

103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540
PHONE 609-987-0880 • FAX 609-987-0850 • dhansel@njeda.com

DEREK S. HANSEL
Executive Director

November 29, 2012

VIA HAND DELIVERY

Honorable Chris Christie
Governor
State House
125 West State Street
P.O. Box 001
Trenton, New Jersey 08625

NOV 29 2012

Veto date 12/13

ATTN: Brett Tanzman, Assistant Counsel
Governor's Authorities Unit

Dear Governor Christie:

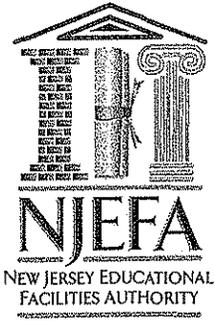
Enclosed please find an original and one copy of the minutes of the meeting of the New Jersey Educational Facilities Authority held on Tuesday, November 27, 2012.

I hereby certify that it is a true and correct copy of the proceedings.

Sincerely,

Derek S. Hansel
Secretary

Enclosures



103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540
PHONE 609-987-0880 • FAX 609-987-0850 • dhansel@njefa.com

DEREK S. HANSEL
Executive Director

**MINUTES OF THE MEETING OF THE
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY
ON TUESDAY, NOVEMBER 27, 2012**

The meeting was called to order at 9:21 a.m. by Chairman Jacobs. The New Jersey Educational Facilities Authority gave notice of the time, place and date of this meeting via fax and email on November 8, 2012, to The Star Ledger, The Times and the Secretary of State and by posting the notice at the offices of the Authority in Princeton, New Jersey. Pursuant to the New Jersey Open Public Meetings Act, a resolution must be passed by the New Jersey Educational Facilities Authority in order to hold a session from which the public is excluded.

AUTHORITY MEMBERS PRESENT:

Roger B. Jacobs, Esq., Chairman
Ridgeley Hutchinson, Vice Chairman
Joshua Hodes, Treasurer
Andrew P. Sidamon-Eristoff, State Treasurer (represented by Steven Petrecca)
Rochelle Hendricks, Secretary of Higher Education (represented by Gregg Edwards)

AUTHORITY MEMBERS ABSENT:

None

STAFF PRESENT:

Derek S. Hansel, Executive Director
Katherine Newell, Esq., Director of Risk Management
Marie P. Mueller, Controller
Sheryl Stitt, Dir. of Legislative Strategy and Public Communications
Jennifer Soyka, Project Manager
Kristen Middleton, Assistant Controller
Debra Paterson, Sr. Risk Manager
Jennifer LaMarsh, Associate Project Manager
Gary Vencius, Senior Accountant
Linda Hazley, Office Manager
Jamie O'Donnell, Accountant
Denise Carroll, Accountant I
Sheila Toles, Exec. Assistant/Human Resources Specialist

ALSO PRESENT:

Clifford Rones, Esq., Deputy Attorney General

ITEMS OF DISCUSSION

1. Resolution in Appreciation of Paul G. Gaffney II, President, Monmouth University

The Members were asked to consider the adoption of a resolution acknowledging and expressing appreciation to Paul G. Gaffney II, President of Monmouth University for his extraordinary contributions to the Monmouth University community and for his dedication and service to New Jersey higher education.

Mr. Petrecca asked about the history of the Authority's relationship with Monmouth University. Mr. Hansel detailed the recent history of the relationship. Mr. Petrecca expressed his concerns about presenting such a resolution; Mr. Jacobs responded that this was the start of a broader initiative to present such resolutions to all retiring presidents. Mr. Jacobs, Mr. Petrecca and Mr. Hansel agreed that they would work cooperatively to develop the Authority's relationship with Monmouth University as its leadership team transitions.

Mr. Hutchinson moved the adoption of the following resolution:

**RESOLUTION IN APPRECIATION OF PAUL G. GAFFNEY II, PRESIDENT
MONMOUTH UNIVERSITY**

The motion was seconded by Mr. Hodes and passed unanimously.

The adopted resolution is appended as Exhibit I.

2. Approval of the Minutes of the Meeting of September 25, 2012

The minutes of the meeting of September 25, 2012 were delivered via United Parcel Service to Governor Chris Christie under the date of September 26, 2012. Mr. Petrecca moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Edwards and passed unanimously.

3. Approval of the Minutes of the Meeting of August 28, 2012

The minutes of the meeting of August 28, 2012 were hand delivered to Governor Chris Christie under the date of August 29, 2012. Mr. Hodes moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Petrecca and passed unanimously.

4. Executive Director's Report

Mr. Hansel reported that as a result of Hurricane Sandy, Authority staff is serving on the Secretary of Higher Education's storm response team and making sure the Authority is as responsive as it can and needs to be in helping the higher education institutions across the State.

He reported that staff is also working with the Secretary's Office on regulations for the state-backed bond programs that the Authority issues with the approval of the State Treasurer.

Mr. Hansel reported that he had participated in the States' Institutional Investors Program and that staff did a great job preparing his presentation. He noted that he would present an

expanded version at the Eastern Association of College and University Business Officers workshop in January 2013.

Mr. Hansel reported that the Authority sold and closed the William Paterson University issue and commended Ms. Soyka, Authority staff and the entire finance team. He explained that they pre-closed the transaction the day of the hurricane and closed the following day. Mr. Hansel reported that they did a fantastic job and offered his congratulations and appreciation.

Mr. Jacobs stated that he also attended the Institutional Investor's Conference and complemented Mr. Petrecca, Mr. Hansel and Authority staff on their hard work.

5. **Discussion of Hurricane Sandy, its Impact on Colleges and Universities, and Authority Participation in Recovery Efforts**

Mr. Jacobs stated that he and Mr. Hansel had numerous discussions and that he had met with Secretary Hendricks regarding an emergency loan fund to utilize some of the Authority's resources to assist New Jersey Institutions in the wake of hurricane Sandy. Mr. Jacobs asked Mr. Hansel what he anticipated the needs would be and how the Authority could possibly have an emergency response in place for future needs. Mr. Hansel responded that staff is taking part in a response team with the Secretary's Office. He advised that an initial survey had been done on the campuses and that there is a more detailed follow-up survey being distributed. He reported that most reported damage related to fallen trees and some flooding, but building damage, in large part, was not as physically devastating as it could have been. Mr. Hansel stated that he felt that the larger issues would likely revolve around how the Institutions would recover operationally from the fact that they lost a few weeks of classes and the impact on enrollment.

Mr. Hansel explained that he felt the Authority's ability to assist would be primarily in the facilitation of movement of capital and less from funding from the Authority's reserves. Mr. Jacobs stated he would like to be ahead of the curve on emergencies and Mr. Hansel suggested a larger conversation with the Institutions about what assistance they think would be most useful. Mr. Edwards stated that from the initial survey of public and private institutions, the Secretary's Office was not aware of any significant emergent physical issues and that the greater challenges seemed to be the academic challenges and how to make up for loss time. Mr. Edwards advised that while there had been some damage, the survey did not find anything that required immediate attention of any significant amount.

6. **Report on the Sale of NJEFA Revenue Bonds and Revenue Refunding Bonds, The William Paterson University of New Jersey Issue, Series 2012 C and Series 2012 D, In the Amount of \$51,105,000**

Ms. Soyka reported that on October 30, 2012 the Authority successfully closed the sale of the Series 2012 C and Series 2012 D bonds on behalf of The William Paterson University of New Jersey and described the various components of the transaction.

Ms. Soyka reported that the Authority took bids on both series of bonds from underwriting firms on October 18, 2012 and received ten bids on each series. The lowest bid was from Citigroup and resulted in a true interest cost for the Series C bonds of 3.12%. The University realized a net present value savings of 19.523% on the refunding portion of the Series C bonds. The lowest bid for the Series D bonds was also from Citigroup with a true interest cost of 2.489% and the cover bid was 8 bps higher than Citigroup. The University realized a net present value savings of 9.8% on the Series D bonds.

The proceeds of the issue will be used to finance the renovation, acquisition, installation and construction of certain capital improvements to the University's facilities, consisting of the construction and equipping of a parking garage and all related site renovations, including but not limited to utility relocation; demolition of existing structures and existing parking lot realignment; paving of roadways; installation of traffic controls; construction of a salt shed and warehouse; renovation of a chiller plant building; construction of an addition to an existing physical facilities plant; and acquisition and installation of solar panels on the parking garage. The proceeds will also be used to refund all or a portion of the Authority's outstanding Revenue Bonds, The William Paterson University of New Jersey, Series 2002 E and Series 2004 A; and costs of issuance of the bonds.

Anthony Inverso, Managing Director of Phoenix Advisors, LLC, Financial Advisor, commented on the transaction and thanked the working group.

A copy of the Bond Sale Summary for the issue is appended as Exhibit II.

7. **Resolution Authorizing a Change in Project Scope for the Authority's Revenue Bonds, The College of New Jersey Issue, Series 2010 A (Tax-Exempt) and Series 2010 B (Build America Bonds – Direct Payment)**

Ms. Newell reported that the Series 2010 A and Series 2010 B bonds were issued to finance construction of the new School of Education for The College of New Jersey. She reported that the College has informed the Authority that because of extra competition in the construction industry, the bids received were much lower than anticipated and the cost of the project came in at approximately \$7 million less than the College anticipated. Ms. Newell reported that as permitted under the bond documents, the College has asked the Authority to agree to a modification of the project to permit the \$7 million to be used to finance installation of campus wide wireless equipment and replacement of underground steam and condensation pipes.

James Fearon, Esq. of Gluck Walrath, LLP, Bond Counsel, explained that the resolution approves the modification and authorizes all necessary action to implement it on the condition that Bond Counsel opines that the modification is not adverse to bondholders.

Mr. Hutchinson asked if the Members should be concerned that the bid was \$7 million short. Ms. Newell responded that the Authority had been asked by several Institutions to approve project changes because they have all experienced lower bids than anticipated. Mr. Hansel explained that TCNJ's experience is consistent with bids coming in at between 10% and 20% less than projected.

Mr. Hutchinson moved the adoption of the following entitled resolution:

RESOLUTION AUTHORIZING A CHANGE IN PROJECT SCOPE FOR THE
AUTHORITY'S REVENUE BONDS, THE COLLEGE OF NEW JERSEY
ISSUE, SERIES 2010 A (TAX-EXEMPT) AND THE COLLEGE OF NEW
JERSEY ISSUE, SERIES 2010 B (BUILD AMERICA BONDS – DIRECT
PAYMENT)

The motion was seconded by Mr. Edwards and passed unanimously.

The adopted resolution is appended as Exhibit III.

8. **Resolution Authorizing Amendments to the Authority's Employee Policy Manual**

Mr. Hansel advised that the resolution had been pulled from the agenda at the request of the Governor's Authorities Unit. He advised that staff would be working with the Authorities Unit and the Attorney General's Office to take a comprehensive look at the policy manual because there are sections that needed to be modernized. Mr. Jacobs asked Mr. Hansel to keep him apprised and to contact him for assistance in updating the manual.

9. **Resolution Adopting the Authority's Operating and Capital Budgets for Calendar Year 2013**

Mr. Hansel reported that the Finance Committee consisting of himself, Chairman Jacobs and Mr. Hodes, along with Marie Mueller who participated in the discussion in her role as the Authority's Controller, met on November 14, 2012 to discuss and consider staff's proposed 2013 Operating and Capital Budgets.

Mr. Hodes thanked Mr. Hansel for taking the time to explain the issues to him and for his leadership. Mr. Jacobs thanked the Finance Committee and accounting staff.

Mr. Hutchinson moved the adoption of the following entitled resolution:

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY ADOPTING THE OPERATING AND CAPITAL BUDGETS FOR
CALENDAR YEAR 2013

The motion was seconded by Mr. Hodes and passed unanimously.

The adopted resolution is appended as Exhibit IV.

10. **Report on Operating and Construction Fund Statements**

Ms. Mueller, Controller, reviewed the Results of Operations and Budget Variance Analysis and reported on the status of construction funds and related investments.

Mr. Hutchinson moved that the reports be accepted as presented; the motion was seconded by Mr. Edwards and passed unanimously.

The reports are appended as Exhibit V.

11. **Legislative Update**

Ms. Stitt reported on three bills that had been signed by Governor Christie recently. The first was Senate Bill 2500, the Building Our Future Bond Act which authorizes the issuance of \$750 million general obligation bonds to provide grants for higher education capital projects

Ms. Stitt reported that Senate Bill 2501 had also been signed establishing a new public-private partnership option for financings of state and county academic facilities through the Economic Development Authority.

Ms. Stitt reported that A-3102 relating to the Medical and Health Sciences Education Restructuring Act had also been signed by the Governor. The Act transfers the School of Osteopathic Medicine and University Hospital to Rowan University, it transfers University of

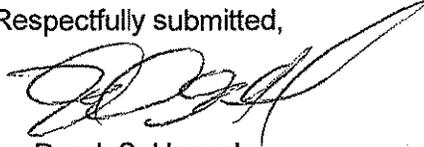
Medicine and Dentistry of New Jersey's debt and assets to Rowan University and also establishes University Hospital as a separate legal entity.

12. **Next Meeting Date**

Mr. Jacobs announced that the December 18th meeting would likely be canceled and that the next scheduled meeting would be on January 22, 2013 at the Authority's office. He wished everyone a happy holiday season and requested a motion to adjourn.

Mr. Edwards moved that the meeting be adjourned at 10:19 a.m.; the motion was seconded by Mr. Petrecca and passed unanimously.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Hansel', written in a cursive style.

Derek S. Hansel
Secretary



RESOLUTION IN APPRECIATION

OF

PAUL G. GAFFNEY II, PRESIDENT

MONMOUTH UNIVERSITY

WHEREAS, in July 2003, Paul G. Gaffney II was appointed by the Board of Trustees of Monmouth University to serve as Monmouth University's seventh president; and

WHEREAS, President Gaffney will be retiring on June 30, 2013 following ten years of service; and

WHEREAS, President Gaffney, a retired Navy Vice Admiral, has had a long and distinguished naval career and is a recognized leader and tireless advocate for higher education having also served as past president of the National Defense University and Chief of Naval Research, which supports basic research in American Universities; and

WHEREAS, President Gaffney has served Monmouth University and the surrounding community with dedication and distinction and in doing so has left an indelible mark on the institution, its faculty and administrators, and on the many students whose lives he has shaped; and

WHEREAS, among President Gaffney's many accomplishments during his tenure are significant academic milestones that include: establishment of the University's first doctoral program, enhanced student academic qualifications, oversight of major facilities expansion and improvement, and the University's largest ever capital campaign; and

WHEREAS, in keeping with President's Gaffney's long-standing commitment to community, he also oversaw the installation of the University's solar energy system that promotes environmental sustainability and cost-efficiencies, and most recently oversaw the University's service as the State's largest emergency evacuation center for residents impacted by Hurricane Sandy; and

WHEREAS, the Authority's members and staff wish to acknowledge these and all of President Gaffney's extraordinary contributions to the Monmouth University community, and to extend their appreciation for his dedication and service to New Jersey higher education;

NOW, THEREFORE, BE IT RESOLVED, that the New Jersey Educational Facilities Authority issues this Resolution in Appreciation of Paul G. Gaffney II in gratitude and appreciation for his accomplished tenure as President of Monmouth University. His remarkable contributions to New Jersey higher education have benefited, and will continue to benefit generations of New Jersey's college students and all of the citizens of the State.

BE IT FURTHER RESOLVED, that the Authority extends its very best wishes to President Gaffney for health, happiness and much success in all of his future endeavors.

BE IT FURTHER RESOLVED, that a copy of this Resolution in Appreciation be given to President Gaffney as a tribute to his dedicated service to higher education in the State of New Jersey.

____ Mr. Hutchinson ____ moved that the foregoing resolution be adopted as introduced and read, which motion was seconded by ____ Mr. Hodes __ and upon roll call the following members voted:

AYE: Roger B. Jacobs
Joshua Hodes
Ridgeley Hutchinson
Andrew Sidamon-Eristoff (represented by Steven Petrecca)
Rochelle Hendricks (represented by Gregg Edwards)

NAY: None

ABSTAIN: None

ABSENT: None

The Chair thereupon declared said motion carried and said resolution adopted.

BOND SALE SUMMARY

| | | |
|-----------------------------------|--|-------------------------|
| Borrower: | The William Paterson University of New Jersey, Wayne, New Jersey | |
| Issue: | Series 2012 C and D | |
| Total Par: | \$51,105,000 | |
| Purpose: | To provide funds to: (A) finance the renovation, acquisition, installation and construction of certain capital improvements to the University's facilities, consisting of (i) construction and equipping of a parking garage and all related site renovations including but not limited to utility relocation, demolition of existing structures and existing parking lot realignment, (ii) paving of roadways, (iii) installation of traffic controls, (iv) construction of a salt shed and warehouse, (v) renovation of a chiller plant building, (vi) construction of an addition to an existing physical facilities plant and (vii) acquisition and installation of solar panels on the parking garage, (B) refund of all or a portion of the Authority's outstanding Revenue Bonds, The William Paterson University of New Jersey, Series 2002 E and Series 2004 A, and (C) pay the costs of issuance of the bonds. | |
| Structure: | Competitive Sale, Fixed Rate | |
| Bond Ratings: | A1 Moody's Investors Service AA- Fitch Ratings | |
| Pricing: | October 18, 2012 | |
| Closing: | October 30, 2012 | |
| | <u>Series 2012 C</u> | <u>Series 2012 D</u> |
| Par: | \$33,815,000 | \$17,290,000 |
| Final Maturity: | July 1, 2042 | July 1, 2028 |
| True Interest Cost: | 3.1218% | 2.4893% |
| Net Present Value Savings: | \$2,797,671.63 / 19.523% | \$1,784,730.73 / 9.785% |

Professionals on the Transaction:

| | |
|--|---|
| Bond Counsel: | Gibbons, PC |
| Authority's Counsel: | Attorney General of the State of New Jersey |
| Authority's Financial Advisor: | Phoenix Advisors, LLC |
| Underwriter: | CitiGroup Global Markets Inc. |
| Trustee/Escrow Agent: | U.S. Bank, National Association |
| Trustee/Escrow Agent's Counsel: | McElroy Deutsche Mulvaney & Carpenter, LLP |
| Verification Agent: | Mercadien, PC |

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

**RESOLUTION AUTHORIZING A CHANGE IN PROJECT SCOPE FOR
THE AUTHORITY'S REVENUE BONDS, THE COLLEGE OF NEW
JERSEY ISSUE, SERIES 2010 A (TAX-EXEMPT) AND, THE COLLEGE OF
NEW JERSEY ISSUE, SERIES 2010 B (BUILD AMERICA BONDS –
DIRECT PAYMENT)**

Adopted: November 27, 2012

RESOLUTION AUTHORIZING A CHANGE IN PROJECT SCOPE FOR THE AUTHORITY'S REVENUE BONDS, THE COLLEGE OF NEW JERSEY ISSUE, SERIES 2010 A (TAX-EXEMPT) AND THE COLLEGE OF NEW JERSEY ISSUE, SERIES 2010 B (BUILD AMERICA BONDS – DIRECT PAYMENT)

WHEREAS, the New Jersey Educational Facilities Authority (the "Authority") was created as a public body corporate and politic of the State of New Jersey (the "State") pursuant to the New Jersey Educational Facilities Authority Law (being Chapter 72A of Title 18A of the New Jersey Statutes, as amended and supplemented), *N.J.S.A. 18A:72A-1 et seq.* (the "Act"); and

WHEREAS, on January 14, 2010, the Authority issued its (i) \$3,410,000 aggregate principal amount of the Authority's Revenue Bonds, The College of New Jersey Issue, Series 2010 A (Tax-Exempt) (the "Series 2010 A Bonds") and (ii) \$41,090,000 aggregate principal amount of the Authority's Revenue Bonds, The College of New Jersey Issue, Series 2010 B (Build America Bonds – Direct Payment) (the "Series 2010 B Bonds") and together with the Series 2010 A Bonds, the "Series 2010 Bonds"), each pursuant to the Act, a resolution adopted by the Authority on December 10, 2009, entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, THE COLLEGE OF NEW JERSEY ISSUES, SERIES 2010 A (TAX-EXEMPT) AND SERIES 2010 B (BUILD AMERICA BONDS – DIRECT PAYMENT)" (the "Bond Resolution"), and a Trust Indenture dated as of January 1, 2010 (the "2010 Trust Indenture") by and between the Authority and U.S. Bank National Association, as trustee (the "2010 Bond Trustee") for the purpose of financing the costs of a capital project on the campus of The College of New Jersey (the "Public College") located in Ewing, New Jersey, consisting of (i) demolition of an existing structure, site clearance and site work, utilities upgrades and construction of a three story, approximately 70,000 square foot facility to house the Public College's School of Education, (ii) funding capitalized interest on the Series 2010 Bonds, and (iii) paying certain costs incidental to the issuance and sale of the Series 2010 Bonds (collectively, the "2010 Project"); and

WHEREAS, repayment of the Series 2010 Bonds is secured by a Lease and Agreement dated as of January 1, 2010 (the "2010 Lease Agreement") by and between the Authority and the Public College pursuant to which the Authority leased the Project Facilities (as defined therein) to the Public College; and

WHEREAS, the Public College has advised the Authority that because of additional competition in the construction industry created by the current economy, the overall bids for the 2010 Project and therefore, the costs of the 2010 Project, were less than anticipated; and

WHEREAS, Section 2.08 of the 2010 Lease Agreement provides that the scope of the 2010 Project may be modified upon the mutual agreement of the Authority and the Public College, subsequent to the issuance of the Series 2010 Bonds; and

WHEREAS, Section 12.05 of the 2010 Lease Agreement provides that the 2010 Lease Agreement may be amended or modified upon the written consent of the Authority and the Public College and in accordance with the 2010 Trust Indenture and the Bond Resolution; and

WHEREAS, Section 9.01 of the 2010 Trust Indenture provides that the Authority and the 2010 Bond Trustee may enter into a supplement to the 2010 Trust Indenture, from time to time, without the consent or notice to any of the Bondowners to make a change which in the determination of the 2010 Bond Trustee does not materially adversely affect the interests of the Bondowners; and

WHEREAS, Section 10.01(b) of the 2010 Trust Indenture provides that the Authority and the 2010 Bond Trustee may enter into a supplement to the 2010 Lease Agreement, from time to time, without the consent or notice to any of the Bondowners to make a change to the scope of the 2010 Project; and

WHEREAS, the Authority desires to modify the 2010 Project to permit use of the proceeds of the Series 2010 Bonds in the approximate amount of \$7,000,000 for the financing of: (i) the campus wide installation of wireless equipment in the approximate amount of \$2,400,000; (ii) the replacement of underground steam and condensate piping at identified locations on the campus in the approximate amount of \$4,200,000 and (iii) the replacement of domestic water piping at identified locations on the campus in the approximate amount of \$6,720,000 (approximately \$6,320,000 of which will constitute other available Public College moneys) (collectively, the “2010 Project Modification”); and

WHEREAS, the Authority has determined that undertaking the 2010 Project Modification and financing a portion of such 2010 Project Modification through use of proceeds of the Series 2010 Bonds will assist in serving the ongoing needs of the Public College's students and provide a benefit to the Public College; and

WHEREAS, the Authority has determined that it is necessary and desirable to approve and authorize the 2010 Project Modification and the financing thereof with proceeds of the Series 2010 Bonds, respectively; and

WHEREAS, in connection with the 2010 Project Modification, the Authority desires to authorize the execution and delivery of the (i) First Supplement to the Trust Indenture dated as of December 1, 2012 (the “First Supplement to 2010 Trust Indenture”) by and between the Authority and the 2010 Bond Trustee, (ii) the First Amendment to 2010 Lease Agreement dated as of December 1, 2012 (the “First Amendment to 2010 Lease Agreement”) by and between the Authority and the Public College, and (iii) any and all such other documents, amendments, certificates, agreements and instruments necessary to implement the 2010 Project Modification;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY, AS FOLLOWS:

ARTICLE I
AUTHORIZATION OF MODIFICATIONS; APPROVAL OF DOCUMENTS

1.1 Authorization of 2010 Project Modification.

1.2 The Authority hereby authorizes the 2010 Project Modification as requested and approved by the Public College and all costs and expenses directly or indirectly relating to the implementation of the 2010 Project Modification shall be borne by the Public College provided that the Authority receives an opinion of bond counsel that the 2010 Project Modification does not adversely affect the tax-advantaged status of the 2010 Bonds and does not materially adversely affect the interests of the Bondowners and that the First Supplement to 2010 Indenture and the First Amendment to 2010 Lease Agreement are duly authorized, validly executed and delivered pursuant to the terms of the 2010 Trust Indenture and 2010 Lease Agreement and are legally valid and binding upon the Authority, in the case of the First Supplement to 2010 Indenture, and upon the Authority and the Public College, in the case of the First Amendment to 2010 Lease Agreement.

1.3 Approval, Execution and Delivery of Documents.

In connection with the 2010 Project Modification, the Chair, Vice-Chair, Executive Director, Secretary, any Assistant Secretary, Director of Risk Management and/or any other person authorized by resolution of the Authority, and any of such officers designated as “acting” or “interim” (each an “Authorized Officer”) of the Authority are hereby authorized and directed to execute and deliver (or, in the case of documents to which the Authority is not a party, to consent to and/or acknowledge the execution and delivery of) any or all of the following documents (collectively, the “Modification Documents”), all in such forms presented to the meeting at which this Resolution is adopted (copies of which shall be filed with the records of the Authority), which forms are hereby approved, together with such insertions and changes therein (including, without limitation, the date thereof) and any supplements thereto as the Authorized Officer executing same shall approve with the advice of bond counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer’s execution thereof:

- (i) First Supplement to 2010 Trust Indenture (amending the 2010 Trust Indenture to reflect the 2010 Project Modification);
- (ii) First Amendment to 2010 Lease Agreement (amending the 2010 Lease Agreement to reflect the 2010 Project Modification); and
- (iii) any and all such other documents, amendments, certificates, agreements and/or notices as may be necessary or desirable in the effectuation and implementation of the 2010 Project Modification and the execution of the Modification Documents.

ARTICLE II MISCELLANEOUS

2.1 Incidental Action.

The Authorized Officers of the Authority are hereby authorized and directed to execute and deliver any and all such other documents, certificates, agreements, directions and notices, and to take

such other action as may be necessary or appropriate in order to implement the 2010 Project Modification and effectuate the execution and delivery of the Modification Documents.

2.2 Prior Resolutions.

All prior resolutions of the Authority or portions thereof inconsistent herewith are hereby repealed.

2.3 Effective Date.

This Resolution shall take effect in accordance with the Act.

_____ Mr. Hutchinson _____ moved that the foregoing resolution be adopted as introduced and read, which motion was seconded by ___ Mr. Edwards ___ and upon roll call the following members voted:

AYE: Roger B. Jacobs
Joshua Hodes
Ridgeley Hutchinson
Andrew Sidamon-Eristoff (represented by Steven Petrecca)
Rochelle Hendricks (represented by Gregg Edwards)

NAY: None

ABSTAIN: None

ABSENT: None

The Chair thereupon declared said motion carried and said resolution adopted.

FIRST SUPPLEMENT TO TRUST INDENTURE

between

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

\$3,410,000

**New Jersey Educational Facilities Authority
Revenue Bonds,
The College of New Jersey Issue,
Series 2010 A (Tax-Exempt)**

\$41,090,000

**New Jersey Educational Facilities Authority
Revenue Bonds,
The College of New Jersey Issue,
Series 2010 B (Build America Bonds – Direct Payment)**

Dated as of December 1, 2012



—LAW OFFICES—

GLUCKWALRATH LLP

428 River View Plaza, Trenton, New Jersey 08611

Tel: (609) 278-1900 Fax: (609) 278-9200

www.glucklaw.com

Red Bank Office

11 Wharf Avenue, Suite 4

Red Bank, NJ 07701

Tel: (732) 530-8822 Fax: (732) 530-6770

Newark Office

744 Broad Street, 16th Floor

Newark, New Jersey 07102

Tel: (973) 735-2673

____, 2012

New Jersey Educational Facilities Authority
103 College Road East
Princeton, New Jersey 08540

The College of New Jersey
2000 Pennington Road
Ewing, New Jersey 08628

U.S. Bank National Association, as Trustee
21 South Street, 3rd Floor
Morristown, New Jersey 07960

Re: Change in Scope of Project Financed by the New Jersey Educational Facilities Authority's (i) \$3,410,000 Revenue Bonds, The College of New Jersey Issue, Series 2010 A (Tax-Exempt) and (ii) \$41,090,000 Revenue Bonds, The College of New Jersey Issue, Series 2010 B (Build America Bonds – Direct Payment)

Ladies and Gentlemen:

On January 14, 2010, the New Jersey Educational Facilities Authority (the "Authority") issued its (i) \$3,410,000 aggregate principal amount of Revenue Bonds, The College of New Jersey Issue, Series 2010 A (Tax-Exempt) (the "Series 2010 A Bonds") and (ii) \$41,090,000 aggregate principal amount of Revenue Bonds, The College of New Jersey Issue, Series 2010 B (Build America Bonds – Direct Payment) (the "Series 2010 B Bonds") and together with the Series 2010 A Bonds, the "Series 2010 Bonds"), each pursuant to the Act, a resolution adopted by the Authority on December 10, 2009, entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, THE COLLEGE OF NEW JERSEY ISSUES, SERIES 2010 A (TAX-EXEMPT) AND SERIES 2010 B (BUILD AMERICA BONDS – DIRECT PAYMENT)" (the "Bond Resolution"), and a Trust Indenture dated as of January 1, 2010 (the "2010 Trust Indenture") by and between the Authority and U.S. Bank National Association, as trustee (the "2010 Bond Trustee") for the purpose of financing the costs of a capital project on the campus of The College of New Jersey (the "Public College") located in Ewing, New Jersey, consisting of (i) demolition of an existing structure, site clearance and site work, utilities upgrades and construction of a three story, approximately 70,000 square foot facility to house the Public College's School of Education, (ii) funding capitalized interest on the Series 2010 Bonds, and (iii) paying certain costs incidental to the issuance and sale of the Series 2010 Bonds (collectively, the "2010

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

AND

THE COLLEGE OF NEW JERSEY

FIRST AMENDMENT TO LEASE AGREEMENT

Dated as of November 1, 2012

relating to

SERIES 2010 A/B PROJECT

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ADOPTING THE OPERATING AND CAPITAL BUDGETS FOR
CALENDAR YEAR 2013

November 27, 2012

WHEREAS: The New Jersey Educational Facilities Authority (the "Authority") annually prepares operating and capital budgets; and

WHEREAS: The Authority's Finance Committee has reviewed the proposed Operating and Capital Budgets for calendar year 2013 (the "2013 Budget"); and

WHEREAS: The proposed 2013 Budget was provided to the Authority members for their review and consideration; and

WHEREAS: The Authority desires to approve and adopt the 2013 Budget as recommended by the Finance Committee.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY AS FOLLOWS:

SECTION 1. The Authority hereby approves and adopts the 2013 Budget as attached hereto.

SECTION 2. This resolution shall take effect as provided in the New Jersey Educational Facilities Authority Law (being N.J.S.A. 18A:72A-1 et seq.).

**New Jersey Educational Facilities Authority
2013 Budget Proposal
Operating Budget**

| | <u>2011 Actual</u> | <u>2012 Budget</u> | <u>2012 Projected</u> | <u>2013 Proposed</u> |
|---|------------------------|------------------------|---------------------------|--------------------------|
| Revenues: | | | | |
| Annual Administrative Fees | \$ 3,127,887 | \$ 3,099,406 | \$ 3,018,244 | \$ 2,992,718 |
| Initial Fees | 227,201 | 376,000 | 354,720 | 310,000 |
| Interest Income | 9,425 | 2,000 | 2,700 | 2,700 |
| Total Revenues | <u>\$ 3,364,513</u> | <u>\$ 3,477,406</u> | <u>\$ 3,375,664</u> | <u>\$ 3,305,418</u> |
| Expenses: | | | | |
| Salaries | \$1,112,481 | \$1,466,000 | \$1,041,469 | \$1,328,250 |
| Employee Benefits | 475,442 | 590,739 | 479,292 | 499,377 |
| Provision for Post Ret. Health Benefits | 562,000 | 168,100 | 168,100 | 181,700 |
| Office of The Governor | 18,570 | 20,000 | 22,900 | 26,000 |
| Office of The Attorney General | 8,479 | 56,000 | 40,818 | 56,000 |
| Sponsored Programs | 0 | 15,000 | 6,000 | 6,000 |
| Telephone | 18,502 | 23,000 | 17,000 | 20,000 |
| Gasoline and Auto Maintenance | 656 | 0 | 4,000 | 5,000 |
| Rent | 222,829 | 236,000 | 223,200 | 246,000 |
| Utilities | 20,240 | 21,500 | 20,240 | 21,500 |
| Postage | 3,328 | 4,000 | 3,000 | 4,500 |
| Office Supplies and Expenses | 25,697 | 38,000 | 29,000 | 39,000 |
| Travel and Official Receptions | 9,854 | 15,000 | 14,000 | 20,000 |
| Staff Training and Tuition Reimb. | 8,940 | 21,000 | 15,000 | 21,000 |
| Insurance | 28,787 | 32,000 | 25,700 | 27,000 |
| Annual Report and Newsletters | 19,828 | 30,500 | 21,000 | 28,000 |
| Public Relations | 189 | 2,000 | 1,600 | 7,500 |
| Professional Services | 99,809 | 295,000 | 87,900 | 270,000 |
| Dues and Subscriptions | 93,191 | 75,000 | 69,000 | 70,000 |
| Data Processing | 38,500 | 45,000 | 42,000 | 45,000 |
| Depreciation | 43,570 | 35,500 | 35,200 | 31,000 |
| Maintenance of Equipment & Software | 30,834 | 42,000 | 35,000 | 41,000 |
| Contingency | - | 50,000 | - | 50,000 |
| Total Expenditures | <u>\$ 2,841,726</u> | <u>\$ 3,281,339</u> | <u>\$ 2,401,419</u> | <u>\$ 3,043,827</u> |
| Surplus, Revenues Over Expenses | <u>\$ 522,787</u> | <u>\$ 196,067</u> | <u>\$ 974,246</u> | <u>\$ 261,591</u> |

**New Jersey Educational Facilities Authority
Proposed 2013 Capital Budget**

| | <u>2011 Actual</u> | <u>2012 Budget</u> | <u>2012 Projected</u> | <u>2013 Proposed</u> |
|--------------------------------|------------------------|------------------------|---------------------------|--------------------------|
| Data Processing Equipment | \$ 10,475 | \$ 29,000 | \$ 6,049 | \$ 48,300 |
| Office Furniture and Equipment | <u>2,296</u> | <u>2,600</u> | <u>438</u> | <u>2,500</u> |
| Total Capital Budget | <u>\$ 12,771</u> | <u>\$ 31,600</u> | <u>\$ 6,487</u> | <u>\$ 50,800</u> |

____ Mr. Hutchinson ____ moved that the foregoing resolution be adopted as introduced and read, which motion was seconded by ____ Mr. Hodes ____ and upon roll call the following members voted:

AYE: Roger B. Jacobs
Ridgeley Hutchinson
Joshua Hodes
Andrew Sidamon-Eristoff (represented by Steven Petrecca)
Rochelle Hendricks (represented by Gregg Edwards)

NAY: None

ABSTAIN: None

ABSENT: None

The Chair thereupon declared said motion carried and said resolution adopted.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
2012 BUDGET VARIANCE ANALYSIS
FOR TEN MONTHS ENDED OCTOBER 31, 2012**

Executive Summary

The NJEFA concluded October with year-to-date net operating income in the amount of \$826,549, based on revenues of \$2,833,406 and expenses of \$2,006,857. As a result, net operating income is higher than budgeted by \$482,994. This difference is a result less than budgeted expenses in the amount of \$576,604 partially offset by lower than expected revenues in the amount of \$93,610.

Revenues

Revenues were below the budgeted amount through October due to less than expected bond issuance activity and annual fee income during the period.

Expenses

Operating expenditures for the first ten months of the year were favorable as compared to budget by \$576,604. Most of the line items display positive deviations and are primarily the result of staff vacancies and timing.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ACTUAL vs. BUDGET REPORT
OCTOBER 2012

| | Month Ended October 31, 2012 | | | Ten Months Ended October 31, 2012 | | |
|---|---------------------------------|-------------------|--------------------|--------------------------------------|---------------------|--------------------|
| | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> |
| <u>Operating Revenues</u> | | | | | | |
| Annual Administrative Fees | \$221,901 | \$237,431 | \$ (15,530) | \$2,577,956 | \$2,624,546 | \$ (46,590) |
| Initial Fees | - | 37,600 | (37,600) | 252,510 | 300,800 | (48,290) |
| Investment Income | 195 | 167 | 28 | 2,940 | 1,670 | 1,270 |
| | <u>\$ 222,096</u> | <u>\$ 275,198</u> | <u>\$ (53,102)</u> | <u>\$2,833,406</u> | <u>\$ 2,927,016</u> | <u>\$ (93,610)</u> |
| <u>Operating Expenses</u> | | | | | | |
| Salaries | \$81,794 | \$112,218 | \$ 30,424 | \$ 880,298 | \$1,241,570 | \$ 361,272 |
| Employee Benefits | 31,355 | 41,445 | 10,090 | 423,356 | 521,055 | 97,699 |
| Provision for Post Ret. Health Benefits | 14,008 | 14,008 | | 140,080 | 140,080 | - |
| Office of The Governor | 2,618 | 1,667 | (951) | 17,621 | 16,670 | (951) |
| Office of The Attorney General | - | 4,667 | 4,667 | 40,818 | 46,670 | 5,852 |
| Sponsored Programs | 1,224 | 1,250 | 26 | 1,224 | 12,500 | 11,276 |
| Telephone | 1,190 | 1,917 | 727 | 12,081 | 19,170 | 7,089 |
| Gasoline & Auto Maintenance | 359 | - | (359) | 2,897 | - | (2,897) |
| Rent | 18,360 | 19,667 | 1,307 | 184,608 | 196,670 | 12,062 |
| Utilities | 1,687 | 1,792 | 105 | 16,867 | 17,920 | 1,053 |
| Postage | 40 | 333 | 293 | 1,890 | 3,330 | 1,440 |
| Office Supplies & Expenses | 538 | 3,167 | 2,629 | 15,744 | 31,670 | 15,926 |
| Travel & Official Receptions | 449 | 1,250 | 801 | 7,035 | 12,500 | 5,465 |
| Staff Training & Tuition Reimbursement | 990 | 1,750 | 760 | 6,893 | 17,500 | 10,607 |
| Insurance | 2,101 | 2,841 | 740 | 21,474 | 26,316 | 4,842 |
| Annual Report & Newsletters | 4,125 | 2,542 | (1,583) | 16,053 | 25,420 | 9,367 |
| Public Relations | - | 167 | 167 | - | 1,670 | 1,670 |
| Professional Services | 291 | 417 | 126 | 86,636 | 88,170 | 1,534 |
| Dues & Subscriptions | 3,182 | 6,250 | 3,068 | 44,708 | 62,500 | 17,792 |
| Data Processing | 3,500 | 3,750 | 250 | 31,500 | 37,500 | 6,000 |
| Maintenance of Equipment | 3,140 | 3,500 | 360 | 25,494 | 35,000 | 9,506 |
| Depreciation | 2,958 | 2,958 | - | 29,580 | 29,580 | - |
| Contingency | - | - | - | - | - | - |
| | <u>173,909</u> | <u>227,556</u> | <u>53,647</u> | <u>2,006,857</u> | <u>2,583,461</u> | <u>576,604</u> |
| Net Operating Income | <u>\$ 48,187</u> | <u>\$ 47,642</u> | <u>\$ 545</u> | <u>\$ 826,549</u> | <u>\$ 343,555</u> | <u>\$ 482,994</u> |

New Jersey Educational Facilities Authority
Summary of Construction Funds
As of October 31, 2012

| <u>Institution</u> | <u>Issue</u> | <u>Description</u> | <u>Bond Proceeds</u> | <u>Net Disbursed</u> | <u>Balance</u> | <u>% Complete</u> |
|---|-----------------|---|---------------------------------|-----------------------------------|---------------------------------|-------------------|
| <u>Private</u> | | | | | | |
| Princeton University | 2011 Series B | Various Construction & Renovations | \$ 265,292,710.35 | \$ (219,360,299.16) | \$ 45,932,411.19 | 83% |
| Rider University | 2012 Series A | Capital Improv. for energy efficiency | 10,411,400.27 | (2,199,370.36) | 8,212,029.91 | 21% |
| Sub Total | | | <u>\$ 275,704,110.62</u> | <u>\$ (221,559,669.52)</u> | <u>\$ 54,144,441.10</u> | |
| <u>Public</u> | | | | | | |
| Kean University | Series 2005 B | Various Projects & Renovations | \$ 91,383,145.08 | \$ (79,334,100.90) | \$ 12,049,044.18 | 87% |
| Kean University | Series 2007 D | 2 Residence Halls, Dining, Parking | 124,287,050.02 | (95,174,228.25) | 29,112,821.77 | 77% |
| * Richard Stockton College of New Jersey | Series 2007 G | Housing V, Various Upgrades & Renov | 40,242,421.65 | (38,822,247.47) | 1,420,174.18 | 96% |
| Richard Stockton College of New Jersey | Series 2008 A | Campus Ctr, Science Ctr, College Walk | 105,482,763.92 | (97,589,575.78) | 7,893,188.14 | 93% |
| The College of New Jersey | Series 2010 A&B | Construct School of Education | 44,293,116.12 | (31,346,786.53) | 12,946,329.59 | 71% |
| New Jersey City University | Series 2010 F | Various Capital Improvements | 14,717,070.83 | (4,619,856.06) | 10,097,214.77 | 31% |
| New Jersey City University | Series 2010 G | Various Capital Improvements | 18,201,075.23 | (13,654,672.59) | 4,546,402.64 | 75% |
| New Jersey Institute of Technology | Series 2010 I | Acqu., Renov., & Equip Former H.S. | 20,336,331.08 | (14,361,144.52) | 5,975,186.56 | 71% |
| * Passaic County Community College | Series 2010 C | Construct & Equip. 3-Story Bldg. | 13,312,936.20 | (13,311,055.87) | 1,880.33 | 100% |
| Ramapo College of New Jersey | Series 2011 A | Renovation of Student Center | 8,165,446.46 | (7,595,089.38) | 570,357.08 | 93% |
| Thomas Edison State College | Series 2011 D | Renovation of Kuser Mansion | 8,000,000.00 | (2,600,990.05) | 5,399,009.95 | 33% |
| Ramapo College of New Jersey | Series 2012 B | Refunds & Renov to Coll. Park Apts | 48,212,359.94 | (1,567,108.58) | 46,645,251.36 | 3% |
| William Paterson University of New Jersey | Series 2012 C&D | Var. Cap. Improv & Ref. 2002 E & 2004 A | 22,296,561.18 | - | 22,296,561.18 | 0% |
| Sub Total | | | <u>\$ 558,930,277.71</u> | <u>\$ (399,976,855.98)</u> | <u>\$ 158,953,421.73</u> | |
| <u>Other Programs</u> | | | | | | |
| Public Library Grant Program | Series 2002 A | Library Grants | \$ 45,380,714.58 | \$ (45,308,109.58) | \$ 72,605.00 | > 99% |
| Sub Total | | | <u>\$ 45,380,714.58</u> | <u>\$ (45,308,109.58)</u> | <u>\$ 72,605.00</u> | |
| Grand Total | | | <u><u>\$ 880,015,102.91</u></u> | <u><u>\$ (666,844,635.08)</u></u> | <u><u>\$ 213,170,467.83</u></u> | |

* This issue has reached a completion rate of 95% or higher and will not appear on future reports.