted, to secure the payment of the Bond Payment Obligations and Financing Facility Payment Obligations; provided, however, that the pledge and security interest herein granted to secure the Authority's obligation to pay Subordinated Financing Facility Payment Obligations shall be subject and subordinate to the pledge and security interest herein granted to secure Bond Payment Obligations and Parity Financing Facility Payment Obligations. This pledge shall be valid and binding from and after the time after the delivery by the Trustee of the first Bond authenticated and delivered hereunder. The Revenues and all other Pledged Property so pledged and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THE BONDS. THE BONDS ARE A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE RESOLUTION AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE RESOLUTION FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER. THE BONDS SHALL NOT BE A DEBT OR LIABILITY OF THE STATE OR ANY AGENCY OR INSTRUMENTALITY THEREOF, EITHER LEGAL, MORAL OR OTHERWISE, AND NOTHING IN THE EDUCATIONAL FACILITIES ACT SHALL BE

CONSTRUED TO AUTHORIZE THE AUTHORITY TO INCUR ANY INDEBTEDNESS ON BEHALF OF OR IN ANY WAY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

THE INCURRENCE OF ANY OBLIGATION BY THE STATE OR THE TREASURER UNDER THE STATE CONTRACT, INCLUDING ANY AND ALL TRANSFERS AND PAYMENTS TO BE MADE THEREUNDER FROM THE GENERAL FUND OF THE STATE, SHALL BE SUBJECT TO AND DEPENDENT UPON APPROPRIATIONS BEING MADE FROM TIME TO TIME BY THE LEGISLATURE FOR THE PURPOSES SET FORTH THEREIN AND IN SECTION 14 OF THE EDUCATIONAL FACILITIES ACT. THE OBLIGATION OF THE STATE OR THE TREASURER TO PAY THE AMOUNTS PROVIDED FOR IN THE STATE CONTRACT SHALL NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE AND SHALL BE DEEMED EXECUTORY ONLY TO THE EXTENT OF MONEYS APPROPRIATED, AND NO LIABILITY SHALL BE INCURRED BY THE STATE OR THE TREASURER BEYOND THE MONEYS THEN APPROPRIATED. FOR ALL PURPOSES OF THE STATE CONTRACT, THE REFERENCES TO THE STATE SHALL INCLUDE, WITHOUT LIMITATION, THE PRESENT AND ALL FUTURE LEGISLATURES OF THE STATE AND THE MEMBERS THEREOF.

SECTION 502. Establishment of Funds. The following Funds are hereby established for purposes of this Resolution:

(1) Projects Fund, to be held by the Authority;

(2) Revenue Fund, to be held by the Trustee;

(3) Debt Service Fund, to be held by the Trustee;

(4) Subordinated Payment Obligations Fund, to be held by the Trustee;
(5) Subordinated Debt Fund, to be held by the Trustee;

(6) Surplus Fund, to be held by the Trustee; and

(7) Rebate Fund, to be held by the Trustee.

Section 503 was amended in the Authority's Third Supplemental School Facilities Construction Bond Resolution adopted September 5, 2002. Prior to such amendment, Section 503 read as follows:

SECTION 503. Projects Fund. There shall be paid into the Projects Fund the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution or Series Certificate and amounts paid by the Treasurer in respect of Administrative Expenses – Ordinary and Extraordinary pursuant to the State Contract, and there may be paid into the Projects Fund, at the option of the Authority, any monies received by the Authority from any source, unless required to be otherwise applied as provided by the Resolution or any Supplemental Resolution or Series Certificate. Amounts on deposit in the Projects Fund shall be held by the Authority separate and apart from its other funds and applied to pay or reimburse

the Authority for costs of the School Facilities Projects, including costs of issuance of the Bonds, Administrative Expenses – Initial, Administrative Expenses – Ordinary and Administrative Expenses - Extraordinary.

From and after September 5, 2002, Section 503 reads as follows:

SECTION 503. Projects Fund. There shall be paid into the Projects Fund the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution or Series Certificate and amounts paid by the Treasurer in respect of Administrative Expenses – Ordinary and Extraordinary pursuant to the State Contract, and there may be paid into the Projects Fund, at the option of the Authority, any monies received by the Authority from any source, unless required to be otherwise applied as provided by the Resolution or any Supplemental Resolution or Series Certificate. Amounts on deposit in the Projects Fund shall be held by the Authority separate and apart from its other funds and free and clear of the lien of the Resolution and applied by the Authority or its designee to pay or reimburse the Authority or its designee for costs of the School Facilities Projects, including costs of issuance of the Bonds, Administrative Expenses – Initial, Administrative Expenses – Ordinary and Administrative Expenses - Extraordinary.

SECTION 504. Deposits into Revenue Fund.

The Trustee shall receive for immediate deposit into the Revenue Fund all amounts paid from time to time by the Treasurer pursuant to the State Contract for deposit to the Revenue Fund (specifically excluding amounts in respect of Administrative Expenses – Ordinary, Administrative Expenses – Extraordinary and Rebate Payments), all Swap Revenues and any other amounts received by the Trustee from any source for deposit to the Revenue Fund, including, but not limited to, amounts received by the Trustee pursuant to Section 209 of the State Contract. If the Authority receives other monies for deposit in the Revenue Fund, including, but not limited to, Local Unit Payments to which Section 209 of the State Contract applies, the Authority promptly upon receipt shall cause such amounts to be transferred to the Trustee for immediate deposit in the Revenue Fund.

SECTION 505. Periodic Withdrawals from Revenue Fund.

The Trustee, promptly after receipt of monies in the Revenue Fund, shall make payments into the following Funds on or prior to each Payment Date, in the following order of priority, but as to each Fund only within the limitations hereinbelow indicated with respect thereto and only after maximum payment within such limitation into every such Fund previously mentioned in the following listing:

First: Into the Debt Service Fund, to the extent (if any) needed to increase the amount in such Account of the Debt Service Fund so that it equals the amount required to be paid therefrom on such Payment Date pursuant to Section 506;

Second: Into the Subordinated Payment Obligations Fund, the amount of any Subordinated Financing Facility Payment Obligations due on such Payment Date;

Third: Subject and subordinate at all times to the payments, credits or transfers required pursuant to paragraphs 1 and 2 of this Section 505, Revenues shall be deposited into the Subordinated Debt Fund in an amount equal to the amount of any principal, prepayment or redemption price, interest or other amounts payable in connection with any Subordinated Debt on or before the due dates thereof; and

Fourth: Any remaining Revenues shall be deposited in the Surplus Fund.

SECTION 506. Debt Service Fund.

1. The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents as applicable (i) on or before each interest payment date for any of the applicable Bonds, the amount required for the interest payable on such date; (ii) on or before the date when the principal of any applicable Bonds shall become due, the amount of principal coming due on such date; (iii) on or before any redemption date for the applicable Bonds, the amount required for the payment of the Redemption Price of and interest on such Bonds then to be redeemed; (iv) on or before any due date therefor the amount of any Parity Financing Facility Payment Obligation; and (v) as soon as reasonably practicable, the amount of any prior applicable Bond Payment Obligations which remain unpaid by reason of the occurrence of an Event of Non-Appropriation, together with, to the extent permitted by law, interest thereon at the rate then in effect on the applicable Bonds. The Trustee shall also pay out of each Account within the Debt Service Fund the accrued interest included in the purchase price of Bonds purchased for retirement.

2. In the event of the refunding of any Bonds, the Trustee shall, if the Authority so directs, withdraw from the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to subsection (b) of Section 1201.

3. Amounts may be deposited by the Authority, in its sole discretion in the applicable Account within the Debt Service Fund with respect to the Bonds of any Series and maturity to be applied by the Trustee, if so directed by the Authority, on the date specified by the Authority, which date shall be at least twenty-five days (or such shorter period as shall be acceptable to the Trustee or authorized in the applicable Supplemental Resolution or Series Certificate) prior to the maturity date or the date of any Sinking Fund Installment of any Bonds of such Series, to (i) the purchase of Bonds of such Series and maturity, or (ii) the redemption at the applicable Redemption Price of such Bonds, if then redeemable by their terms. All purchases of any Bonds pursuant to this subsection 3 shall be made at prices not exceeding the applicable Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed in writing from time to time by the Authority.

SECTION 507.Application of Subordinated Payment Obligations Fund.

1. The Trustee shall withdraw from the Subordinated Payment Obligations Fund on or before each Payment Date the amount of any Subordinated Financing Facility Payment Obligations due on such date and shall cause the same to be paid to the applicable Financing Facility Provider.

2. Notwithstanding any other provisions of this Section 507, if on any Payment Date for any Series of Bonds, the amount on deposit in the Debt Service Fund and the Subordinated Debt Fund shall be less than the Debt Service and Parity Financing Facility Payment Obligations coming due on such Payment Date with respect to such Series of Bonds, the Trustee shall forthwith transfer from the Subordinated Debt Fund for deposit in the Debt Service Fund the amount necessary (or all moneys in the Subordinated Debt Fund, if necessary) to make up such deficiency.

SECTION 508.Subordinated Debt Fund.

1. Subject to subsection 2 of this Section 508, the Trustee as directed by the Authority shall apply amounts in the Subordinated Debt Fund to the payment of the principal or redemption or prepayment price of and interest on each issue of Subordinated Debt and reserves therefor in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the Supplemental Resolution or Series Certificate or other resolution or debt instrument authorizing each issue of Subordinated Debt.

2. Notwithstanding any other provisions of this Section 508, if on any Payment Date for any Series of Bonds, the amount on deposit in the Debt Service Fund shall be less than the Debt Service and Parity Financing Facility Payment Obligations coming due on such Payment Date with respect to such Series of Bonds, the Trustee shall forthwith transfer from the Subordinated Debt Fund for deposit in the Debt Service Fund the amount necessary (or all moneys in the Subordinated Debt Fund, if necessary) to make up such deficiency.

SECTION 509. Surplus Fund.

(a) Amounts in the Surplus Fund shall be applied upon direction of the Authority, with the approval of the Treasurer, except as set forth below, to any one or more of the following purposes:

(1) Payments to the State pursuant to the State Contract, if any;

(2) the purchase or redemption of any Bonds on market-rate terms and expenses of any such purchase or redemption;

(3) payments into the Revenue Fund; and

(4) payments into the Projects Fund for the payment of Administrative Expenses – Ordinary or Administrative Expenses – Extraordinary payable to the Authority pursuant to the State Contract (provided that the Treasurer's approval shall not be required for the payment of Administrative Expenses – Ordinary).

(b) The Authority shall direct the Trustee, at the written direction of the Treasurer, to open one or more Accounts in the Surplus Fund, to be held and applied for any of the purposes of the Surplus Fund as set forth in such directions of the Treasurer. Any balance remaining in the Surplus Fund, at any time and from time to time, shall be applied in such manner as the Treasurer shall direct.

SECTION 510. Rebate Fund. The Authority and the Trustee shall deposit in the Rebate Fund amounts received from the Treasurer for such purposes pursuant to the State Contract, and the Trustee shall apply such amounts to make payments to the United States pursuant to Section 148 of the Code, all as provided in the arbitrage and tax compliance or similar certificates delivered in connection with the issuance of each Series of Bonds or as otherwise advised in writing by Bond Counsel.

SECTION 511. Cancellation and Destruction of Bonds. Except as may be otherwise provided with respect to Option Bonds in the Supplemental Resolution or Series Certificate providing for the issuance thereof, all Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased or redeemed pursuant to Section 506 which have been delivered to the Trustee and all Bonds purchased or redeemed by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee, which shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee.

SECTION 512. Subordinated Debt.

1. The Authority may, at any time, or from time to time, issue Subordinated Debt pursuant to a Supplemental Resolution or any other resolution of the Authority for any of its corporate purposes payable out of, and which may be secured by a pledge of, the Revenues as may from time to time be available for deposit to and deposited in the Subordinated Debt Fund for the purpose of payment thereof; provided, however, that such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Bonds and Financing Facility Payment Obligations (which Financing Facility Payment Obligations are deemed to be included within the definition of the term "Bonds" for purposes of this Section 512 only).

2. The Authority may also, at any time or from time to time, issue Subordinated Debt to refund any Subordinated Debt issued as provided in this Section or to refund Outstanding Bonds of one or more Series or one or more maturities within a Series. Such Subordinated Debt issued for refunding purposes may be payable out of, and may be secured by a pledge of, the Revenues as may from time to time be available therefor, provided that any such payment or pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge and lien created under the Resolution as security for the Bonds.

3. The resolution, indenture or other instrument securing or evidencing each issue of Subordinated Debt shall contain provisions (which shall be binding on all holders of such Subordinated Debt) not more favorable to the holders of such Subordinated Debt than the following:

(a) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the Authority or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Authority, whether or not involving insolvency or bankruptcy, the Holders of all Bonds then Outstanding shall be entitled to receive payment in full of all principal, premium, if any, and interest on all such Bonds before the

holders of the Subordinated Debt are entitled to receive any payment from the trust estate under the Resolution consisting of the Revenues and Pledged Property held under the Resolution (hereinafter in this subsection referred to as the "Trust Estate") on account of principal (and premium, if any) and interest upon the Subordinated Debt.

(b) In the event that any issue of Subordinated Debt is declared due and payable before its expressed maturity because of the occurrence of an Event of Default (under circumstances when the provisions of (a) above shall not be applicable), the Holders of all Bonds Outstanding at the time such Subordinated Debt so becomes due and payable because of such occurrence of such Event of Default shall be entitled to receive payment in full of all principal and interest on all such Bonds before the holders of the Subordinated Debt are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest upon the Subordinated Debt.

(c) If any Event of Default with respect to the Bonds shall have occurred and be continuing (under circumstances when the provisions of (a) above shall not be applicable), the Holders of all Bonds then Outstanding shall be entitled to receive payment in full of all principal and interest on all such Bonds before the holders of the Subordinated Debt are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest upon the Subordinated Debt.

(d) No Bondholder shall be prejudiced in his, her or its right to enforce subordination of the Subordinated Debt by any act or failure to act on the part of the Authority.

(e) The Subordinated Debt may provide that the provisions of (a), (b), (c) and (d) above are solely for the purpose of defining the relative rights of the Holders of the Bonds on the one hand, and the holders of Subordinated Debt on the other hand, and that nothing therein shall impair, as between the Authority and the holders of the Subordinated Debt, the obligation of the Authority, which is unconditional and absolute, to pay to the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Subordinated Debt from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under (a), (b), (c) and (d) above of the Holders of Bonds to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Debt; and the Subordinated Debt may provide that, insofar as a trustee or paying agent for such Subordinated Debt is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Debt if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

4. Any issue of Subordinated Debt may have such rank or priority with respect to any other issue as may be provided in the Supplemental Resolution, resolution, indenture or other instrument securing such issue of Subordinated Debt and may contain such other provisions as are not in conflict with the provisions of the Resolution.

SECTION 513. Other Funds and Accounts. In addition to the Funds established pursuant to this Article V, the Authority shall have the right to establish additional Funds and Accounts by Supplemental Resolution and/or Series Certificate.

ARTICLE VI

DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

SECTION 601. Depositories.

1. All moneys held by the Trustee under the provisions of the Resolution shall constitute trust funds and the Trustee may deposit such moneys with one or more Depositories in trust for said parties. All moneys deposited under the provisions of the Resolution with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of the Resolution, and each of the Funds and Accounts established or to be established by the Resolution and held by the Trustee shall be a trust fund for the purposes thereof.

2. Each Depository shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having capital stock, surplus and undivided earnings of $75,000,000 or more and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Resolution.

SECTION 602. Deposits.

1. All Revenues and moneys held by any Depository under the Resolution may be placed on demand or time deposit, if and as directed by the Authority, provided that such deposit shall permit the moneys so held to be available for use at the time when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

2. All moneys held under the Resolution by the Trustee or any Depository shall be (a) either (1) insured by the Federal Deposit Insurance Corporation, as available or (2) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, Defeasance Securities having a market value not less than the amount of such moneys, and (b) held in such other manner as may then be required by applicable Federal or State of New Jersey laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Depository (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that, to the extent permitted by law, it shall not be necessary for the Fiduciaries to give security under this subsection 2 for the deposit of moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee or any Depository to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys.

3. All moneys deposited with the Trustee and each Depository shall be credited to the particular Fund or Account to which such moneys belong and, except as provided with respect to the investment of moneys in Investment Securities in Section 603 hereof, the moneys credited to each particular Fund or Account shall be kept separate and apart from, and not commingled with, any moneys credited to any other Fund or Account or any other moneys deposited with the Trustee and each Depository.

SECTION 603. Investment of Certain Funds.

1. Moneys held in the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Defeasance Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund. Moneys held in the Revenue Fund, the Subordinated Payment Obligations Fund, the Surplus Fund and the Subordinated Debt Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund. The Trustee shall make all such investments of moneys held by it in accordance with written instructions from time to time received from any Authorized Officer of the Authority. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Resolution, the Authority may instruct the Trustee or any Depository to combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.
Moneys held in the Projects Fund shall be invested and reinvested by the Authority in such investments as the Authority shall determine, provided the same are at the time legal for investment of the Authority's funds.

2. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned or any gain realized on any moneys or investments in such Funds or Accounts, other than the Debt Service Fund and the Projects Fund, shall be paid into the Surplus Fund on a periodic basis as shall be directed by the Authority. Interest earned or gain realized on any moneys or investments in the Debt Service Fund shall be held in such Fund for the purposes thereof; provided that on the day following each Payment Date in respect of the Bonds, and after payment in full of all Bond Payment Obligations and Parity Financing Facility Payment Obligations payable on such date, such interest earned or gain realized on moneys or investments in the Debt Service Fund shall be transferred to the Surplus Fund. Interest earned or gain realized on any moneys or investments in the Projects Fund shall be held in such Fund for the purposes thereof.

3. Nothing in the Resolution shall prevent any Investment Securities acquired as investments of or security for funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

4. Nothing in the Resolution shall preclude the Trustee from investing or reinvesting moneys through its bond department; provided, however, that the Authority may, in its discretion, direct that such moneys be invested or reinvested in a manner other than through such bond department.

SECTION 604. Valuation and Sale of Investments.

1. Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of the Resolution shall be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account, and any loss resulting from the liquidation of such investment shall be charged to the respective Fund or Account.

2. In computing the amount in any Fund or Account created under the provisions of the Resolution for any purpose provided in the Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost thereof. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be determined as of January 1 in each year and at such other times as the Authority shall determine.

3. Except as otherwise provided in the Resolution, the Trustee or any Depository shall use its best efforts to sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by an Authorized Officer of the Authority so to do. Whenever it shall be necessary, or upon direction of the Authority in accordance with the Resolution, in order to provide moneys to meet any payment or transfer from any Fund or Account held by the Trustee or any Depository, the Trustee or any Depository shall use its best efforts to sell at the best price obtainable or present for redemption such obligation or obligations designated by an Authorized Officer of the Authority necessary to provide sufficient moneys for such payment or transfer.

4. The Trustee shall not be liable or responsible for any loss resulting from any such investment, sale or presentation for investment made in the manner provided above.

ARTICLE VII

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Bondholders as follows:

SECTION 701. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid, but solely from the Pledged Property, (a) the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and (b) the amount of every Financing Facility Payment Obligation as and when the same become due.

SECTION 702. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of Revenues or Funds established by the Resolution, including the investments, if any, thereof, pledged under the Resolution or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the

Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 703. Offices for Servicing Bonds. The Authority shall at all times maintain one or more agencies in the State of New Jersey, and may maintain one or more such agencies in any other state or states, where Bonds may be presented for payment. The Authority hereby appoints the Trustee as Bond Registrar, and the Trustee shall at all times maintain one or more agencies where Bonds may be presented for registration or transfer and where notices, demands and other documents may be served upon the Authority in respect of the Bonds or of the Resolution, and the Trustee shall continuously maintain or make arrangements to provide such services. The Authority hereby appoints the Paying Agent or Agents in such cities as its respective agents to maintain such agencies for the payment or redemption of Bonds.

SECTION 704. Further Assurance. At any and all times the Authority shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and funds hereby pledged, or intended so to be, or which the Authority may become bound to pledge.

SECTION 705. Power to Issue Bonds and Pledge of Pledged Property. The Authority is duly authorized under all applicable laws to create and issue the Bonds and to adopt the Resolution and to pledge the Pledged Property purported to be subjected to the lien of the Resolution in the manner and to the extent provided in the Resolution. The Pledged Property so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with the pledge and assignment created by the Resolution, and all action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally binding obligations of the Authority. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

SECTION 706. Creation of Liens. The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of the Pledged Property and shall not create or cause to created any lien or charge on the Pledged Property; provided, however, that nothing contained in the Resolution shall prevent the Authority from issuing, if and to the extent permitted by law (i) evidences of indebtedness payable out of or secured by a pledge and assignment of the Pledged Property on and after such date as the pledge of the Pledged Property provided in the Resolution shall be discharged and satisfied as provided in Section 1201 or (ii) Subordinated Debt.

SECTION 707. State Contract. The Trustee, as assignee of the Authority, shall collect and forthwith cause to be deposited in the Revenue Fund all amounts, if any, payable to it pursuant to the State Contract. The Trustee, as assignee of the Authority, shall enforce the provisions of the

State Contract and agreements thereunder. The Authority will not consent or agree to or permit any amendment, change or modification to the State Contract which would reduce the amounts payable to the Authority or extend the times when such payments are to be made thereunder. A copy of the State Contract certified by an Authorized Officer of the Authority shall be filed with the Trustee, and a copy of any such amendment certified by an Authorized Officer of the Authority shall be filed with the Trustee.

SECTION 708. Accounts and Reports.

1. The Authority shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of its transactions relating to the amount of Revenues and the application thereof and each Fund and Account established under the Resolution (other than the Projects Fund). The Authority shall satisfy this obligation by directing the Trustee to keep such records. All books and papers of the Authority shall, subject to the terms thereof, at all times be subject to the inspection of the Treasurer and the Trustee.

2. The Trustee and any Depository shall advise the Controller of the Authority and the Treasurer promptly, normally within five (5) days after the end of each month, of the respective transactions during each month relating to each Fund and Account (other than the Projects Fund) held by it under the Resolution.

3. The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of this Resolution shall be available for inspection by Bondholders at the office of the Trustee. The Authority or the Trustee may charge each Bondholder requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

SECTION 709. Maintenance of Existence, Compliance with Resolution and Act and Other Matters.

1. The Authority shall at all times maintain its existence and shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Resolution.

2. Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed, and the issue of such Bonds, together with all other obligations of the Authority, shall comply in all respects with the applicable laws of the State of New Jersey.

SECTION 710. Financing Facilities. Subject to Section 711, the Authority shall maintain in full force and effect, and duly and punctually perform its obligations under, any agreement entered into by it in connection with the issuance of any Financing Facility, including the payment when due, but solely from the Pledged Property, of all Financing Facility Payment Obligations; provided, however, that nothing herein shall be construed to limit in any way any right of the Authority to terminate a Financing Facility in accordance with the terms thereof.

SECTION 711. Obligation to Enforce Financing Facilities. Irrespective of whether an Event of Default shall have occurred or be continuing, the Trustee shall take any and all action

necessary or appropriate to enforce, on behalf of the Authority and for the benefit of the Bondholders, all rights of the Authority under any Financing Facility to which the Authority or the Trustee is a party, and notwithstanding anything to the contrary contained herein, the Authority shall have no obligation whatsoever to take any action to enforce the provisions of any such Financing Facility. In the event of the transfer, assignment or other conveyance of any Financing Facility in accordance with its terms by the Financing Facility Provider thereof or the substitution of a new Financing Facility Provider for any then existing Financing Facility Provider, the Trustee shall promptly notify the Authority and the Rating Agencies of the name and address of the new Financing Facility Provider and any modifications, amendments or supplements to the terms of the existing Financing Facility.

SECTION 712. Compliance With Debt Issuance Limits. The Authority shall at all times observe and comply fully with all Debt Issuance Limits in effect from time to time. Without limiting the generality of the immediately preceding sentence, the Authority shall maintain such records of all disbursements of proceeds of each Series of Bonds from the Projects Fund as shall be necessary to ensure that the aggregate amount of such disbursements does not cause any such Series of Bonds to exceed the applicable Debt Issuance Limits.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS

SECTION 801. Events of Default.

1. The following events shall constitute an Event of Default under the Resolution:

(a) if default shall be made in the payment of the principal or Redemption Price of or interest on any Bond when and as the same shall become due and payable; or

(b) if the Authority shall fail to pay when due any Parity Financing Facility Payment Obligation; or

(c) if default shall be made by the Authority in the performance of any other covenant, agreement or condition on its part contained in the Bonds or in this Resolution and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25% in Principal Amount of Bonds then Outstanding; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, within such thirty (30) day period, no Event of Default shall be deemed to have occurred or exist if and so long as the Authority shall commence such performance within such thirty (30) day period and shall diligently and continuously prosecute the same to completion.

2. The Trustee shall notify the Authority, the Financing Facility Providers and the Holders of all Bonds Outstanding of the occurrence of any Event of Default.

3. NOTWITHSTANDING ANYTHING CONTAINED IN THIS SECTION 801 TO THE CONTRARY, A FAILURE BY THE AUTHORITY TO PAY WHEN DUE ANY BOND PAYMENT

OBLIGATIONS OR FINANCING FACILITY PAYMENT OBLIGATIONS REQUIRED TO BE MADE UNDER THIS RESOLUTION OR THE BONDS, OR A FAILURE BY THE AUTHORITY TO OBSERVE AND PERFORM ANY COVENANT, CONDITION OR AGREEMENT ON ITS PART TO BE OBSERVED OR PERFORMED UNDER THIS RESOLUTION OR THE BONDS, RESULTING FROM THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION SHALL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THIS SECTION 801.

SECTION 802. Remedies.

1. If an Event of Default shall have occurred and be continuing, then, and in each such case, the Trustee or Holder of any Bonds may (i) sue to collect sums due under such Bonds or to enforce and protect the rights of the Holders of such Bonds and (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the Authority of any covenant made in this Resolution or the Bonds.

2. Nothing in this Resolution or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay, from the sources provided in this Resolution, on the respective Interest Payment Dates, redemption dates or dates of maturity and places therein expressed, the principal or Redemption Price of and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of its Bonds.

SECTION 803. Remedies Not Exclusive.

No remedy by the terms of this Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or, except as otherwise provided in this Resolution, existing at law or in equity or by statute on or after the date of adoption of this Resolution.

SECTION 804.Waivers of Default.

1. All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

2. The Holders of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

3. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

4. Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of twenty-five percent (25%) in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

SECTION 805. Restrictions on Bondholder's Action.

1. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Holders of at least twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Resolution or by the Act or by the laws of the State of New Jersey or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, fees (including reasonable attorney's fees), expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, her, its or their action to affect, disturb or prejudice the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of Section 702.

2. Nothing in the Resolution or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

SECTION 806. Remedies Not Exclusive. No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

SECTION 807. Effect of Waiver and Other Circumstances.

1. No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every

power and remedy given by this Article to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

2. The Holders of not less than a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 808. Application of Pledged Property after Event of Default

If an Event of Default under Section 801 has occurred and is continuing, the Trustee shall withdraw all monies then on hand in the Revenue Fund, Debt Service Fund, the Subordinated Payment Obligations Fund and the Subordinated Debt Fund and the Trustee shall apply such monies in the following amounts and priorities:

(a) to the payment of the reasonable and proper charges, expenses, costs and liabilities of the Trustee, including without limitation the reasonable expenses of counsel employed by it;

(b) to the payment of the interest and principal amount or Redemption Price then due on the Bonds and Financing Facility Payment Obligations as follows:

First: To the payment of interest then due on the Bonds and Parity Financing Facility Payment Obligations in the order of the maturity of the installments thereof then due, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest or Parity Financing Facility Payment Obligations maturing on the same date, then to the payment thereof ratably, according to the amounts due in respect of each Bond, and Parity Financing Facility Payment Obligations without priority or preference of any Bond or Parity Financing Facility Payment Obligations over any other;

Second: To the payment, to the extent permitted by law, of interest on the amounts described in Paragraph First of this Section 808 at the rate in effect on the applicable Bonds, from the last Payment Date to which interest has been paid;

Third: To the payment of the unpaid principal amount or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for mandatory sinking fund redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all Bonds due on any date, then to the payment thereof ratably, according to the amounts due in respect of each Bond, without priority or preference of any Bond over any other; and

Fourth:To the payment to any Financing Facility Provider of any Subordinated Financing Facility Payment Obligation then due and, if the amounts available are insufficient to pay in full all Subordinated Financing Facility Payment Obligations, then to the payment thereof ratably, without preference or priority of any Subordinated Financing Facility Payment Obligation over any other; and

(c) to the Authority for payment of Administrative Expenses – Ordinary and Administrative Expenses – Extraordinary, with any balance to be paid to the Treasurer, if any amounts remain after all payments due under paragraphs (a) and (b) have been made.

If and whenever all Events of Default under Section 801 shall be cured to the satisfaction of the Trustee and all amounts due and payable to the Bondholders and in respect of Parity Financing Facility Payment Obligations and the Trustee have been paid or provision deemed to be adequate by the Trustee for such cure or payment shall be made, the Authority and the Trustee shall be restored, respectively, to their former positions and rights with respect to Bonds under this Resolution. No such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

SECTION 809. Application of Pledged Property after Event of Non-Appropriation. From and after the occurrence of an Event of Non-Appropriation, and provided that there shall not have occurred and then be continuing any Event of Default, all applicable Pledged Property received by the Trustee shall be applied as follows:

(a) to the payment of the reasonable and proper charges, expenses, costs and liabilities of the Trustee, including without limitation the reasonable expenses of counsel employed by it;

(b) to the payment of the interest and principal amount or Redemption Price then due on the Bonds and Financing Facility Payment Obligations as follows:

First: To the payment of interest then due on the Bonds and Parity Financing Facility Payment Obligations in the order of the maturity of the installments thereof then due, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest or Parity Financing Facility Payment Obligations maturing on the same date, then to the payment thereof ratably, according to the amounts due in respect of each Bond, and Parity Financing Facility Payment Obligations without priority or preference of any Bond or Parity Financing Facility Payment Obligations over any other;

Second: To the payment, to the extent permitted by law, of interest on the amounts described in Paragraph First of this Section 809 at the rate in effect on the applicable Bonds, from the last Payment Date to which interest has been paid;

Third: To the payment of the unpaid principal amount or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for mandatory sinking fund redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all Bonds due on any date, then to the payment thereof ratably, according to the amounts due in respect of each Bond, without priority or preference of any Bond over any other; and

Fourth:To the payment to any Financing Facility Provider of any Subordinated Financing Facility Payment Obligation then due and, if the amounts

available are insufficient to pay in full all Subordinated Financing Facility Payment Obligations, then to the payment thereof ratably, without preference or priority of any Subordinated Financing Facility Payment Obligation over any other; and

(c) to the Authority for payment of Administrative Expenses – Ordinary and Administrative Expenses – Extraordinary, with any balance to be paid to the Treasurer, if any amounts remain after all payments due under paragraphs (a) and (b) have been made.

SECTION 810. Rights of Holders of Subordinated Debt. From and after the payment in full of the principal or Redemption Price of and interest on all Bonds issued and Outstanding under the Resolution and all Financing Facility Payment Obligations, any rights granted to the Holders of the Bonds and such Financing Facility Providers pursuant to this Article VIII may be exercised by the Holders of any Subordinated Debt then outstanding.

ARTICLE IX

CONCERNING THE FIDUCIARIES

SECTION 901. Trustee; Appointment and Acceptance of Duties. The Authority shall appoint the Trustee in the Supplemental Resolution or Series Certificate to be executed in connection with the issuance of the first Series of Bonds to be issued under the Resolution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution and such Supplemental Resolution or Series Certificate by executing and delivering to the Authority a written acceptance thereof, and by executing such acceptance the Trustee shall be deemed to have accepted such duties and obligations with respect to all Bonds issued under the Resolution, but only, however, upon the terms and conditions set forth in the Resolution and such Supplemental Resolution or Series Certificate.

SECTION 902. Paying Agents; Appointment and Acceptance of Duties.

1. The Authority shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents. All Paying Agents appointed shall have the qualifications set forth in Section 913 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the Authority for the payment of the interest on and principal or Redemption Price of the Bonds.

SECTION 903. Responsibilities of Fiduciaries.

1. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution, and no Fiduciary

shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Resolution to the Authority or any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection 2 of this Section 903, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by Resolution, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of the Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 903 and Section 904.

SECTION 904. Evidence on Which Fiduciaries May Act.

1. Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of the Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Authority, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to any Fiduciary shall be sufficiently executed in the name of the Authority when signed by an Authorized Officer of the Authority.

SECTION 905. Compensation.

1. The Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including without limitation those of its attorneys,

agents and employees, incurred in and about the performance of their powers and duties under the Resolution, in accordance with the agreements made from time to time between the Authority and the Fiduciary.

2. The Authority hereby agrees to the extent permitted by law to reimburse and hold harmless each Fiduciary from and against any and all claims, damages, losses, liabilities, costs or reasonable expenses whatsoever which such Fiduciary may incur in connection with the performance by such Fiduciary of its obligations under the Resolution; provided, however, that the Authority shall not be required to reimburse and hold harmless any Fiduciary for any claims, damages, losses, liabilities, costs or expenses caused in whole or in part by such Fiduciary's negligence, bad faith, breach of contract or misconduct arising out of or as a result of such Fiduciary's performing its obligations under the Resolution or undertaking any transaction contemplated by the Resolution; and further provided, that the foregoing is subject to the limitations of the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:2-1 et seq. and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

3. Each Fiduciary, by accepting its appointment as such under the Resolution, agrees that such Fiduciary (i) shall give the Authority prompt notice in writing of any actual or potential claim described above, and the institution of any suit or action; (ii) shall not adjust, settle or compromise any such claim, suit or action without the consent of the Authority; and (iii) shall permit the Authority, at the Authority's sole discretion, to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action.

4. While the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. is not applicable by its terms to claims arising under contracts with the Authority, each Fiduciary, by accepting its appointment as such under the Resolution, agrees that such statute (except N.J.S.A. 59:13-9) shall be applicable to all claims against the Authority arising under this Section 905.

5. The indemnification provided in this Section 905 does not apply to or extend to any indemnification which may be given by any Fiduciary to any other person.

SECTION 906. Certain Permitted Acts. Any Fiduciary, individually or otherwise, may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization arising out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

SECTION 907. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties created by the Resolution by giving no less than ninety (90) days written notice to the Authority, and mailing notice thereof to the Holders of Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the date specified in such notice unless (i) previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 909, in which event such resignation shall take effect immediately on the appointment of such successor, or (ii) a successor shall not have been appointed by the Authority or the Bondholders as provided in Section 909 on such date, in which event such resignation shall not take effect until a successor is appointed.

SECTION 908. Removal of the Trustee. The Trustee may be removed at any time with or without cause by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. In addition, so long as no Event of Default, or an event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, the Trustee may be removed at any time with or without cause by a resolution of the Authority filed with the Trustee.

SECTION 909. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor Trustee may be appointed by the Authority by a duly executed written instrument signed by an Authorized Officer of the Authority, but if the Authority does not appoint a successor Trustee within sixty (60) days then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee. After such appointment of a successor Trustee, the Authority shall mail notice of any such appointment by it or the Bondholders to the registered owners of the Bonds then Outstanding.

2. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 120 days after the Trustee shall have given to the Authority written notice as provided in Section 907 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, removal, or for any other reason whatsoever, the Trustee (in the case of its resignation under Section 907) or the Holder of any Bond (in any case) may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section 909 in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association and shall have capital stock, surplus and undivided earnings aggregating at least $75,000,000 if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

SECTION 910. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property, rights,

interests and estates held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deed, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

SECTION 911. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 912. Adoption of Authentication. In case any of the Bonds contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in the Resolution provided that the certificate of the Trustee shall have.

SECTION 913. Resignation or Removal of Paying Agent and Appointment of Successor.

1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least sixty (60) days written notice to the Authority, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent shall be appointed by the Authority with the approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock, surplus and undivided earnings aggregating at least $75,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE X

SUPPLEMENTAL RESOLUTIONS

SECTION 1001. Supplemental Resolutions Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, shall be fully effective in accordance with its terms:

(1) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(2) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(3) To add to the covenants and agreements of the Authority in the Resolution, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(5) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of coupon Bonds registrable as to principal only and, in connection therewith, specify and determine the matters and things relative to the issuance of such coupon Bonds, including provisions relating to the timing and manner of provision of any notice required to be given hereunder to the Holders of such coupon Bonds, which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such coupon Bonds;

(6) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of Bonds issued and held in book-entry form on the books of the Authority and Fiduciary or custodian appointed for that purpose by the Authority and, in connection therewith, make such additional changes herein, not adverse to the rights of the Holders of the Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds, substitute for any such Fiduciary or custodian, provide for in, and amend any provisions in, the Resolution relating to the giving of notice, and specify and determine the matters and things relative to the issuance of such book-entry form Bonds as are appropriate or necessary;

(7) To confirm, as further assurance, any pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the

Resolution of the Pledged Property and to pledge any additional revenues, moneys, securities, Financing Facilities or other agreements;

(8) To modify any of the provisions of the Resolution in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, or (ii) such modification shall not adversely affect the interest of any Bondholder; and

(9) To authorize the issuance of Subordinated Debt in accordance with the Resolution, the Act and the Educational Facilities Act.

SECTION 1002. Supplemental Resolutions Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, and (ii) the filing with the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or correct any defect or inconsistent provision in the Resolution; or

(2) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect.

SECTION 1003. Supplemental Resolutions Effective with Consent of Bondholders. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by (a) Bondholders in accordance with and subject to the provisions of Article XI, and (b) any Financing Facility Provider the consent of which is required by the applicable Financing Facility, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI. If permitted by an applicable Supplemental Resolution or Series Certificate, a Financing Facility Provider of a Financing Facility securing a Series of Bonds shall have the right to consent to amendments on behalf and in lieu of the Owners of the Bonds of such Series.

SECTION 1004. General Provisions.

1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 704 or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Sections 1001 and 1002 may be adopted by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said

Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights generally.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 1001, 1002 or 1003 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE XI

AMENDMENTS

SECTION 1101. Mailing. Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at such registered owner's address, if any, appearing upon the registry books of the Authority, and (ii) to the Trustee.

SECTION 1102. Powers of Amendment. Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution with the written consent, given as provided in Section 1103, of the (a) Holders of at least 40% in principal amount of the Bonds Outstanding at the time such consent is given who are affected by the proposed modification or amendment, and, in case less than all of the several series of Bonds then Outstanding are affected thereby, with such consent of the Holders of at least 40% in principal amount of the Bonds of each series so affected and Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section, and (b) any Financing Facility Provider the consent of which is required by the applicable Financing Facility. No such modification or amendment shall permit a change in the terms of redemption (including sinking fund installments) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto, or shall permit a change in the terms of redemption or prepayment of any Subordinated Debt or the payment of interest thereon or any other amount payable in connection therewith without the consent of the holder of such Subordinated Debt. For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The

Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds.

SECTION 1103. Consent of Bondholders. The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1102 to take effect when and as provided in this Section 1103. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section 1103 provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1102, (b) the written consent of any Financing Facility Provider the consent of which is required pursuant to the applicable Financing Facility, and (c) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights generally, and (ii) a notice shall have been given as hereinafter in this Section 1103 provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1202. A certificate or certificates executed by the Trustee and filed with the Authority stating that it has examined such proof and that such proof is sufficient in accordance with Section 1202 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1202 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1103 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1202 hereof. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1103, may be given to Bondholders by the Authority by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1103 provided). The Authority shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 1103 to be made by the Trustee, shall be proof of the matters therein stated. Such

Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that any Fiduciary and the Authority during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

SECTION 1104. Modifications by Unanimous Consent. The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and the consent of (a) the Holders of all of the Bonds then Outstanding, and (b) any Financing Facility Provider the consent of which is required by the applicable Financing Facility, such consents to be given as provided in Section 1103 except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

SECTION 1105. Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XI, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Officer of the Authority, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 1106. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XII

MISCELLANEOUS

SECTION 1201. Defeasance.

1. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds and Subordinated Debt, if any, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds and Subordinated Debt, if any, and in the Resolution, then the pledge of the Pledged Property, any Revenues, and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of the Authority to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Authority the Pledged Property, including all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, and interest on Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Outstanding Bonds of a particular Series, or of a particular maturity or particular Bonds within a maturity within a Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section. Subject to the provisions of subsection 3 through subsection 6 of this Section, any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee irrevocable instructions to mail as provided in Article IV notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either moneys (including moneys withdrawn and deposited pursuant to subsection 2 of Section 506) in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the

Trustee irrevocable instructions to mail a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection 6 of this Section 1201, to be available for the payment of the principal or Redemption Price, if applicable, of and accrued and unpaid interest on said Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). Any notice of redemption mailed pursuant to the preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 1201 to the payment when due of the principal or Redemption Price of and interest on such Bonds, all in the manner provided in the Resolution. The Trustee shall, if so directed by the Authority (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1201 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the principal or Redemption Price, if applicable, of, and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with Section 1201 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this Section 1201. The directions given by the Authority to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1201 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 1201 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 1201 the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under this Section 1201 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy subclause (b) of this subsection 2 of Section 1201, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Resolution. Except as otherwise provided in this subsection 2 of Section 1201 and in subsection 3 through subsection 6

of this Section 1201, neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Resolution. For the purposes of this Section, Defeasance Securities shall mean and include only (A) Defeasance Securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof, (B) Defeasance Securities as to which an irrevocable notice of redemption of such securities has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the Holder thereof, or (C) upon compliance with the provisions of subsection 4 of this Section 1201, Defeasance Securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

3. For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the second sentence of subsection 2 of this Section 1201, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy the second sentence of subsection 2 of this Section 1201, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under the Resolution.

4. Defeasance Securities described in clause (c) of subsection 2 of Section 1201 may be included in the Defeasance Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 1201 only if the determination as to whether the moneys and Defeasance Securities to be deposited with the Trustee in order to satisfy the requirements of such clause (b) would be sufficient to pay when due either on the maturity date thereof or, in the case of any Bonds to be redeemed prior to the maturity date thereof, on the redemption date or dates specified in any notice of redemption to be mailed by the Trustee in accordance with subsection 2 of Section 1201, the principal and Redemption Price, if applicable, and interest on the Bonds which will be deemed to have been paid as provided in subsection 2 of Section 1201 is made both (i) on the assumption that the Defeasance Securities described in clause (c) were not redeemed at the option of the issuer prior to the maturity date thereof and (ii)

on the assumptions that such Defeasance Securities would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Defeasance Securities and that the proceeds of such redemption would not be reinvested by the Trustee.

5. In the event that after compliance with the provisions of subsection 4 of Section 1201, the Defeasance Securities described in clause (c) of subsection 2 of Section 1201 are included in the Defeasance Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 1201 and any such Defeasance Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the direction of the Authority, provided that the aggregate of the moneys and Defeasance Securities to be held by the Trustee, taking into account any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Authority in accordance with subsection 6 of Section 1201, shall at all times be sufficient to satisfy the requirements of clause (b) of subsection 2 of Section 1201, shall reinvest the proceeds of such redemption in Defeasance Securities.

6. Any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that any redemption date or dates in respect of all or any portion of the Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 1201 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption.

7. Option Bonds shall be deemed to have been paid in accordance with the second sentence of subsection 2 of this Section 1201 only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee moneys (including moneys withdrawn and deposited pursuant to subsection 2 of Section 506) in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to subsection 2 of this Section, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Resolution.

8. Related Swap Bonds and the Authority's Swap Payment Obligations under the applicable Swap Agreements shall be deemed to have been paid for purposes of Section 1201 above if (a) there shall have been deposited with the Trustee moneys and Defeasance Securities of the type described in Section 1201(2) in an amount which, together with amounts due and to become due from the Swap Provider under the applicable Swap Agreement, shall be sufficient to pay when due (i) during the term of the applicable Swap Agreement, the Authority's Bond Payment Obligations, Related Swap Bond Payment Obligations and Swap Payment Obligations (other than Swap Termination Payments) in respect of such Related Swap Bonds and (ii) thereafter, all principal of and premium, if any, and interest on such Bonds to maturity or prior redemption and (b) the Authority shall have given to the Trustee irrevocable written instructions directing the Trustee to

pay, during the term of the applicable Swap Agreement to the applicable Paying Agent or Swap Provider, as the case may be, the amount required to pay the Authority's Bond Payment Obligations, Related Swap Bond Payment Obligations and Swap Payment Obligations in respect of such Related Swap Bonds. Neither moneys nor Defeasance Securities deposited with the Trustee pursuant to this Section 1201(8) nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payments to be made pursuant to subsections (i) and (ii) above; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall to the extent practicable, be reinvested in Defeasance Securities maturing at the times and in amounts sufficient, together with other moneys available for the purpose, to make the payments set forth in subsections (i) and (ii) above, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge, and provided, further that any Defeasance Securities may be sold, transferred, redeemed or otherwise disposed of and the proceeds thereof applied to the purchase of other Defeasance Securities of the type permitted for this purpose, the principal of and interest on which, when due, together with moneys and other Defeasance Securities then held by the Trustee for such purpose, shall be sufficient to make the payments set forth in subsections (i) and (ii) above. Notwithstanding the defeasance of any Bonds and discharge of the lien of the Resolution pursuant to this Section 1201, during the term of any Swap Agreement for which the Related Swap Bonds have been defeased, the Trustee shall, subject to the foregoing provisions of this Section 1201, hold and apply (i) the Defeasance Securities deposited with it pursuant to this Section as provided in Section 504, and (ii) all payments from the Swap Provider under the applicable Swap Agreement as Swap Revenues pursuant to Section 506. If any portion of the moneys deposited with the Trustee for the payment of the amounts set forth in subsection (a) above is not required for such purpose, the Trustee shall pay the amount of such excess as the Authority shall direct in writing.

9. Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority the Fiduciary shall, at the expense of the Authority, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

10. Any Subordinated Debt shall be defeased in the manner and subject to the terms and conditions set forth in the Supplemental Resolution or other resolution of the Authority authorizing the issuance thereof.

SECTION 1202. Evidence of Signatures of Bondholders and Ownership of Bonds.

1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of any instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or such Bondholder's attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature, guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds transferable by delivery held by any person executing any instrument as a Bondholder, the date of such person's holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depositary the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depositary with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

2. The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

3. Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

SECTION 1203. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

SECTION 1204. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

SECTION 1205. Parties Interested Herein. Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Authority, the Fiduciaries, the Holders of the Bonds, any Financing Facility Providers and the holders of any Subordinated Debt, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, the Holders of the Bonds, any Financing Facility Provider and the holders of any Subordinated Debt.

SECTION 1206. No Recourse on the Bonds. No recourse shall be had for the payment of the principal of or interest on the Bonds, the Financing Facility Payment Obligations or the principal of or interest on any Subordinated Debt for any claim based thereon or on the Resolution against any member or officer of the Authority or any person executing the Bonds, any Financing Facility or any instrument evidencing Subordinated Debt.

SECTION 1207. Publication of Notice; Suspension of Publication.

1. Any publication to be made under the provisions of the Resolution in successive weeks or on successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in a different Authorized Newspaper.

2. If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to the Resolution in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 1208. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in the Resolution on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution.

SECTION 1209. Holidays. Except with respect to the computation of a Record Date, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Resolution, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Trustee or the operational office of the Authority are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in the Resolution, and no interest shall accrue for the period after such nominal date.

SECTION 1210. Compound Interest Bonds; Compound Interest and Income Bonds. For the purposes of (i) receiving payment of the Redemption Price if a Compound Interest Bond or Compound Interest and Income Bond is redeemed prior to maturity, or (ii) receiving payment of a Compound Interest Bond or Compound Interest and Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in Section 801 of the Resolution, or (iii) computing the principal amount of Bonds held by the registered owner of a Compound Interest Bond or Compound Interest and Income Bond in giving to the Authority or the Trustee any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, or (iv) determining whether any Compound Interest Bond or Compound Interest and Income Bond has been paid or deemed to have been paid pursuant to Section 1201 of the Resolution, the principal amount of a Compound Interest Bond or Compound Interest and Income Bond shall be deemed to be its Accreted Value or Appreciated Value, respectively.

ARTICLE XIII

BOND FORM AND EFFECTIVE DATE

SECTION 1301. Form of Bonds, Trustee's Certificate of Authentication. Subject to the provisions of the Resolution, the form of Bonds of each Series and the Trustee's Certificate of Authentication shall be substantially the following tenor with such variations, omissions and insertions as are required or permitted by the Resolution:

[FORM OF FRONT SIDE OF FULLY REGISTERED BOND]

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & CO., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & CO., has an interest herein.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

SCHOOL FACILITIES CONSTRUCTION BONDS _____ SERIES _____

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE RESOLUTION AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE RESOLUTION FOR THE PAYMENT OF THIS BOND. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER. THE BONDS SHALL NOT BE A DEBT OR LIABILITY OF THE STATE OR ANY AGENCY OR INSTRUMENTALITY THEREOF, EITHER LEGAL, MORAL OR OTHERWISE, AND NOTHING IN THE EDUCATIONAL FACILITIES ACT SHALL BE CONSTRUED TO AUTHORIZE THE AUTHORITY TO INCUR ANY INDEBTEDNESS ON BEHALF OF OR IN ANY WAY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

No. R-

Interest Rate %	Maturity Date	Dated Date	Authentication Date	CUSIP

Registered Owner:

Principal Sum: Dollars

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic and an instrumentality of the State of New Jersey created and existing under the laws of the State of New Jersey, acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the corporate trust office of _____, _____, New Jersey (such bank and any successors thereto being herein called the "Paying Agent"), the Principal Sum stated hereon in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on _____ and _____, in each year, commencing _____, until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date hereof on such Principal Sum by check or draft of the Trustee hereinafter mentioned mailed to such Registered Owner who shall appear as of the fifteenth (15th) day (or if such day shall not be a Business Day, the preceding Business Day) next preceding such interest payment date on the books of the Authority maintained by the Bond Registrar.

The terms and provisions of this bond and definitions of certain terms used herein may be continued on the reverse side of this bond and such continued terms and provisions and definitions shall for all purposes have the same effect as though fully set forth on the front of this bond.

[The following material should be printed on reverse side of Bond Form]

This bond is one of a duly authorized series of bonds of the Authority designated "School Facilities Construction Bonds, _____ Series _____" (herein called the "_____ Series _____ Bonds"), in the aggregate principal amount of $_____, issued under and in full compliance with the Constitution and Statutes of the State of New Jersey, and particularly Chapter 80 of the Laws of New Jersey, 1974, as amended and supplemented (herein called the "Act") and Chapter 72, §§ 1 through 30 and 57 through 71, of the Laws of New Jersey, 2000, as amended and supplemented (herein called the "Educational Facilities Act"), and under and pursuant to a Resolution adopted by the Authority on February 13, 2001 entitled "School Facilities Construction Bond Resolution", as supplemented, including a supplemental resolution of the Authority authorizing the _____ Series _____ Bonds [and a Series Certificate duly executed by an Authorized Officer of the Authority on _____] (said Resolution as supplemented [and together with said Series Certificate] being herein called the "Resolution").

As provided in the Resolution, the _____ Series _____ Bonds, and all other bonds issued under the Resolution on a parity with the _____ Series _____ Bonds (herein collectively called the "bonds" or "Bonds") are special, limited obligations of the Authority payable solely from,

and secured as to payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by, the Pledged Property, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Pledged Property under the Resolution includes all Revenues of the Authority and the monies and earnings held in the Revenue Fund, the Debt Service Fund, the Subordinated Payment Obligations Fund and the Subordinated Debt Fund; the State Contract, including all payments thereunder and the right to receive the same (except amounts in respect of Administrative Expenses – Ordinary, Administrative Expenses – Extraordinary and Rebate Payments); and all right, title and interest of the Authority in and to the foregoing. ALL AMOUNTS PAID TO THE AUTHORITY FROM THE STATE GENERAL FUND ARE SUBJECT TO AND DEPENDENT UPON APPROPRIATIONS BEING MADE FROM TIME TO TIME BY THE NEW JERSEY STATE LEGISLATURE. THE NEW JERSEY STATE LEGISLATURE HAS NO LEGAL OBLIGATION TO MAKE ANY SUCH APPROPRIATIONS. Copies of the Resolution are on file at the office of the Authority and at the above mentioned office of the Trustee, and reference is hereby made to the Act, to the Educational Facilities Act and to the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the bonds with respect thereto, the terms and conditions upon which the bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and for the other terms and provisions thereof. All covenants, agreements and obligations of the Authority under the Resolution may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specified securities shall have been deposited with the Trustee.

As provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions or Series Certificates in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Educational Facilities Act, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Authority, with the written consent of (a) the holders of at least 40% in principal amount of the Bonds Outstanding under the Resolution at the time such consent is given, and, in case less than all of the several series of Bonds then Outstanding are affected thereby, with such consent of the holders of at least 40% in principal amount of the Bonds of each series so affected and Outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds, and (b) any Financing Facility Provider the consent of which is required by the applicable Financing Facility. If permitted by an applicable Supplemental Resolution or Series Certificate, a Financing Facility Provider of a Financing Facility securing a Series of Bonds shall have the right to consent to amendments on behalf and in lieu of the Owners of the Bonds of such Series. No such modification or amendment shall permit a change in the terms of redemption (including sinking

fund installments) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto, or shall permit a change in the terms of redemption or prepayment of any Subordinated Debt or the payment of interest thereon or any other amount payable in connection therewith without the consent of the holder of such Subordinated Debt.

This bond is transferable, as provided in the Resolution, only upon the books of the Authority kept for that purpose at the above-mentioned office of the Trustee, as Bond Registrar, by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered bond or bonds of the same aggregate principal amounts, Series and maturity as this bond shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The Authority, the Trustee and any Paying Agent may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The ____ Series ____ Bonds are subject to redemption as follows:

[HERE INSERT APPLICABLE REDEMPTION PROVISIONS]

The ____ Series ____ Bonds are payable upon redemption at the above mentioned offices of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee, postage prepaid, not less than twenty-five (25) days [or such other period as may be specified in the Supplemental Resolution or Series Certificate authorizing the bonds] prior to the redemption date, to the Registered Owners of any bonds or portions of bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, all in the manner and upon the terms and conditions set forth in the Resolution. Such notices shall also be given by publication once a week for at least two successive weeks in any Authorized Newspaper, the first such publication to be sent not less than 30 days nor more than 60 days prior to the redemption date. If notice of redemption shall have been given as aforesaid, the bonds or portions thereof specified in said notice shall become due and payable on the redemption date so designated, and if, on the redemption date, moneys for the redemption of all the bonds and portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then, from and after the redemption date, interest on such bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the Registered Owner of any bonds which are to be redeemed to receive any such mailed notice, or failure of the Authority to publish notices of redemption as provided herein, shall not affect the validity of the proceedings for the redemption of bonds.

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PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE RESOLUTION AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE RESOLUTION FOR THE PAYMENT OF THIS BOND. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER. THE BONDS SHALL NOT BE A DEBT OR LIABILITY OF THE STATE OR ANY AGENCY OR INSTRUMENTALITY THEREOF, EITHER LEGAL, MORAL OR OTHERWISE, AND NOTHING IN THE EDUCATIONAL FACILITIES ACT SHALL BE CONSTRUED TO AUTHORIZE THE AUTHORITY TO INCUR ANY INDEBTEDNESS ON BEHALF OF OR IN ANY WAY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

No covenant or agreement contained in this Bond shall be deemed to be the covenant or agreement of any member, officer, attorney, agent or employee of the Authority in an individual capacity. No recourse shall be had for the payment of principal, premium, if any, or interest on the Bond against any officer, member, agent, attorney or employee of the Authority past, present or future, or any successor body or their heirs, personal representatives, successors, as such, either directly or through the Authority, or any such successor body, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all of such liability being hereby released as a condition of and as a consideration for the execution and delivery of this Bond.

This Bond shall not constitute the personal obligation, either jointly or severally, of any director, officer, employee or agent of the Authority. The Act provides that neither the members of the Authority nor any person executing bonds for the Authority shall be liable personally on said bonds by reason of the issuance thereof.

[End of material for reverse side of Bond Form]

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the series of bonds of which this is a part, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of New Jersey, including, particularly, the Act and the Educational Facilities Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman, Executive Director or Deputy Director, and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: _____
Chairman, Executive Director
or Deputy Director

[SEAL]

Attest:

_____
Secretary or Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the _____ Series _____ Bonds delivered pursuant to the within mentioned Resolution.

Trustee

By:_____
Authorized Officer

SECTION 1302. Escheat Provision. Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, be applied when and as provided in the Uniform Unclaimed Property Act, N.J.S.A. 46:30B-1 et seq, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall have such rights as are provided in said Uniform Unclaimed Property Act.

SECTION 1303. Governing Law. This Resolution shall be governed by and construed in accordance with the laws of the State of New Jersey.

SECTION 1304. Effective Date. This Resolution shall take effect immediately upon its adoption in accordance with the Act.

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APPENDIX III

COPY OF STATE CONTRACT AND AMENDMENT NO. 1 TO STATE CONTRACT

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AMENDMENT NO. 1 TO
CONTRACT IMPLEMENT FUNDING PROVISIONS OF THE
EDUCATIONAL FACILITIES CONSTRUCTION AND FINANCING ACT

by and between

THE TREASURER OF THE STATE OF NEW JERSEY

and the

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

dated April 22, 2010

This Amendment No. 1 to Contract Implementing Funding Provisions of the Educational Facilities Construction and Financing Act, dated April 22, 2010 (this "First Amendment"), is by and between the Treasurer of the State of New Jersey (the "Treasurer") and the New Jersey Economic Development Authority (the "Authority"), a public body corporate and politic of the State of New Jersey (the "State") created and existing pursuant to the New Jersey Economic Development Authority Act, L. 1974, c.80, as heretofore or hereafter from time to time amended and supplemented (the "Act").

WITNESSETH:

WHEREAS, the Educational Facilities Construction and Financing Act (the "Original Educational Facilities Act"). L. 2000, c 72 provides for the issuance of bonds, notes and other obligations of the Authority, the incurrence of indebtedness and the borrowing of money for certain purposes specified in Section 14 thereof which are payable in whole or in part from amounts appropriated by the Legislature for such purposes and paid by the Treasurer from the State General Fund to the Authority pursuant to Sections 17 and 18 thereof; and

WHEREAS, Section 18 of the Original Educational Facilities Act authorizes the Authority and the Treasurer to enter into one or more contracts to implement the payment arrangement provided for in Section 17 thereof; and

WHEREAS, pursuant to Section 18 of the Original Educational Facilities Act, the Treasurer and the Authority entered into that certain Contract Implementing Funding Provisions of the Educational Facilities Construction and Financing Act (the "Original State Contract" and together with this First Amendment, the "State Contract") whereby the Treasurer agreed, subject to Article VI of the Original State Contract, to pay from the General Fund to the Trustee the amount required so that the amounts held under the Resolution and available for such purpose shall equal the Debt Service Requirement on each Payment Date; and

WHEREAS, the Original Educational Facilities Act was amended by L.2008, c. 39 (the "2008 Amendment" and together with the Original Educational Facilities Act, the "Educational Facilities Act") to provide that the increase in the amount of school bonds authorized to be issued by the Authority pursuant to the 2008 Amendment for the State share of costs for School Facilities Projects, debt service on the Bonds or Refunding Bonds issued or incurred by the Authority under the 2008 Amendment to Section 14 of the Educational Facilities Act and any additional costs authorized pursuant to such Section shall first be payable from revenues received from the gross income tax pursuant to the "New Jersey Gross Income Tax Act," L.1974, c.47, except for certain administrative and operating expenses incurred in connection with School Facilities Projects; and

WHEREAS, the parties hereto desire to amend the Original State Contract through the authorization, execution and delivery of this First Amendment to implement the funding provisions of the 2008 Amendment.

NOW THEREFORE, in consideration of the premises and certain other consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. All capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in Section 101 of the Original State Contract.

Section 2. Amendment of Section 202 of the Original State Contract. A new sentence is hereby added to the end of Section 202 of the Original State Contract to read in its entirety as follows:

> "The notice provided in the preceding sentence shall separately indicate the Debt Service Requirements of Bonds authorized under (i) the Original Educational Facilities Act and (ii) the 2008 Amendment."

Section 3. Amendment of Section 203 of the Original State Contract. The first sentence of Section 203 of the Original State Contract is hereby amended to read in its entirety as follows:

> "On or before each Payment Date, the Treasurer shall pay from any legally available sources to the Trustee for deposit to the Revenue Fund, to be applied pursuant to the applicable Resolution or Resolutions, the amount required so that the amounts held under such Resolution or Resolutions and available for such purpose shall equal the Debt Service Requirements therefore on such Payment Date."

Section 4. Amendment of Section 501 of the Original State Contract. A new sentence is hereby added to the end of Section 501 of the Original State Contract to read in its entirety as follows:

> "Notwithstanding anything contained herein to the contrary, amounts received by the Trustee from the Treasurer hereunder shall only be used by the Trustee pursuant to the terms of the Resolution in accordance with the provisions of the Educational Facilities Act."

Section 5. Amendment of Section 601 of the Original State Contract. The first sentence of Section 601 of the Original State Contract is hereby amended to read in its entirety as follows:

> "IT IS EXPRESSLY UNDERSTOOD BY THE PARTIES HERETO (AND ANY ASSIGNEES) THAT THE INCURRENCE OF ANY OBLIGATION BY THE STATE OR THE TREASURER UNDER THIS AGREEMENT, INCLUDING ANY AND ALL TRANSFERS AND PAYMENTS TO BE MADE HEREUNDER FROM ANY LEGALLY AVAILABLE SOURCES, SHALL BE SUBJECT TO AND DEPENDENT UPON APPROPRIATIONS BEING MADE FROM TIME TO TIME BY THE LEGISLATURE

FOR THE PURPOSES SET FORTH HEREIN AND IN SECTION 14 OF THE EDUCATIONAL FACILITIES ACT."

Section 6. Except as amended by Sections 1 through 5 hereof, all of the terms of the Original State Contract shall remain in full force and effect.

Section 7. This First Amendment is authorized pursuant to Section 703 (c) and (d) of the Original State Contract.

Section 8. This First Amendment shall be effective upon the execution and delivery hereof by the parties hereto.

Section 9. This First Amendment may be executed in counterparts which, taken together, shall constitute a single document.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the day and year first above written.

TREASURER, STATE OF NEW JERSEY

By: _____
Andrew P. Sidamon-Eristoff

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____
John J. Rosenfeld
Director of Program Services

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the day and year first above written.

TREASURER, STATE OF NEW JERSEY

By:_____
Andrew P. Sidamon-Eristoff

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: John J. Rosenfeld
John J. Rosenfeld
Director of Program Services

CONTRACT IMPLEMENTING FUNDING PROVISIONS

OF THE
EDUCATIONAL FACILITIES CONSTRUCTION AND FINANCING ACT

by and between

THE TREASURER OF THE STATE OF NEW JERSEY

and the

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Dated

March 21, 2001

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CONTRACT IMPLEMENTING FUNDING PROVISIONS
OF THE
EDUCATIONAL FACILITIES CONSTRUCTION AND FINANCING ACT

THIS CONTRACT IMPLEMENTING FUNDING PROVISIONS OF THE EDUCATIONAL FACILITIES CONSTRUCTION AND FINANCING ACT (the "Agreement") is made as of March 21, 2001, by and between the Treasurer of the State of New Jersey (the "Treasurer") and the New Jersey Economic Development Authority (the "Authority"), a public body corporate and politic of the State of New Jersey (the "State") created and existing pursuant to the New Jersey Economic Development Authority Act, P.L. 1974, c. 80, as heretofore or hereafter from time to time amended and supplemented (the "Act").

BACKGROUND

WHEREAS, the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72, §§ 1 through 30 and 57 through 71 (the "Educational Facilities Act"; references to the Educational Facilities Act shall be deemed to refer to the Educational Facilities Act as amended) was enacted and became effective on July 18, 2000; and

WHEREAS, the Educational Facilities Act provides for the issuance of bonds, notes and other obligations of the Authority, the incurrence of indebtedness and the borrowing of money for certain purposes specified in Section 14 thereof which are payable in whole or in part from amounts appropriated by the Legislature for such purposes and paid by the Treasurer from the State General Fund to the Authority pursuant to Sections 17 and 18 thereof; and

WHEREAS, Section 18 of the Educational Facilities Act authorizes the Authority and the Treasurer to enter into one or more contracts to implement the payment arrangement provided for in Section 17 thereof; and

WHEREAS, pursuant to the authority so granted in Section 18 of the Educational Facilities Act, the Treasurer and the Authority have determined that it is necessary and desirable to enter into this Agreement to provide for the issuance of bonds, notes and other obligations as provided for in the Educational Facilities Act.

NOW, THEREFORE, in consideration of the promises, mutual covenants and agreements herein set forth and the undertaking of each party to the other, the Treasurer and the Authority do hereby promise, covenant and agree as follows:

ARTICLE I
DEFINITIONS

Section 101. Definitions. Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Resolution or the Educational Facilities Act, unless a different meaning clearly appears from the context. In addition, the following terms shall have the meanings set forth below.

Act shall mean the New Jersey Economic Development Authority Act, P.L. 1974, c. 80, as heretofore or hereafter from time to time amended and supplemented.

Administrative Expenses – Extraordinary shall mean any unusual or extraordinary administrative expenses incurred by the Authority to undertake the financing, design, construction and maintenance of School Facilities Projects, which may be charged against available moneys in the Projects Fund (but only after receipt of the written approval of the Treasurer) or paid from the General Fund to the Authority in an amount determined by the Authority and the Treasurer.

Administrative Expenses – Initial shall mean any Administrative Expenses – Ordinary to be paid at the closing for a Series from the proceeds of such Series.

Administrative Expenses – Ordinary shall mean ordinary costs, liabilities and expenses incurred by the Authority to undertake the financing, design, construction and maintenance of School Facilities Projects, including, but not limited to, the fees and expenses of the Trustee, accounting and other usual administrative costs, in an amount pursuant to the budget prepared by the Authority and approved by the Treasurer.

Authority shall mean the New Jersey Economic Development Authority, a public body corporate and politic constituting an instrumentality of the State, created and existing under and by virtue of the Act, exercising governmental functions, and any body, board, authority, agency or political subdivision or other instrumentality of the State which shall hereafter succeed to the powers, duties and functions thereof.

Bond or Bonds shall mean any bonds, including Refunding Bonds, notes or Other Obligations, (other than Subordinated Debt), authorized to be issued pursuant to Section 14 of the Educational Facilities Act and authenticated and delivered under and pursuant to the Resolution. Without limiting the generality of the immediately preceding sentence, the term "Bonds" shall include "qualified zone academy bonds" authorized to be issued pursuant to Section 1397E of the Code and similar non-interest bearing obligations.

Bond-Financed Local Unit Obligations shall mean bonds, notes, refunding bonds, lease obligations and all other obligations of a Local Unit which are issued to or entered into with the Authority for the purpose of paying for all or a portion of the costs of a School Facilities Project, which costs or portion of costs were financed with proceeds of Bonds.

Bondholder or Holder of Bonds or Holder shall mean any person who shall be the registered owner of any Bond or Bonds. A Financing Facility Provider or Liquidity Provider which owns Bonds by purchase or is subrogated to the rights of Bondholders is a Bondholder for purposes hereof.

Bond Payment Obligations shall mean the Authority's obligation to pay the principal or Redemption Price of and interest on the Bonds, including Bonds held by Financing Facility Providers and Liquidity Providers.

Debt Service Fund shall mean the Debt Service Fund established in Section 502 of the Resolution.

Debt Service Requirements shall mean, with respect to a Payment Date, all Bond Payment Obligations and Financing Facility Payment Obligations coming due and payable on such Payment Date.

Educational Facilities Act shall mean the Educational Facilities Construction and Financing Act, constituting Chapter 72, §§ 1 through 30 and 57 through 71, Laws of New Jersey of 2000, as heretofore or hereafter from time to time amended and supplemented.

Financing Facility shall mean any revolving credit agreement, agreement establishing a line of credit or letter of credit, reimbursement agreement, interest rate exchange agreement, currency exchange agreement, interest rate floor or cap, options, puts or calls to hedge payment, currency, rate, spread or similar exposure or similar agreements, float agreements, forward agreements, insurance contracts, surety bonds, commitments to purchase or sell bonds, purchase or sale agreements, or commitments or other contracts or agreements and other security agreements, including Swaps and Liquidity Facilities, approved by the Authority and the Treasurer in connection with the Bonds.

Financing Facility Payment Obligations shall mean all payment and reimbursement obligations of the Authority to a Financing Facility Provider in connection with any Financing Facility securing or entered into in connection with all or a portion of any Series of Bonds, and which do not constitute Bond Payment Obligations.

Financing Facility Provider shall mean the issuer or provider of a Financing Facility.

First Supplemental Resolution shall mean the First Supplemental School Facilities Construction Bond Resolution of the Authority adopted February 13, 2001.

General Fund shall mean the State General Fund.

Liquidity Facility shall mean any letter of credit, line of credit or standby loan commitment made available to fund repurchases of Variable Interest Rate Bonds or

Subordinated Debt upon maturity or mandatory or optional tender of such obligations, approved by the Authority and the Treasurer in connection with the Bonds; such Liquidity Facility may be part of, or separate from, any other Financing Facility supporting such obligations.

Liquidity Provider shall mean the issuer or provider of a Liquidity Facility.

Local Unit shall mean a county, municipality, board of education or any other political subdivision or instrumentality authorized to construct, operate and maintain a School Facilities Project and to borrow money for those purposes pursuant to law.

Local Unit Obligor shall mean a Local Unit which is the issuer of or a party to a Bond-Financed Local Unit Obligation.

Local Unit Payments shall mean amounts payable to or at the direction of the Authority by Local Unit Obligors pursuant to the Bond-Financed Local Unit Obligations.

Other Obligations shall mean bank loan agreements, lines of credit and other security agreements, and any other form of indebtedness which the Authority is authorized to enter into or obtain pursuant to the Educational Facilities Act.

Payment Date shall mean each date on which payment of principal or Redemption Price or interest with respect to any Bonds or payment of any Financing Facility Payment Obligations shall be due and payable.

Projects Fund shall mean the Projects Fund established in Section 502 of the Resolution.

Rebate Fund shall mean the Rebate Fund established in Section 502 of the Resolution.

Redemption Price shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Refunding Bonds shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to Section 203 of the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or Section 1106 of the Resolution.

Related Swap Bonds shall mean, with respect to and during the term of any Swap Agreement, the Bonds to which such Swap Agreement relates, as specified in the applicable Supplemental Resolution or Series Certificate authorizing such Swap Agreement.

Resolution shall mean the Authority's School Facilities Construction Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions and Series Certificates in accordance with its terms and any resolution, indenture, agreement, or other instrument adopted or entered into by the Authority which provides for the security and payment of the Bonds.

Revenue Fund shall mean the Revenue Fund established in Section 502 of the Resolution.

School Facility shall mean and include any structure, building or facility used wholly or in part for academic purposes by a district, but shall exclude athletic stadiums, grandstands, and any structure, building or facility used solely for school administration.

School Facilities Project shall mean the acquisition, demolition, construction, improvement, repair, alteration, modernization, renovation, reconstruction or maintenance of all or any part of a School Facility or of any other personal property necessary for, or ancillary to, any School Facility, and shall include fixtures, furnishings and equipment, and shall also include, but is not limited to, site acquisition, site development, the services of design professionals, such as engineers and architects, construction management, legal services, financing costs and administrative costs and expenses incurred in connection with the project, as authorized pursuant to the Educational Facilities Act.

Series shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or Section 1106 of the Resolution, regardless of variations in maturity, interest rate, redemption provisions or other provisions.

Series Certificate shall mean a certificate executed by an Authorized Officer of the Authority making certain determinations in connection with the issuance of a Series of Bonds or Subordinated Debt pursuant to the Supplemental Resolution providing for, among other items, the issuance of such Series of Bonds or Subordinated Debt. Each Series Certificate, upon execution and delivery, shall be deemed to be a part of the applicable Supplemental Resolution.

State shall mean the State of New Jersey.

State Contract shall mean this Agreement.

State Fiscal Year shall mean the fiscal year of the State, being the twelve (12) month period beginning on July 1 of each year and ending on June 30 of the succeeding year.

Subordinated Debt shall mean indebtedness issued pursuant to and complying with the provisions of Section 510 of the Resolution.

Subordinated Payment Obligations Fund shall mean the Subordinated Payment Obligations Fund established in Section 502 of the Resolution.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Authority in accordance with Article X of the Resolution.

Surplus Fund shall mean the Surplus Fund established in Section 502 of the Resolution.

Swap or **Swap Agreement** shall mean any agreement between the Authority and a Swap Provider confirming a transaction which is a rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, corridor transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of such transactions, approved by the Authority and the Treasurer in connection with the Bonds.

Swap Payment Obligations shall mean, for any period of time and with respect to any Related Swap Bonds, all net amounts payable by the Authority (including Swap Termination Payments payable by the Authority) under any Swap in respect of such Related Swap Bonds.

Swap Provider shall mean the Authority's or the Trustee's counterparty under a Swap Agreement.

Swap Termination Payment shall mean, with respect to any Swap, any settlement amount payable by the applicable Swap Provider or the Authority by reason or on account of the early termination of such Swap. The term "Swap Termination Payment" shall not include net unpaid amounts which would have been payable by the Swap Provider or the Authority pursuant to the terms of the applicable Swap irrespective of the early termination of such Swap.

Treasurer shall mean the Treasurer of the State of New Jersey.

Trustee shall mean the Trustee to be appointed pursuant to the Series Certificate authorizing the first Series of Bonds to be issued under the Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

2001 Series A Bonds shall mean the $500,000,000 aggregate principal amount of School Facilities Construction Bonds, 2001 Series A, authorized to be issued pursuant to Article II of the First Supplemental Resolution.

Variable Interest Rate shall mean a variable interest rate to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds. The method of computing such variable interest rate shall be as specified in the Supplemental Resolution or Series Certificate authorizing such Series of Bonds.

Variable Interest Rate Bonds for any period of time, shall mean Bonds which during such period bear a Variable Interest Rate, provided that Bonds the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be Variable Interest Rate Bonds.

ARTICLE II
FUNDS AND ACCOUNTS; PAYMENTS

Section 201. Establishment and Maintenance of Funds; Investment of Funds. The Authority shall establish and maintain with the Trustee the Funds and Accounts required by the Resolution. The Authority and the Treasurer agree that from and after the date of issuance of the 2001 Series A Bonds and so long thereafter as any Bonds shall be Outstanding or any Financing Facility Payment Obligations remain unpaid and outstanding, such Funds and Accounts shall be maintained by the Trustee (other than the Projects Fund, which shall be held and maintained by the Authority) and shall be held and applied as provided in the Resolution. Such Funds and Accounts shall be invested at the direction of the Treasurer in accordance with the provisions of the Resolution.

Section 202. Notice to Treasurer. Promptly following the issuance of each Series of Bonds, the Authority shall provide the Treasurer with a schedule showing the Debt Service Requirements with respect to such Series and shall provide the Treasurer with written notice at least 20 days prior to each Payment Date setting forth the amount required under the applicable Resolution or Resolutions to be deposited in the Debt Service Fund and the Subordinated Payment Obligations Fund established thereunder so that the amounts held in such Funds on such Payment Date shall equal the Debt Service Requirements for such Payment Date.

Section 203. Payments from General Fund. On or before each Payment Date, the Treasurer shall pay from the General Fund to the Trustee for deposit to the Revenue Fund, to be applied pursuant to the applicable Resolution or Resolutions, the amount required so that the amounts held under such Resolution or Resolutions and available for such purpose shall equal the Debt Service Requirements therefor on such Payment Date. The Treasurer may discharge all or a portion of the obligation to make payments relating to Bond Payment Obligations by delivering to the Trustee for cancellation on or before a Payment Date, the Bonds or a portion thereof on which Bond Payment Obligations are due on such Payment Date.

Section 204. Redemption, Defeasance or Purchase of Bonds. The Treasurer on behalf of the State may, at any time in his sole discretion, make payments

to the Authority for the purpose of (i) redeeming Bonds pursuant to the exercise by the Authority of any option it may have under the Resolution, (ii) defeasing Bonds prior to their maturity or redemption date as permitted by and in accordance with the procedures for defeasance set forth in the Resolution, or (iii) purchasing Bonds at market prices as permitted in the Resolution, including amounts to pay the expenses of any such redemption, defeasance or purchase. Any payments made by the Treasurer to the Authority for the purposes set forth in this section shall, subject to the provisions of the Resolution, be applied by the Authority to such purpose, and, if so directed herein or in the Resolution, shall be deposited in a Fund or Account established under the Resolution or set aside with the Trustee, as shall be provided in the Resolution. Upon payment to the account of the Authority of the amount required therefor and direction by the Treasurer to the Authority to do so, the Authority shall exercise any option it may have under the Resolution to redeem or purchase all or any portion of the Bonds and take such other action as may be necessary to effectuate the redemption, defeasance or purchase of such Bonds.

Section 205. Administrative Expenses.

(a) Administrative Expenses – Initial. At the closing of each Series of Bonds, the Trustee shall pay to the Authority from the proceeds of such Series the amount of Administrative Expenses – Initial with respect to such Series.

(b) Administrative Expenses – Ordinary. On a quarterly basis, the Treasurer shall pay from the General Fund to the Authority the Authority's Administrative Expenses – Ordinary in an amount pursuant to the budget prepared by the Authority and approved by the Treasurer. The Authority may charge Administrative Expenses – Ordinary against available moneys in the Projects Fund on a monthly basis.

(c) Administrative Expenses – Extraordinary. The Authority may, from time to time, but only with the prior written approval of the Treasurer, charge against available moneys in the Projects Fund, any Administrative Expenses – Extraordinary which it may incur. In the event that there are insufficient moneys available in the Projects Fund for the payment of any Administrative Expenses – Extraordinary that have been approved by the Treasurer, the Treasurer shall pay from the General Fund to the Authority the amount of the Authority's Administrative Expenses – Extraordinary as shall be determined by the Treasurer and the Authority.

Section 206. Rebate Fund. From time to time, the Treasurer shall pay from the General Fund to the Trustee for deposit to the Rebate Fund the amounts required to make rebate payments to the United States pursuant to Section 148 of the Internal Revenue Code of 1986 (the "Rebate Payments"), all as provided in the arbitrage and tax compliance or similar certificates delivered in connection with the issuance of each Series of Bonds or as otherwise advised in writing by Bond Counsel. The Treasurer shall be responsible for the calculation of Rebate Payments.

Section 207. Surplus Fund. The Authority and the Treasurer agree that the Treasurer may, upon one day's notice, at any time and from time to time, direct the Authority to direct the Trustee to apply amounts in the Surplus Fund to any one or more of the purposes set forth in Section 509 of the Resolution.

Section 208. Accounts and Records. The Authority agrees to keep or cause to be kept accounts and records which clearly identify the purposes for which monies received by the Authority, including the proceeds of Bonds and monies received by the Authority pursuant to this Agreement, have been expended. The Authority agrees to make available or cause to be made available for inspection by the Treasurer its accounts and records as may be determined necessary or desirable by the Treasurer.

Section 209. Local Unit Payments. Unless otherwise directed in writing by the Treasurer, the Authority shall (a) direct all Local Unit Obligors to make all Local Unit Payments directly to the Trustee for deposit to the Revenue Fund to be applied as provided in the applicable Resolution or Resolutions, and (b) in any event, pay all Local Unit Payments received by the Authority to the Trustee for deposit to the Revenue Fund to be applied as provided in the applicable Resolution or Resolutions.

ARTICLE III
ISSUANCE OF BONDS; APPROVALS OF TREASURER

Section 301. Approvals of Treasurer. No Resolution shall be adopted by the Authority or otherwise made effective authorizing the issuance of Bonds or Refunding Bonds pursuant to Section 14 of the Educational Facilities Act without the prior written approval of the Treasurer as required by Section 14 of the Educational Facilities Act. The issuance of the 2001 Series A Bonds, any other Series of Bonds, any Series of Refunding Bonds, and the approval by the Authority of any Financing Facility shall be subject to the prior written approval of the Treasurer. The Authority shall not, without the prior written approval of the Treasurer, take any of the following actions with respect to any Bonds:

(a) exercise any option to redeem Bonds;

(b) purchase any Bonds;

(c) defease any Bonds;

(d) refund any Bonds;

(e) adopt any Supplemental Resolution;

(f) remove any Trustee or other fiduciary appointed under the Resolution, or appoint any successor trustee or other successor fiduciary under the Resolution; and

(g) amend or modify the terms of any Financing Facility.

Section 302. Additional Covenants of Authority. The Authority agrees to use its best efforts to take whatever action the Treasurer deems necessary or desirable to effectuate the purposes and provisions of the Educational Facilities Act and to request from the Treasurer any approval which is required to be obtained by the Authority pursuant to the Educational Facilities Act, the Resolution and this Agreement.

Section 303. Additional Covenants of Treasurer. The Treasurer agrees to cooperate with the Authority in the event that it is necessary for the Authority to supplement or amend the Official Statement prepared with respect to the 2001 Series A Bonds or any other Series of Bonds.

Section 304. Authorized Designees. The persons holding the offices listed on Exhibit A attached hereto and made a part hereof are authorized to execute and deliver on behalf of the Treasurer any of the approvals, directions and notices required to be given by the Treasurer under this Agreement or the Resolution.

ARTICLE IV
AUTHORIZED PROJECTS

Section 401. Authorized Projects. The projects to be financed or refinanced, in whole or in part, by the Bonds shall be School Facilities Projects.

ARTICLE V
SECURITY FOR THE BONDS

Section 501. Pledge of Agreement and Payments. The parties hereto acknowledge that the Authority intends to pledge and assign this Agreement and all amounts payable hereunder (except amounts in respect of Administrative Expenses – Ordinary, Administrative Expenses – Extraordinary and Rebate Payments) to the Trustee for the benefit and security as set forth in the Resolution and to provide in the Resolution terms and provisions upon which the Trustee may enforce the provisions of this Agreement. The Treasurer consents to such pledge and assignment and acknowledges the obligation of the Trustee to enforce the provisions of this Agreement as set forth in the Resolution.

Section 502. Transfer of Fund Balances. When provision has been made for the payment of all Bond Payment Obligations, Financing Facility Payment Obligations and all other amounts due under the Resolution in accordance with the Resolution, the Authority shall direct the Trustee to pay over to the State any available balances in the Funds held by the Trustee under the Resolution.

ARTICLE VI
STATE OBLIGATION SUBJECT TO APPROPRIATIONS

Section 601. STATE OBLIGATION SUBJECT TO APPROPRIATIONS. IT IS EXPRESSLY UNDERSTOOD BY THE PARTIES HERETO (AND ANY ASSIGNEES) THAT THE INCURRENCE OF ANY OBLIGATION BY THE STATE OR THE TREASURER UNDER THIS AGREEMENT, INCLUDING ANY AND ALL TRANSFERS AND PAYMENTS TO BE MADE HEREUNDER FROM THE GENERAL FUND OF THE STATE, SHALL BE SUBJECT TO AND DEPENDENT UPON APPROPRIATIONS BEING MADE FROM TIME TO TIME BY THE LEGISLATURE FOR THE PURPOSES SET FORTH HEREIN AND IN SECTION 14 OF THE EDUCATIONAL FACILITIES ACT. THE OBLIGATION OF THE STATE OR THE TREASURER TO PAY THE AMOUNTS HEREIN PROVIDED FOR SHALL NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE. FOR ALL PURPOSES OF THIS AGREEMENT, THE REFERENCES TO THE STATE SHALL INCLUDE, WITHOUT LIMITATION, THE PRESENT AND ALL FUTURE LEGISLATURES OF THE STATE AND THE MEMBERS THEREOF.

ARTICLE VII
MISCELLANEOUS

Section 701. Severability of Invalid Provisions. If any one or more of the covenants, representations or agreements provided in this Agreement to be performed on the part of the Authority or the Treasurer shall be deemed contrary to law, then such covenant, covenants, representation, representations, agreement or agreements shall be deemed severable from the remaining covenants, representations and agreements contained herein and shall not in any way affect the validity of the other provisions of this Agreement.

Section 702. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of New Jersey.

Section 703. Amendments and Supplements. This Agreement may be amended or supplemented from time to time in writing by the Authority and the Treasurer without the consent of the Trustee, the Bondholders, or any Financing Facility Provider for the following purposes:

(a) to cure any ambiguity, supply any omission or cure or correct any other defect or inconsistent provision in this Agreement;

(b) to insert such provisions clarifying matters or questions arising under this Agreement as are necessary or desirable and are not contrary to or inconsistent with the Agreement as theretofore in effect;

(c) to provide such matters as are required in connection with the issuance of Bonds under the Resolution; or

(d) to effect any other change which does not materially adversely affect the Pledged Property or the interests of the Bondholders or any Financing Facility Provider.

All other amendments to this Agreement shall be made in accordance with the procedures set forth in Article XI of the Resolution; provided, however, that no amendments to this Agreement shall be made which in any manner are contrary to the intent and purpose of this Agreement as theretofore in effect or of the Educational Facilities Act as in effect at the time of any proposed amendment.

Section 704. Counterparts. This Agreement may be executed and approved in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 705. Effective Date. This Agreement shall become effective immediately upon execution and delivery by the parties.

Section 706. Termination. This Agreement shall terminate on the date next following the latest maturity date of the Bonds, provided that there shall be no termination on that date unless the Authority shall have paid or made provision for payment in accordance with the terms of the Resolution all payment obligations under the Resolution and all other requirements of the Resolution shall have been satisfied, and the lien of the Resolution has been defeased and discharged.

Section 707. No Personal Liability. None of the signatories to this Agreement shall have any personal liability or accountability as a result of their execution of this Agreement.

Section 708. Notices. Any notice to, or other instrument to be filed with, or demand upon the Trustee may be served, presented or made by being hand-delivered or sent by registered or certified United States mail or overnight courier service addressed to the principal corporate trust office of the Trustee at 21 South Street, 3rd Floor, Morristown, New Jersey 07960, Attn: Corporate Trust and Agency Group, or such other address as shall then serve as its principal corporate trust office. Any notice to, or other instrument to be filed with, or demand upon the Authority shall be deemed to have been sufficiently given or served, presented or made by the Trustee or others for all purposes by being hand-delivered or sent by registered or certified United States mail or overnight courier service addressed to the Authority at 36 West State Street, P.O. Box 990, Trenton, New Jersey 08625, or at such other address as may be filed in writing by the Authority with the Trustee. Any notice to, or other instrument to be filed with, or demand upon the Treasurer shall be deemed to have been sufficiently given or served, presented or made by the Trustee or others for all purposes by being hand-delivered or sent by registered or certified United States mail or overnight courier

service addressed to the Treasurer in care of the Office of Public Finance at 50 West State Street, 5th Floor, P.O. Box 002, Trenton, New Jersey 08625, or at such other address as may be filed in writing by the Treasurer with the Trustee; except that service of process upon the Treasurer shall be made upon the Attorney General of New Jersey pursuant to New Jersey Court Rule 4:4-4(a).

IN WITNESS WHEREOF, the parties have executed and attested this Agreement as of the date and year first written above as of the day and year first written above.

TREASURER, STATE OF NEW JERSEY

By: _____
Peter R. Lawrance
Acting Treasurer
State of New Jersey

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Caren S. Franzini
Executive Director

[SIGNATURE PAGE TO CONTRACT IMPLEMENTING FUNDING PROVISIONS OF THE EDUCATIONAL FACILITIES CONSTRUCTION AND FINANCING ACT]

IN WITNESS WHEREOF, the parties have executed and attested this Agreement as of the date and year first written above as of the day and year first written above.

TREASURER, STATE OF NEW JERSEY

By:_____
Peter R. Lawrance
Acting Treasurer
State of New Jersey

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By:_____
Caren S. Franzini
Executive Director

[SIGNATURE PAGE TO CONTRACT IMPLEMENTING FUNDING PROVISIONS OF THE EDUCATIONAL FACILITIES CONSTRUCTION AND FINANCING ACT]

Exhibit A

Authorized Designees of State Treasurer

TO BE PROVIDED

APPENDIX IV

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is made as of the 1st day of October, 2026, by and among the Treasurer of the State of New Jersey (the "Treasurer"), the New Jersey Economic Development Authority (the "Authority"), a public body corporate and politic of the State of New Jersey (the "State"), and U.S. Bank Trust Company, National Association, as Dissemination Agent (the "Dissemination Agent"), in its capacity as trustee under the School Facilities Construction Bond Resolution adopted by the Authority on February 13, 2001 (the "General Resolution"), as amended and supplemented, including by the Forty-Fifth Supplemental School Facilities Construction Bond Resolution adopted by the Authority on September 16, 2026 (the "Forty-Fifth Supplemental Resolution") and a Series Certificate of the Authority dated October 14, 2026 (the "Series Certificate") (collectively, the General Resolution, the Forty-Fifth Supplemental Resolution and the Series Certificate are the "Resolution"). This Disclosure Agreement is entered into in connection with the issuance and sale of the Authority's $_____ School Facilities Construction Refunding Bonds, 2026 Series TTT and $_____ School Facilities Construction Refunding Bonds, 2026 Series UUU (Federally Taxable) (collectively, the "Bonds").

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Holders") and in compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC"), as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Continuing Disclosure Information" shall mean, collectively, (i) each Treasurer's Annual Report, (ii) any notice required to be filed with the MSRB pursuant to Section 3(c) of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed with the MSRB pursuant to Section 5(c) of this Disclosure Agreement.

"Financial Obligation" shall have the meaning given to such term in Section 5(a) of this Disclosure Agreement.

"Listed Event" or "Listed Events" shall mean, individually or collectively, as the context may require, any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall have the meaning given to such term in the Rule.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the Treasurer and the Authority.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds.

"Treasurer's Annual Report" shall mean the Treasurer's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

SECTION 3. Provision of the Treasurer's Annual Report.

(a) The Treasurer shall, no later than March 15, 2027 and March 15 of each year during which any of the Bonds remain Outstanding, provide to the Dissemination Agent the Treasurer's Annual Report prepared for the fiscal year of the State ending the immediately preceding June 30 (or if the fiscal year of the State shall end on any date other than June 30, the Treasurer shall provide the Treasurer's Annual Report to the Dissemination Agent not later than the fifteenth day of the ninth month next following the end of such other fiscal year); provided, however, that the audited financial statements of the State may be submitted separately from the Treasurer's Annual Report and later than the date required herein for the filing of the Treasurer's Annual Report if such audited financial statements are not available by such date, but only if the unaudited financial statements are included in such respective Treasurer's Annual Report. Each Treasurer's Annual Report provided to the Dissemination Agent by the Treasurer shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package. Each Treasurer's Annual Report may cross-reference other information which is available to the public on the MSRB's internet website or which has been filed with the SEC and, if the document incorporated by reference is a final official statement, it must be available from the MSRB. Unless otherwise required by law, any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in an electronic format as shall be prescribed by MSRB Rule G-32 and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32.

(b) The Dissemination Agent, promptly on receiving the Treasurer's Annual Report, and, in any event, not later than April 1 in each year (or if the fiscal year of the State shall end on any date other than June 30, not later than the first day of the tenth month next following the end of such other fiscal year), shall submit such Treasurer's Annual Report received by it to the MSRB in accordance with the Rule.

(c) If the Treasurer fails to submit the Treasurer's Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Treasurer and the Authority advising of such failure. Whether or not such notice is given or received, if the Treasurer thereafter fails to submit the Treasurer's Annual Report to the Dissemination Agent by the last Business Day of the month in which such Treasurer's Annual Report was due, the Dissemination Agent shall promptly send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(d) (i) Notwithstanding anything to the contrary contained in this Disclosure Agreement, in order to expedite the transmission of the Treasurer's Annual Report to the MSRB, as set forth in subsections (a), (b) and (c) of this Section 3, the Treasurer shall have the option, but shall not be obligated, to submit the Treasurer's Annual Report directly to the MSRB no later than March 15 in each year (or if the fiscal year of the State shall end on any date other than June 30, not later than the fifteenth day of the ninth month next following the end of such other fiscal year). In the event that the Treasurer elects to submit the Treasurer's Annual Report directly to the MSRB, the Treasurer shall, at the same time, submit the Treasurer's Annual Report to the Dissemination Agent together with evidence that such Treasurer's Annual Report has been forwarded by the Treasurer to the MSRB, upon which evidence the Dissemination Agent may rely. In the event that the Treasurer elects not to submit the Treasurer's Annual Report directly

to the MSRB, the Treasurer shall provide the Treasurer's Annual Report to the Dissemination Agent within the time period specified in subsection (a) of this Section 3.

(ii) If the Dissemination Agent does not receive notice that the Treasurer has submitted the Treasurer's Annual Report directly to the MSRB as provided in subsection (d)(i) of this Section 3 by the last Business Day of the month in which such Treasurer's Annual Report was due, the Dissemination Agent shall promptly send a notice to the MSRB, in substantially the form attached as Exhibit A hereto.

SECTION 4. Contents of the Treasurer's Annual Report.

(a) Treasurer's Annual Report means (i) information pertaining to the finances and operating data of the State substantially of the type captioned as follows in Appendix I to the Official Statement of the Authority circulated in connection with the issuance of the Bonds: "STATE FINANCES", "FINANCIAL RESULTS AND ESTIMATES", "CASH MANAGEMENT", "TAX AND REVENUE ANTICIPATION NOTES", "LONG-TERM OBLIGATIONS", "MORAL OBLIGATIONS", "STATE EMPLOYEES", "STATE FUNDING OF PENSION PLANS", "FUNDING POST-RETIREMENT MEDICAL BENEFITS" and "LITIGATION" and (ii) "ANNUAL COMPREHENSIVE FINANCIAL REPORT", being the audit report prepared annually by the Office of the State Auditor with respect to the State's general purpose financial statements for each year, as set forth in Appendix A attached to such Appendix I described above, all such financial information included in clause (ii) above being prepared using the accounting standards set forth in subsection (b) of this Section 4.

(b) The State prepares its financial statements in accordance with the provisions of Statements No. 34 and No. 35 of the Governmental Accounting Standards Board.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events (the "Listed Events"):

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modification to rights of Holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances of the Bonds;

(10) Release, substitution or sale of property securing repayment of the Bonds, if material;

(11) Rating changes relating to the Bonds;

(12) Bankruptcy, insolvency, receivership or similar event of the Authority;[1]

(13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect securityholders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

With respect to events (15) and (16), "Financial Obligation" means (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B), but shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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[1] For the purposes of the event identified in paragraph (a)(12) of this Section 5, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) The Treasurer shall in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. The Authority shall promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events notify the Treasurer in writing of the occurrence of such event but shall not be required to give any such notice to the Dissemination Agent. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the Treasurer and the Authority may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Treasurer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within three (3) Business Days of the receipt of such instruction, but in no event later than ten (10) Business Days after the occurrence of such Listed Event. In addition, notice of Listed Events described in subsections (a)(8) and (9) of this Section 5 shall be given by the Dissemination Agent under this subsection simultaneously with the giving of the notice of the underlying event to Holders of affected Bonds pursuant to the Resolution.

(d) Notwithstanding anything to the contrary in this Disclosure Agreement, in order to expedite the transmission of the occurrence of Listed Events as set forth in this Section 5, the Treasurer shall have the option, but shall not be obligated to, file timely notice (which notice, if filed, shall not be filed in excess of ten (10) Business Days after the occurrence of any Listed Event), directly with the MSRB, copying the Dissemination Agent on any such notice.

SECTION 6. Termination of Reporting Obligation. The respective obligations of the Treasurer and the Authority under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Authority and the Treasurer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Treasurer, the Authority and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Treasurer or the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Treasurer's Annual Report or notice of occurrence of a Listed Event, as the case may be, in addition to that which is required by this Disclosure Agreement. If the Treasurer or the Authority chooses to include any information in any Treasurer's Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update or continue to provide such information or include it in any future Treasurer's Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default.

(a) In the event of a failure of the Treasurer or the Authority to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the written request of the Holders of at least 25% in aggregate principal amount of Outstanding Bonds affected by such failure shall), or any Holder may take such actions as may be necessary and appropriate to cause the Treasurer or the Authority to comply with its obligations under this Disclosure Agreement; provided, however, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Notwithstanding the foregoing, the right of any Holder to challenge the adequacy of information provided pursuant to this Disclosure Agreement shall be limited in the same manner as enforcement rights are limited under Section 805 of the General Resolution. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Treasurer or the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

(b) For purposes of this Disclosure Agreement, in making determinations under applicable securities law, the Treasurer or the Authority may, but shall not be required to, rely on an Opinion of Counsel with respect to matters of a legal nature.

SECTION 10. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Dissemination Agent and the Holders, and each Holder is hereby declared to be a third-party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 11. Compensation of the Dissemination Agent.The provisions of Section 905 of the General Resolution relating to compensation of the Dissemination Agent shall apply to the performance by the Dissemination Agent of its obligations as Dissemination Agent under this Disclosure Agreement.

SECTION 12. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Authority:

New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990
Attention: Chief Executive Officer

(ii) If to the Treasurer:

New Jersey Department of the Treasury
c/o Office of Public Finance
33 West State Street
2nd Floor, P. O. Box 005
Trenton, New Jersey 08625
Attention: Director, Office of Public Finance

(iii) If to the Dissemination Agent:

U.S. Bank Trust Company, National Association
333 Thornall Street, 4th Floor
Edison, New Jersey 08837
Attention: Paul D. O'Brien, Vice President

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 12 for the giving of notice.

SECTION 13. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Treasurer, the Authority or the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 14. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 17. Governing Law and Venue. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey. The parties hereto agree that the Authority, the Treasurer or the State may be sued, pursuant to Section 9 hereof, only in a State court in the County of Mercer in the State of New Jersey.

SECTION 18. Compliance with L. 2005, c. 271.The Dissemination Agent hereby acknowledges that it has been advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A*. 19:44A-20.13 (L. 2005, c. 271, section 3) if the Dissemination Agent enters into agreements or contracts, such as this Disclosure Agreement, with a public entity, such as the Authority, and receives compensation or fees in excess of $50,000 in the aggregate from public entities, such as the Authority, in a calendar year. It is the Dissemination Agent's responsibility

to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

SECTION 19. Compliance with L. 2005, c. 92. In accordance with L. 2005, c. 92, the Dissemination Agent agrees that all services performed under this Disclosure Agreement or any subcontract awarded under this Disclosure Agreement shall be performed within the United States of America.

IN WITNESS WHEREOF, the parties hereto have caused this Disclosure Agreement to be executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TREASURER, STATE OF NEW JERSEY

_____
Kavin K. Mistry
Deputy State Treasurer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By:_____
Kathleen E. Costello
Director of Closing Services

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Dissemination Agent

By:_____
Paul D. O'Brien
Vice President

[SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT]

EXHIBIT A

NOTICE OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: New Jersey Economic Development Authority

Name of Issue affected: $_____ School Facilities Construction Refunding Bonds, 2026 Series TTT and $_____ School Facilities Construction Refunding Bonds, 2026 Series UUU (Federally Taxable)

Date of Issuance of affected Bond issue: October __, 2026

NOTICE IS HEREBY GIVEN that the Treasurer of the State of New Jersey has not provided the Treasurer's Annual Report with respect to the above-named issue as required by Section 3 of the Continuing Disclosure Agreement dated as of October __, 2026, among the Treasurer, the Authority and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE – The Treasurer anticipates that the specified Treasurer's Annual Report will be filed by _____.]

Dated:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

cc: Treasurer
Authority

APPENDIX V

FORM OF BOND COUNSEL OPINION

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[UPON DELIVERY OF THE 2026 SERIES BONDS, M. JEREMY OSTOW, ESQ., BOND COUNSEL, IS EXPECTED TO RENDER HIS APPROVING LEGAL OPINION IN SUBSTANTIALLY THE FOLLOWING FORM]

[Closing Date]

New Jersey Economic Development Authority
Trenton, New Jersey

The Honorable Aaron Binder
Treasurer, State of New Jersey
Trenton, New Jersey

Re: New Jersey Economic Development Authority
$_____ School Facilities Construction Refunding Bonds, 2026 Series TTT and $_____ School Facilities Construction Refunding Bonds, 2026 Series UUU (Federally Taxable)

Ladies and Gentlemen:

I have acted as Bond Counsel to the New Jersey Economic Development Authority (the "Authority"), a public body corporate and politic and an instrumentality of the State of New Jersey (the "State") created pursuant to the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Laws of 1974 of the State, as amended and supplemented (the "Act"), in connection with the issuance of its $_____ School Facilities Construction Refunding Bonds, 2026 Series TTT (the "2026 Series TTT Bonds"), and its $_____ School Facilities Construction Refunding Bonds, 2026 Series UUU (Federally Taxable) (the "2026 Series UUU Bonds" and together with the 2026 Series TTT Bonds, the "Bonds").

The Bonds are being issued under and pursuant to the Constitution and laws of the State including, particularly, the Act, the Educational Facilities Construction and Financing Act, constituting Chapter 72 of the Laws of 2000 of the State, as amended and supplemented (the "Educational Facilities Act"), and a resolution of the Authority adopted February 13, 2001 entitled "School Facilities Construction Bond Resolution" (the "Bond Resolution"), as amended and supplemented from time to time, including by a Forty-Fifth Supplemental School Facilities Construction Bond Resolution adopted by the Authority on September 16, 2026 (the "Forty-Fifth Supplemental Resolution"), and a Series Certificate of the Authority dated as of the date of sale of the Bonds (the "Series Certificate;" the Bond Resolution, as amended and supplemented, including by the Forty-Fifth Supplemental Resolution and the Series Certificate, is referred to herein as the "Resolution;" capitalized terms used in this opinion and not otherwise defined herein shall have the meanings assigned to them in the Resolution, unless the context clearly indicates otherwise).

The Bonds are dated and bear interest from their date of delivery. Interest on the Bonds is payable on June 15 and December 15 in each year, commencing December 15, 2026. The Bonds bear interest at the rates, will mature on the dates and are subject to redemption prior to maturity, all as set forth in the Resolution.

The Bonds are issuable only in fully registered form without coupons and, when issued, will be registered initially in the name of and held by Cede & Co., as nominee for The Depository Trust Company, an automated depository for securities and clearinghouse for securities transactions. Purchases of the Bonds will be in book-entry only form without certificates in the denominations of $5,000 or integral multiples thereof and are lettered and numbered from one upward preceded by the letter "R" prefixed to the number.

The Authority has entered into a certain Contract Implementing Funding Provisions of the Educational Facilities Construction and Financing Act (the "Original State Contract"), dated as of March 21, 2001, between the Authority and the Treasurer of the State (the "Treasurer"), as amended by Amendment No. 1 to Contract Implementing Funding Provisions of the Educational Facilities Construction and Financing Act between the Authority and the Treasurer, dated April 22, 2010 ("Amendment No. 1 to State Contract" and, together with the Original State Contract, the "State Contract"). The State Contract provides, among other things, that the Treasurer shall transfer payments from the General Fund of the State to the Trustee for deposit to the Revenue Fund, subject to and dependent upon appropriations being made therefor by the New Jersey State Legislature (the "State Legislature"), to be applied, as provided in the Resolution, to fund the Authority's Bond Payment Obligations and Financing Facility Payment Obligations.

The Bonds are being issued to (i) pay the purchase price of certain outstanding School Facilities Construction Bonds which have been tendered for purchase by the Authority pursuant to the Invitation to Tender Bonds dated October 1, 2026, (ii) refund the Bonds to be Refunded, and (iii) pay the issuance costs of the Bonds, including the costs of the Tender Offer.

In connection with the opinions set forth below, I have examined such documents, records of the Authority and other instruments, including original counterparts or certified copies of the Resolution, the State Contract and the other documents listed in the record of proceedings relating to the issuance of the Bonds, and such matters of law and other proofs, as I deemed necessary to enable me to express the opinions set forth below. In my examination I have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents tendered to me as originals and the conformity to original documents of all documents submitted to me as certified, conformed, photostatic or electronic copies.

Based upon the foregoing, I am of the opinion that:

1. The Authority is duly created and validly existing as a public body corporate and politic and an instrumentality of the State created pursuant to the Act, and the Authority had and has the right, power and authority under the Act and the Educational Facilities Act to adopt the Bond Resolution and the Forty-Fifth Supplemental Resolution, to execute the Series Certificate, to enter into the State Contract and to issue the Bonds.

2. The Bond Resolution and the Forty-Fifth Supplemental Resolution have each been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms, and no other authorization for the Bond Resolution or the Forty-Fifth Supplemental Resolution is required.

3. The Resolution creates the valid pledge which it purports to create of the Pledged Property, including payments made to the Authority from the State's General Fund pursuant to

the Educational Facilities Act and as provided in the State Contract, subject to and dependent upon appropriations being made from time to time by the State Legislature for such purpose.

4. The Bonds have been duly and validly authorized and issued by the Authority in accordance with the Constitution and the statutes of the State, including the Act, the Educational Facilities Act and the Resolution, constitute valid and binding obligations of the Authority as provided in the Resolution, are entitled to the benefits of the Resolution, the Act and the Educational Facilities Act and are enforceable in accordance with their terms and the terms of the Resolution. The Bonds and the interest thereon are special, limited obligations of the Authority, payable solely from the State Contract and the Pledged Property under the Resolution. The Bonds and the interest thereon do not create or constitute any indebtedness, liability or obligation of the State or any political subdivision thereof other than the Authority (to the limited extent set forth in the Resolution) or constitute a pledge of the faith and credit or taxing power of the State or any such political subdivision. The Authority has no taxing power. The Bonds are not a debt or liability of the State or any agency or instrumentality thereof, other than the Authority (to the limited extent set forth in the Resolution), either legal, moral or otherwise, and nothing in the Educational Facilities Act shall be construed to authorize the Authority to incur any indebtedness on behalf of or in any way obligate the State or any political subdivision thereof.

5. The State Contract is in full force and effect and is valid and binding upon the Authority and the Treasurer and enforceable against the Authority and the Treasurer in accordance with its terms, and the Bonds are entitled to the benefits of the State Contract.

6. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance and delivery of the 2026 Series TTT Bonds in order that interest on the 2026 Series TTT Bonds be and remain excludable from the gross income of the owners thereof for Federal income tax purposes. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the 2026 Series TTT Bonds be rebated to the United States. The failure to comply with any such provision may cause interest on the 2026 Series TTT Bonds to be or become includable in gross income for Federal income tax purposes retroactive to the date of issuance and delivery of the 2026 Series TTT Bonds. In its Tax Regulatory Agreement (the "Tax Regulatory Agreement"), which is delivered in connection with the issuance of the 2026 Series TTT Bonds (but which does not constitute a covenant under the Resolution), the Authority has represented that the Authority expects and intends to be able to comply with and will, to the extent permitted by law, comply with the provisions and procedures set forth in the Tax Regulatory Agreement and do and perform all acts and things necessary or desirable in order to assure that, under the Code as presently in effect, interest on the 2026 Series TTT Bonds will, for purposes of Federal income taxation, be and remain excludable from the gross income of the owners thereof. In rendering the opinion set forth in this Paragraph 6, I have assumed the Authority's continuing compliance with the applicable provisions of the Tax Regulatory Agreement. I have also assumed the Treasurer's compliance with Section 206 of the State Contract (relating to the calculation and payment of Rebate Payments).

I am of the opinion that, pursuant to the applicable provisions of the Code and related regulations, rulings and judicial decisions, (i) interest on the 2026 Series TTT Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the 2026 Series TTT Bonds is not treated as a preference item under Section

57 of the Code for purposes of computing the alternative minimum tax imposed on individuals. However, such interest is taken into account in determining the "adjusted financial statement income" (as defined in Section 56A of the Code) of "applicable corporations" (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such corporations.

No opinion is expressed, however, as to the extent the accrual or receipt of interest on the 2026 Series TTT Bonds may otherwise affect the Federal income tax liability of or other consequences to the owners thereof, which will depend on each owner's particular tax status and other items of income or deduction.

7. Interest on the Bonds and any gain realized on the sale thereof are not included as gross income under the existing New Jersey Gross Income Tax Act.

The foregoing opinions are qualified to the extent that the enforceability of the Resolution, the State Contract, the Bonds and all related obligations of the various parties thereto may be limited as to remedies by any applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium and similar laws of general application at the time in effect and by judicial decisions and principles of equity affecting creditors' rights generally and judicial discretion. In addition, no opinion is being rendered as to the availability of any particular remedy under the Resolution, the State Contract or the Bonds.

I express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is rendered on the basis of federal law and the internal laws of the State of New Jersey as enacted and construed on the date hereof. This opinion is rendered as of the date hereof, and I assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to my attention.

Very truly yours,

APPENDIX VI

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX VI concerning The Depository Trust Company ("DTC") and DTC's book-entry only system has been provided by DTC. Accordingly, the Authority takes no responsibility for the accuracy or completeness of such information and neither the DTC Participants nor the Beneficial Owners should rely on such information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

DTC will act as securities depository for the 2026 Series Bonds. The 2026 Series Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each Series and maturity and, if applicable, interest rate within a maturity of the 2026 Series Bonds in the aggregate principal amount of each such maturity and, if applicable, interest rate within a maturity of the 2026 Series Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of 2026 Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Series Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026 Series Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2026 Series Bonds, except in the event that use of the book-entry system for the 2026 Series Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Series Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of 2026 Series Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2026 Series Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Series Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2026 Series Bonds documents. For example, Beneficial Owners of the 2026 Series Bonds may wish to ascertain that the nominee holding the 2026 Series Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026 Series Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2026 Series Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2026 Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the 2026 Series Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026 Series Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2026 Series Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2026 Series Bond certificates will be printed and delivered to DTC.

NONE OF THE AUTHORITY, THE PAYING AGENT OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION, EITHER SINGULARLY OR JOINTLY, TO DTC

PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE HOLDERS OF THE 2026 SERIES BONDS UNDER THE RESOLUTION; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE 2026 SERIES BONDS; (IV) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2026 SERIES BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE 2026 SERIES BONDS; OR (VI) ANY OTHER MATTER.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL OF THE 2026 SERIES BONDS, REFERENCES IN THIS APPENDIX VI TO THE OWNERS, HOLDERS, OR REGISTERED OWNERS OF THE 2026 SERIES BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2026 SERIES BONDS.

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APPENDIX VII

CERTAIN INFORMATION CONCERNING BANK LOAN BONDS

Introduction - Bank Loan Transactions

There are four Series of Prior Bonds outstanding issued by the Authority pursuant to the terms of separate term loan agreements that are on a parity with all Bonds Outstanding under the Resolution, including the 2026 Series Bonds. Certain of these four series of Prior Bonds may be refunded in whole or in part with the proceeds of the 2026 Series Bonds. In addition, certain of the 2019 Series GGG Bonds may be tendered for purchase by the Authority pursuant to the Invitation with the purchase price paid from the proceeds of the 2026 Series Bonds. The following table lists each of the four Series of Prior Bonds which were issued by the Authority pursuant to the terms of separate term loan agreements.

Series of Bonds	Loan Provider	Tax-Exempt or Federally Taxable	Final Maturity Date	Par Amount Outstanding
2019 GGG	Barclays Capital, Inc.	Tax-Exempt	9/1/2027	$30,555,000
2019 III	Capital One Public Funding, LLC	Tax-Exempt	12/15/2031	$87,059,000
2019 JJJ	PNC Bank, N.A.	Tax-Exempt	9/1/2027	$9,795,000
2019 KKK	PNC Bank, N.A.	Tax-Exempt	12/15/2032	$52,256,000

Capitalized terms used but not defined in this APPENDIX VII shall have the meanings given to them in the Official Statement.

2019 GGG Bank Loan Bonds – Loan Prepayment Events

The Series Certificate relating to the 2019 Series GGG Bonds (the "2019 GGG Bank Loan Bonds") provides that upon the occurrence of an Event of Default as specified in Section 801.1(a) of the General Resolution (each, a "2019 GGG Loan Prepayment Event"), the 2019 GGG Bank Loan Bonds may, at the election of the Loan Provider (the "Bondholder Representative") (as indicated in the table set forth above under "Introduction – Bank Loan Transactions"), become subject to mandatory prepayment prior to maturity over a period (the "2019 GGG Mandatory Prepayment Amortization Period") commencing on the date specified by the Bondholder Representative of the occurrence of the 2019 GGG Loan Prepayment Event (the "2019 GGG Mandatory Prepayment Amortization Commencement Date") and ending on the earliest to occur of (i)(a) the third anniversary of the 2019 GGG Mandatory Prepayment Amortization Commencement Date, or (b) the respective maturity date of each maturity of the 2019 GGG Bank Loan Bonds (the "2019 GGG Mandatory Prepayment Amortization End Date"), or (ii) the date the Authority exercises its right to optionally redeem the applicable Series of 2019 GGG Bank Loan Bonds. During the 2019 GGG Mandatory Prepayment Amortization Period, the 2019 GGG Bank Loan Bonds shall bear interest at the rate of ten percent (10.0%) per annum and shall be payable in principal installments on each 2019 GGG Mandatory Prepayment Amortization Payment Date, defined as (i) the first (1st) Business Day of the sixth (6th) calendar month following the 2019 GGG Mandatory Prepayment Amortization Commencement Date, (ii) the first (1st) Business Day of every sixth (6th) calendar month thereafter prior to the 2019 GGG Mandatory Prepayment Amortization End Date, and (iii) the 2019 GGG Mandatory

Prepayment Amortization End Date. The foregoing provisions shall not apply if the 2019 GGG Loan Prepayment Event results from the occurrence of an Event of Non-Appropriation.

APPENDIX VIII

LIST OF BONDS TO BE PURCHASED
WITH PROCEEDS OF THE 2026 SERIES TTT BONDS

Maturity Date	Principal Amount	Interest Rate	CUSIP[†]

[†] The CUSIP numbers are being provided solely for the convenience of the holders of the Bonds to be Purchased only and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.

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APPENDIX IX

LIST OF BONDS TO BE REFUNDED

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OUTSTANDING PRIOR BONDS TO BE REFUNDED
BY THE ISSUANCE OF THE 2026 SERIES TTT BONDS

Maturity Date	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP†

† The CUSIP numbers are being provided solely for the convenience of the holders of the Bonds to be Refunded only and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.

OUTSTANDING PRIOR BONDS TO BE REFUNDED
BY THE ISSUANCE OF THE 2026 SERIES UUU BONDS

Maturity Date	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP†

† The CUSIP numbers are being provided solely for the convenience of the holders of the Bonds to be Refunded only and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.