



103 College Road East • Princeton, New Jersey 08540  
phone 609-987-0880 • fax 609-987-0850 • Sheryl.Stitt@njefa.nj.gov

Sheryl A. Stitt  
*Acting Executive Director*

**MINUTES OF THE MEETING OF THE  
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
HELD REMOTELY ON TUESDAY, SEPTEMBER 27, 2022**

The meeting was called to order at 10:00 a.m. by Board Chair Joshua Hodes. The New Jersey Educational Facilities Authority gave notice of the time, place and date of this meeting via email on June 14, 2022, to The Star Ledger, The Times of Trenton and the Secretary of State and by posting the notice at the offices of the Authority in Princeton, New Jersey and on the Authority's website. 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 (VIA ZOOM):**

Joshua Hodes, Chair  
Ridgeley Hutchinson, Vice Chair  
Elizabeth Maher Muoio, State Treasurer, Treasurer (represented by Ryan Feeney)  
Louis Rodriguez  
Dr. Brian Bridges, Secretary of Higher Education

**AUTHORITY MEMBERS ABSENT:**

None

**STAFF PRESENT (VIA ZOOM):**

Sheryl A. Stitt, Acting Executive Director  
Steven Nelson, Acting Deputy Executive Director  
Ellen Yang, Director of Compliance Management  
Brian Sootkoos, Director of Finance-Controller  
Linda Hazley, Office Manager-Documents Specialist  
Carl MacDonald, Project Manager

Kristen Middleton, Assistant Controller  
Jamie O'Donnell, Grant Program Manager  
Sheila Toles, Human Resources Manager  
Gary Vencius, Accounting Manager  
Susan Wilkerson, Senior Compliance Manager

**ALSO PRESENT (VIA ZOOM):**

Victoria Nilsson, Esq., Deputy Attorney General  
Janice Venables, Esq., Governor's Authorities Unit

**ITEMS OF DISCUSSION**

**1. Approval of the Minutes of the Meeting of July 26, 2022**

The minutes of the meeting of July 26, 2022 were delivered electronically and via United Parcel Service to Governor Philip Murphy under the date of July 28, 2022. Mr. Rodriguez moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Hodes and passed unanimously.

**2. Executive Director's Report**

Ms. Stitt provided the Executive Director's report for informational purposes only.

Ms. Stitt welcomed the Authority's new Senior Compliance Manager Susan Wilkerson. She reported that Ms. Wilkerson brought substantial experience in capital financing, compliance, drafting and reviewing transactional documents, board documents and regulations. Ms. Stitt reported that Ms. Wilkerson, a former Deputy Attorney General, had represented State and independent Authorities in their capacity as bond issuers; and provided legal representation to executive branch agencies responsible for awarding grants, including the Authority on its higher education and public library grant programs.

Ms. Stitt reported that staff continued outreach meetings with various banking and other public finance industry firms as well as college clients and other stakeholders. She reported that staff had represented the Authority at the 2022 Hispanic Resource Fair, held in partnership with the New Jersey Puerto Rico Commission.

Ms. Stitt reported that staff training and development opportunities continued to be made available. She reported that the Authority's Compliance Director and Senior Compliance Manager would be participating in the National Association of Bond Lawyers (NABL) workshop in October and the Director of Compliance would also

be attending BLX's Post-Issuance Compliance Conference in November. She reported that staff would be attending the NJBIA Diversity Equity and Inclusion Council Meeting in October and that she would be presenting at the Alliance for Action's Construction Forecast Conference in October.

Ms. Stitt reported that budget preparation for 2023 had begun and that staff anticipated presenting the Authority's operating budget to the Members for approval in November.

Ms. Stitt reported that the Higher Education grant program application window opened on August 8, 2022 and would close on October 28, 2022. She explained that once the application window closes, staff would begin managing the intake process, completeness, compliance and due diligence review, along with bond counsel's tax compliance review. The process is expected to take approximately two months, after which, eligible applications would proceed to the Secretary of Higher Education's review committee for evaluation and scoring and then on to the Secretary for final determination of grant awards and submission to the Legislature for its review and appropriation.

Ms. Stitt reported that the Securing Our Children's Future Round two solicitation had provided approximately \$20 million in grant funds to six institutions. She reported that all institutions would likely be in a position to execute grant agreements within the next month.

Ms. Stitt reported that the Library Construction Bond Act Round one solicitation provided \$86.5 million in grant funds to 38 library recipients and the grant agreements were executed approximately one year ago. She reported that Round two provided \$37 million in grant funds to 36 recipients. Seven of the 36 library recipients have fully executed grant agreements in place and an additional 7 libraries would likely be in a position to execute grant agreements soon. She reported that some library grant agreements were still under review by the individual grantees and some were still under internal review by the grants team for various compliance matters.

Secretary Bridges thanked Ms. Stitt and Authority staff for their hard work on the grant programs.

3. **Resolution of the New Jersey Educational Facilities Authority Authorizing the Issuance and Sale of NJEFA Revenue Bonds, Saint Peter's University Issue, 2022 Series B, In a Principal Amount Not to Exceed \$22,000,000 and Authorizing and Approving the Execution and Delivery of a Loan Agreement and Trust Agreement and Related Instruments and Determining Other Matters in Connection Therewith**

Mr. Nelson reported that the Authority sought the Members' approval to authorize the issuance of a refunding bond for Saint Peter's University in an amount not to exceed \$22 million. He reported that the bonds would be used to refinance a portion of an outstanding \$25 million construction loan that was used to construct a residence hall, fund a debt service reserve fund and finance the payment of certain costs of issuance incurred in connection with the issuance of the bonds.

Mr. Nelson reported that the 2022 Series B bonds would be issued and sold on a private placement basis to Siemens Financial Services, Inc. and Janney Montgomery Scott had been retained by the University to serve as its financial advisor. He reported that US Bank had been selected to serve as Trustee and McManimon, Scotland & Baumann was selected to serve as bond counsel on the transaction.

John Cavaliere, Esq. of McManimon, Scotland & Baumann, LLC, bond counsel, described the resolution.

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

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BOND, SAINT PETER'S UNIVERSITY ISSUE, 2022 SERIES B, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$22,000,000 AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND TRUST AGREEMENT AND RELATED INSTRUMENTS AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

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

The adopted resolution is appended as Exhibit I.

**4. Resolution of the New Jersey Educational Facilities Authority Authorizing the Replacement of a Remarketing Agent in Connection with NJEFA Revenue Refunding Bonds, Institute for Advanced Study Issue, 2006 Series B and Determining Other Matters in Connection Therewith**

Mr. MacDonald reported that the Authority sought the Members' approval of an amendment that would replace the Institute for Advanced Study's current remarketing agent, JP Morgan Securities with TD Securities, on the Institute's 2006 Series B bonds. He reported that the bonds were issued as Variable Rate Demand bonds with the interest rate set on a weekly basis and required a remarketing agent to set the interest rate and market the securities to investors. Mr. MacDonald reported that currently there was \$14.3 million in principal

outstanding on the bonds with a final maturity of July 1, 2031 and that McManimon, Scotland & Baumann had been selected to serve as bond counsel for the amendment.

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

RESOLUTION AUTHORIZING THE REPLACEMENT OF A REMARKETING AGENT IN CONNECTION WITH THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY'S REVENUE REFUNDING BONDS, INSTITUTE FOR ADVANCED STUDY ISSUE, SERIES 2006 SERIES B, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

The motion was seconded by Secretary Bridges and passed unanimously.

The adopted resolution is appended as Exhibit II.

**5. Resolution of the New Jersey Educational Facilities Authority Extending the Term of the Authority's Trustee Pool**

Mr. Sootkoos reported that the Authority adopted a resolution on September 25, 2018 authorizing the appointment of a trustee pool that included Bank of New York Mellon, U.S. Bank, and Zions Bank for a period of three years from October 12, 2018 to October 11, 2021 with the option to extend the term of the Pool for two additional successive periods of twelve months each at the discretion of the Authority. Mr Sootkoos reported that at its September 28, 2021 meeting, the Authority exercised its option to extend the appointment of the Pool for an additional twelve-month period from October 12, 2021 to October 11, 2022 and that staff now recommended exercising its second option to extend the appointment for an additional twelve-month period from October 12, 2022 to October 11, 2023.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY EXTENDING THE TERM OF THE AUTHORITY'S TRUSTEE POOL

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

The adopted resolution is appended as Exhibit III.

6. **Resolution of the New Jersey Educational Facilities Authority Approving a Memorandum of Understanding By and Between the Authority and New Jersey Office of Emergency Management Relating to Reimbursement of COVID-19 Testing Expenses**

Mr. Sootkoos reported that on March 9, 2020, Governor Murphy issued Executive Order No. 103 proclaiming that a public health emergency and state of emergency existed in the State due to COVID-19 and, thereafter, issued Executive Orders 119, 138, 151, 162 and 171, continuing E.O. No. 103. He reported that the New Jersey Office of Emergency Management (NJOEM) on behalf of the State, was the grantee for receiving COVID-19 related funding under the Federal Emergency Management Agency (FEMA) Public Assistance and/or Hazard Mitigation programs as authorized under the Stafford Act.

Mr. Sootkoos reported that FEMA had determined that the Authority was a subgrantee, eligible to apply for and/or receive FEMA funding under the Public Assistance and/or Hazard Mitigation programs. He explained that NJOEM had requested that the Authority, as a subgrantee, enter into a Memorandum of Understanding with NJOEM to apply for and/or receive FEMA funding for reimbursement of COVID-19 testing expenses.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY APPROVING A MEMORANDUM OF  
UNDERSTANDING BY AND BETWEEN THE AUTHORITY AND  
NEW JERSEY OFFICE OF EMERGENCY MANAGEMENT  
RELATING TO REIMBURSEMENT OF COVID-19 TESTING  
EXPENSES

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

The adopted resolution is appended as Exhibit IV.

7. **Resolution of the New Jersey Educational Facilities Authority Accepting and Adopting the Financial Statements and Independent Auditors' Report for 2021**

Mr. Feeney reported that the Audit Committee, consisting of himself, David Moore as the State Treasurer's Designee and the Authority's Vice Chair, Ridgeley Hutchinson met on September 19, 2022 with David Gannon of PKF O'Connor Davies to discuss the annual audit. Mr. Feeney then invited Mr. Gannon to provide an overview to the Members of the audit results and related Audit Committee discussion.

Mr. Feeney stated that the Audit Committee recommended the Members' approval of the 2021 Financial Statements and the Independent Auditors' Report.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY ACCEPTING AND ADOPTING THE FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR  
2021

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

The adopted resolution is appended as Exhibit V.

**8. Report on Operating and Construction Fund Statements and Disbursements**

Mr. Sootkoos reviewed the Results of Operations and Budget Variance Analysis and reported on the status of construction funds and related investments for August 31, 2022.

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

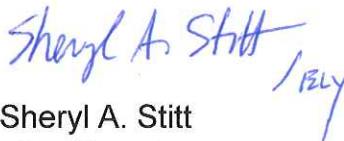
The reports are appended as Exhibit VI.

**9. Next Meeting Date**

Mr. Hodes reminded everyone that the next meeting was scheduled for Tuesday, October 25<sup>th</sup> at 10:00 a.m. and requested a motion to adjourn.

Mr. Hutchinson moved that the meeting be adjourned at 10:32 a.m. The motion was seconded by Mr. Hodes and passed unanimously.

Respectfully submitted,

 Sheryl A. Stitt

Sheryl A. Stitt  
Acting Secretary



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

### TERM SHEET

<b>Borrower:</b>	Saint Peter's University, Jersey City, New Jersey
<b>Issue:</b>	2022 Series B Bonds
<b>Amount:</b>	Not to exceed \$22,000,000
<b>Purpose:</b>	To provide funds for the following purposes: (a) to refinance a portion of an outstanding \$25 million construction loan that was used to construct a residence hall; (b) to fund a debt service reserve fund; and (c) financing of the payment of certain costs of issuance incurred in connection with the issuance of the bonds.
<b>Security:</b>	General Obligation of the University
<b>Structure:</b>	Direct Placement, Fixed Rate
<b>Term:</b>	Not to exceed fifteen (15) years
<b>True Interest Cost:</b>	Not to Exceed 6.50%
<b>Current Bond Ratings:</b>	Not Rated
<b>Tentative Closing Date:</b>	October 2022

The Authority Members will be asked to adopt the 2022 Series B Resolution pertaining to the Bonds which outlines the various parameters of the financing; authorizes the issuance of the Bonds; authorizes and approves the form of and entry into all legal documents necessary for the financing; and delegates to any Authorized Officer of the Authority the ability to take all actions as may be necessary to sell, award and issue the Bonds and execute all necessary bond documents to finalize this transaction.



**Professionals on the Transaction:**

<b>Bond Counsel:</b>	McManimon, Scotland & Bauman, LLC
<b>Authority's Counsel:</b>	Attorney General of the State of New Jersey
<b>University's Financial Advisor:</b>	Janney Montgomery Scott LLC
<b>Bond Trustee:</b>	U.S. Bank National Association
<b>Trustee's Counsel:</b>	Connell Foley LLP
<b>Purchaser:</b>	Siemens Financial Services, Inc.
<b>Purchaser's Counsel:</b>	McGuire & Woods
<b>Printer:</b>	McElwee & Quinn LLC



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

**Date:** September 27, 2022

**To:** Members of the Authority

**Issue:** Saint Peter's University, 2022 Series B

Below please find the procurement procedures that were undertaken with respect to the various professional appointments in connection with the Saint Peter's University 2022 Series B transaction and staff's recommendations with respect thereto.

**Bond Counsel**

In accordance with Executive Order No. 26 (1994), the Attorney General's office has selected McManimon, Scotland & Baumann, LLC to serve as bond counsel for this transaction.

**Bond Trustee**

On August 31, 2022, the Authority distributed a Request for Proposals for Trustee Services to the three members of the Authority's Trustee Pool. The Authority received two responses from firms seeking appointment as Trustee for this transaction. The responsive firms and their respective fees are as follows:

<b>Firm</b>	<b>Acceptance Fee</b>	<b>Annual Admin Fee</b>	<b>Counsel</b>
BNY Mellon	\$0	\$900 per series or \$6,000 upfront	\$5,000
U.S. Bank	\$0	\$1,000 per series	\$5,000

It is the Authority's recommendation to select U.S. Bank, National Association, to serve as Bond Trustee for this transaction based on price and other factors.

The Authority's staff involvement in the procurement processes related to the above referenced professionals was completed as of the 16<sup>th</sup> day of September 2022.

By:   
Sheryl A. Stitt  
Acting Executive Director

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BOND, SAINT PETER'S UNIVERSITY ISSUE, 2022 SERIES B, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$22,000,000 AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND TRUST AGREEMENT AND RELATED INSTRUMENTS AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.**

**ADOPTED: SEPTEMBER 27, 2022**

**WHEREAS**, the New Jersey Educational Facilities Authority (the "*Authority*") is a body corporate and politic with corporate succession, constituting a political subdivision of the State of New Jersey (the "*State*"), created and established by the New Jersey Educational Facilities Authority Law, being Chapter 72A of Title 18A of the New Jersey Statutes as enacted by Chapter 271 of the Laws of 1967, as amended and supplemented (the "*Act*"); and

**WHEREAS**, Saint Peter's University (the "*University*") is a nonprofit corporation organized under the laws of the State; and

**WHEREAS**, the Act provides that the Authority shall have the power to borrow money and issue its bonds and to provide for the rights of the holders of its bonds; and

**WHEREAS**, as an inducement to the University to undertake a project (the "*Project*") consisting of the: (a) refinancing of a loan, the proceeds of which were used to construct and equip a dormitory for use by the University, (ii) funding of a debt service reserve fund, and (iii) paying of certain costs of issuance of the Bonds described below, the Authority proposes to issue its Revenue Bonds, Saint Peter's University Issue, 2022 Series B in a principal amount not to exceed \$22,000,000 (the "*Bonds*") and to secure the Bonds by a pledge of moneys to be received by the Authority and the assignment of certain rights of the Authority, which pledge and assignment are hereby declared to further secure the payment of the principal of and interest on the Bonds; and

**WHEREAS**, the Bonds will be issued under and secured by a Trust Agreement dated as of the first day of the month of issuance of the Bonds (the "*Trust Agreement*") to be entered into by and between the Authority and U.S. Bank Trust Company, National Association, Edison, New Jersey, as the initial trustee, bond registrar, and paying agent (the "*Trustee*"); and

**WHEREAS**, the Bonds are payable solely from Revenues (as defined in the Trust Agreement), other than Additional Loan Payments (as defined in the hereinafter defined Loan Agreement), and from amounts on deposit in certain funds and accounts established pursuant to the Trust Agreement; and

**WHEREAS**, the repayment of the Bonds will be secured by a Loan Agreement dated as of the first day of the month of issuance of the Bonds between the Authority and the University (the "*Loan Agreement*") pursuant to which the Authority will loan the proceeds of the Bonds to

the University and wherein the University agrees to, among other things, make certain loan payments to the Authority, all as set forth in the Loan Agreement; and

**WHEREAS**, the obligation of the University to make the payments required under the Loan Agreement for the payment of debt service on the Bonds constitutes a general obligation of the University; and

**WHEREAS**, Siemens Public, Inc. (the “*Purchaser*”) has agreed to purchase the Bonds in accordance with a term sheet by and between the Purchaser and the University dated August 16, 2022; and

**WHEREAS**, in accordance with the purposes and objectives of Executive Order No. 26 (Whitman 1994) (“*Executive Order No. 26*”), the Authority hereby finds and determines that the issuance of the Bonds involves certain circumstances under which a private placement is permissible as outlined in Executive Order No. 26, namely, volatile market conditions in the context of the relatively small issue size, that a direct purchase of the Bonds is necessary for the Project due to the representations of the University, that a competitive sale of the Bonds is not in the best interest of the Authority and the University, and such a sale would be the most cost-effective means of financing the Project; and

**WHEREAS**, the Authority deems it necessary and in keeping with its purposes to issue the Bonds under the Trust Agreement herein authorized for the purposes of financing all or any combination of the purposes enumerated above; and to authorize certain actions and the execution and delivery of certain documents in connection therewith; and

**WHEREAS**, the Authority has undertaken procedures to procure professionals in connection with the issuance of the Bonds and the members of the Authority have been provided with a memorandum summarizing the procurement procedures and the Authority staff’s recommendations with respect thereto; and

**WHEREAS**, pursuant to Section 8(c) of the Act, bonds of the Authority may be authorized by resolution of the members of the Authority.

**NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AUTHORITY AS FOLLOWS:**

Section 1. The recitals set forth above are incorporated herein by reference as if set forth at length herein. In order to assist in the financing of the Project, Bonds of the Authority are hereby authorized to be issued in a principal amount not to exceed \$22,000,000, designated as “New Jersey Educational Facilities Authority Revenue Bonds, Saint Peter’s University Issue, 2022 Series B” or such other designation as an Authorized Officer (as hereinafter defined) may determine, with an initial interest rate not to exceed 6.5% and a term not to exceed fifteen (15) years. The Bonds may be issued on a tax-exempt or taxable basis, shall be dated, shall bear interest at such a rate of interest, and shall be payable as to principal, interest and premium, if any, all as is specified therein. The Bonds shall be issued in the forms, shall mature, shall be subject to

redemption prior to maturity and shall have such other details and provisions as are prescribed by the Trust Agreement.

Section 2. The Bonds shall be special and limited obligations of the Authority, payable solely out of the moneys derived pursuant to the Loan Agreement and all such moneys are hereby pledged to the payment of the Bonds. The payment of the principal of, premium, if any, and interest on the Bonds shall be secured by a pledge and assignment of revenues and certain rights of the Authority as provided in the Loan Agreement and Trust Agreement. Neither the members of the Authority nor any person executing the Bonds issued pursuant to this resolution and the Act shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds shall not be in any way a debt or liability of the State or any political subdivision other than the Authority, whether legal, moral or otherwise.

Section 3. The Loan Agreement and all instruments attached as exhibits thereto, in substantially the form attached hereto, are hereby approved. The Chair, Vice Chair, Executive Director, Deputy Executive Director, Treasurer, Director of Project Management, Director of Compliance Management, Director of Finance, Secretary, Assistant Treasurer or any Assistant Secretary and any other person authorized by resolution of the Authority, and any of such officers designated by resolution as “acting” or “interim” (the “*Authorized Officers*”), are hereby authorized to execute, acknowledge and deliver the Loan Agreement and all instruments attached as exhibits thereto with any changes, insertions and omissions as may be approved by any of the Authorized Officers, with the advice of bond counsel and the Attorney General of the State, and the Secretary, any Assistant Secretary or any other Authorized Officer of the Authority are hereby authorized to affix the official common seal of the Authority on the Loan Agreement and all instruments attached as exhibits thereto and attest the same. The execution of the Loan Agreement shall be conclusive evidence of any approval required by this Section 3.

Section 4. The Trust Agreement and all instruments attached as exhibits thereto, in substantially the form attached hereto, are hereby approved. The Authorized Officers are hereby authorized to execute, acknowledge and deliver the Trust Agreement and all instruments attached as exhibits thereto with any changes, insertions and omissions as may be approved by any of the Authorized Officers, with the advice of bond counsel and the Attorney General of the State, and the Secretary, any Assistant Secretary or any other Authorized Officer of the Authority are hereby authorized to affix the official common seal of the Authority on the Trust Agreement and all instruments attached as exhibits thereto and attest the same. The execution of the Trust Agreement shall be conclusive evidence of any approval required by this Section 4.

Section 5. Based upon the Authority’s competitive request for proposal process under its standard procurement process and procedures and in accordance with Executive Order No. 26 and Executive Order No. 37 (Corzine 2006), U.S. Bank Trust Company, National Association is hereby appointed by the Authority to act as the initial Trustee under the Trust Agreement. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Trust Agreement by the Trustee’s execution and delivery thereof

Section 6. The Bonds are hereby authorized to be sold to the Purchaser in accordance with the Loan Agreement, the Trust Agreement, and Executive Order No. 26.

Section 7. The Authorized Officers are hereby designated to be the authorized representatives of the Authority, charged by this resolution with the responsibility for issuing the Bonds and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this resolution, the Loan Agreement, the Trust Agreement and the issuance of the Bonds.

Section 8. The Authority's Director of Finance, or any such officer designated as "acting" or "interim," and any other person designated by the Executive Director pursuant to the Authority's investment policy ("*Investment Officer*") is authorized to enter into or direct the Trustee to enter into one or more agreements to invest the proceeds of the Bonds in the investments permissible under the Trust Agreement, which includes investment agreements and repurchase agreements (the "*Qualified Investments*"), in the event that such Investment Officer determines, in consultation with and with the consent of the University, that it is advantageous to the University for the Authority to invest any proceeds of the Bonds in such Qualified Investments. The form of any such investment agreement or repurchase agreement shall be approved by an Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State.

Section 9. In case any one or more of the provisions of this resolution, the Loan Agreement, the Trust Agreement or the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution or the Loan Agreement, the Trust Agreement, and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Section 10. The actions authorized by this resolution are contingent upon the approval by the University's Board of Trustees of the financing of the Project through the issuance of the Bonds and the execution of the documents necessary to effectuate such transaction.

Section 11. All prior resolutions of the Authority or portions thereof that are inconsistent herewith are hereby repealed.

Section 12. 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. Feeney \_\_\_\_\_ and upon roll call the following members voted:

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Louis Rodriguez  
Brian Bridges  
Elizabeth Maher Muoio (represented by Ryan Feeney)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

**and**

**SAINT PETER'S UNIVERSITY**

---

**LOAN AGREEMENT**

---

**Dated as of October 1, 2022**

**relating to**

**New Jersey Educational Facilities Authority  
Revenue Bonds,  
Saint Peter's University Issue,  
2022 Series B**



## TABLE OF CONTENTS

ARTICLE I .....		1
1.1.	Definitions.....	1
ARTICLE II.....		5
2.1.	Term of Agreement; Benefits.....	5
2.2.	Agreements of University .....	5
2.3.	Agreements of Authority.....	5
2.4.	Authority's Right to Inspect.....	5
2.5.	Events of Default; Remedies .....	5
2.6.	Insurance .....	7
2.7.	Amendments to this Agreement .....	7
2.8.	Basic Loan Payments .....	7
2.9.	Swap Payments .....	8
2.10.	Additional Loan Payments .....	8
2.11.	Credits for Payments .....	9
2.12.	Prepayment.....	10
2.13.	Indemnification .....	11
2.14.	Consent to Authority's Use of Photographs and Videos.....	13
2.15.	Consent to Assignment by Authority .....	13
ARTICLE III .....		14
3.1.	Nature of Obligation .....	14
3.2.	Use of Bond Proceeds .....	14
3.3.	Financial and Other Information .....	14
3.4.	Security for Loan; Fee Covenant.....	14
3.5.	Intentionally Omitted .....	14
3.6.	Taxes.....	14
3.7.	Compliance With Applicable Law .....	15
ARTICLE IV .....		16
4.1.	Covenants as to Insurance .....	16
4.2.	University Covenant as to Swap Agreements .....	17
4.3.	University Covenant as to Eminent Domain Awards.....	17
ARTICLE V .....		19
5.1.	Termination of Agreement .....	19
5.2.	Operation and Maintenance of Project Facilities.....	19
5.3.	Rights and Remedies Not Exclusive .....	20
5.4.	Notices .....	20
5.5.	Tax Covenants.....	20
5.6.	Tax-Exempt Status .....	23
5.7.	Additional Representations and Warranties .....	23
5.8.	Additional Covenants.....	25
5.9.	Intentionally Omitted .....	25
5.10.	Alternate Dates for Payment .....	25
5.11.	Agreement for Benefit of Bondholders .....	25
5.12.	Reports Furnished by University.....	26
5.13.	Review and Execution of Documents .....	26
5.14.	Multiple Counterparts .....	26
<b>EXHIBIT A</b>		
Special Notice Events .....		A-1
<b>EXHIBIT B</b>		
Assignment .....		B-1
<b>EXHIBIT C</b>		
Form of Series 2022B-1 Note .....		C-1

This **LOAN AGREEMENT**, dated as of October 1, 2022, by and between the NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (hereinafter called the “*Authority*”), a public body corporate and politic with corporate succession, constituting a political subdivision organized and existing under and by virtue of the laws of the State of New Jersey (the “*State*”), created and established by the New Jersey Educational Facilities Authority Law, being Chapter 72A of Title 18A of the New Jersey Statutes as enacted by Chapter 271 of the Laws of 1967, as amended and supplemented, having its principal place of business at 103 College Road East, Princeton, New Jersey 08540-6612, and SAINT PETER’S UNIVERSITY (together with its successors and assigns, hereinafter called the “*University*”), a corporation not-for-profit duly organized and existing under the laws of the State, located at 2641 Kennedy Boulevard, Jersey City, New Jersey 07306, and constituting a “private institution of higher education” under the Act.

The Authority and the University hereby mutually covenant and agree as follows:

## ARTICLE I

### 1.1. Definitions.

As used in this Agreement, unless the context shall otherwise require, all capitalized terms shall have the meanings set forth in the Trust Agreement, dated as of October 1, 2022 (the “*Trust Agreement*”), by and between the Authority and U.S. Bank Trust Company, National Association, as Bond Trustee, and in the Master Trust Indenture, as defined below, as applicable.

The following terms have the meanings given:

“*Act*” means the New Jersey Educational Facilities Authority Law, being Chapter 72A of Title 18A of the New Jersey Statutes as enacted by Chapter 271 of the Laws of 1967, as amended and supplemented.

“*Additional Loan Payments*” shall have the meaning given to such term in Section 2.10 hereof.

“*Agreement*” means this Loan Agreement, dated as of October 1, 2022, by and between the Authority and the University, and any amendments hereto.

“*Annual Administrative Fee*” means the annual fee for the general administrative services of the Authority, including, without limitation, the cost of attendance at Authority events, in an amount equal to 7/100 of 1% of the Outstanding aggregate principal amount of the Series 2022 Bonds to commence on the date of issuance and delivery of the Series 2022 Bonds.

“*Authority's Bonds*” shall have the meaning given to such term in Section 5.5(b) hereof.

“*Authority Written Procedures*” shall have the meaning given to such term in Section 5.5(b) hereof.

“*Basic Loan Payments*” shall have the meaning given to such term in Section 2.8 hereof.

“*Bond Resolution*” means the resolution of the Authority adopted on September 27, 2022 authorizing the issuance and delivery of the Series 2022 Bonds, as the same may be amended and supplemented.

“*Bond Trustee*” shall mean U.S. Bank Trust Company, National Association or any other bank, trust company or national banking association appointed under the Trust Agreement to act as the bond trustee for the Series 2022 Bonds, or its successor.

“*Bond Year*” means each twelve (12) month period beginning July 1 and ending the following June 30; except that the initial Bond Year shall commence on the date of issuance of the Bonds and shall end on June 30, 2023.

“*Continuing Covenant Agreement*” shall mean the Continuing Covenant Agreement, dated as of October 1, 2022, by and between the University and the Purchaser, relating to the Series 2022 Bonds, as the same may be amended and supplemented from time to time.

“*Deductible Amount*” shall have the meaning given to such term in Section 4.1 hereof.

“*Documents*” shall have the meaning given to such term in Section 5.13 hereof.

“*Electronic Means*” means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“*Event of Default*” shall have the meaning given to such term in Section 2.5 hereof.

“*Fund*” means any Fund designated and established under the Trust Agreement.

“*Indemnified Parties*” shall have the meaning given to such term in Section 2.13 hereof.

“*Initial Fee*” means the fee paid or payable to the Authority for its services in connection with the issuance of the Series 2022 Bonds, calculated at the rate of 1/5 of 1% of the aggregate principal amount of the Series 2022 Bonds, with a maximum initial fee of \$125,000 payable by the University on the date of issuance and delivery of the Series 2022 Bonds.

“*Loan*” means the loan made pursuant to this Agreement.

“*Master Trust Indenture*” shall mean the Master Trust Indenture, dated as of October 1, 2022, by and between the University and the Master Trustee, as amended and supplemented from time to time as permitted therein, including as amended and supplemented by the Second Supplemental Indenture.

“*Master Trustee*” shall mean U.S. Bank Trust Company, National Association, as Master Trustee under the Master Trust Indenture, and any successors thereto in accordance with the Master Trust Indenture.

“*Prepayment Price*” shall have the meaning given to such term in Section 2.12 hereof.

“*Purchaser*” shall mean the Holder of a majority in aggregate principal amount of the Outstanding Series 2022 Bonds. As of the Issue Date, Siemens Public, Inc. is the Purchaser.

“*Rebate Amount*” means the amount to be rebated to the Internal Revenue Service on a periodic basis in accordance with the terms of the Tax Certificate.

“*Series 2022 Bonds*” means the Authority’s \$[22,000,000] principal amount Revenue Bonds, Saint Peter’s University Issue, 2022 Series B dated the Issue Date.

“*Series 2022B-1 Note*” shall mean the Saint Peter’s University Obligated Group Promissory Note, Series 2022B-1, dated [CLOSING DATE], executed by the University under and pursuant to the Master Trust Indenture in substantially the form attached hereto as **Exhibit C**.

“*Special Notice Event*” shall have the meaning given to such term in Section 5.5(b) hereof.

“*Second Supplemental Indenture*” shall mean the Second Supplemental Indenture to Master Trust Indenture Authorizing the Series 2022B-1 Note, dated as of October 1, 2022, between the University and the Master Trustee, supplementing the Master Trust Indenture.

“*Swap Agreement*” means any agreement between the University and a Swap Provider confirming a transaction that 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 other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of these transactions and any related agreements.

“*Swap Payment Obligations*” means all net amounts payable, respectively, by the University or the Swap Provider under any Swap Agreement.

“*Swap Provider*” means the University's counterparty under a Swap Agreement.

“*Swap Revenues*” means all amounts received by the Bond Trustee on behalf of the University pursuant to any Swap Agreement, including, without limitation, any Swap Termination Payment.

“*Swap Termination Payment*” means, with respect to any Swap Agreement, any settlement amount payable by the applicable Swap Provider or the University by reason or on account of the early termination of such Swap Agreement, either in whole or in part.

“*Tax Certificate*” means the Arbitrage and Tax Certificate, dated the date of issuance of the Series 2022 Bonds, provided by the University with respect to, among other things, the nature, use and costs of the Project Facilities.

“*University Written Procedures*” shall have the meaning given to such term in Section 5.5(b) hereof.

“*Written Procedures*” shall have the meaning given to such term in Section 5.5(b) hereof.

Words importing persons include firms, associations and corporations, and words importing the singular number include the plural number and vice versa.

## ARTICLE II

### **2.1. Term of Agreement; Benefits.**

This Agreement shall remain in full force and effect until the date on which the principal of and redemption premium, if any, and interest on the Series 2022 Bonds and all other payment obligations of the University owing to the Authority and to the Bond Trustee under this Agreement shall have been fully paid or provision for the payment thereof shall have been made as provided by the Trust Agreement and any other documents related thereto, at which time the Authority shall release and cancel this Agreement.

This Agreement is executed in part to induce the purchase by others of the Series 2022 Bonds, and, accordingly, all covenants and agreements on the part of the University and the Authority as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Series 2022 Bonds, reserving always the right of the Authority to amend and supplement this Agreement, with the written consent of the University as set forth in Section 2.7 hereof.

### **2.2. Agreements of University.**

The University agrees to do all things within its power in order to enable the Authority to comply with all requirements and to fulfill all covenants of the Trust Agreement, including, but not limited to, making all payments due from the University under this Agreement, including, without limitation, the Initial Fee, and all payments to the Authority described in Sections 2.8 and 2.10 of this Agreement.

### **2.3. Agreements of Authority.**

The Authority agrees that, upon the issuance of the Series 2022 Bonds and the execution and delivery of this Agreement, it will lend the proceeds of the Series 2022 Bonds to the University and cause same to be deposited with the Bond Trustee and applied in accordance with the provisions of the Trust Agreement to finance the Project.

### **2.4. Authority's Right to Inspect.**

The Authority may make inspections of the Project Facilities at reasonable times upon reasonable notice.

### **2.5. Events of Default; Remedies.**

(a) As used herein, the term “*Event of Default*” shall mean (after any applicable notice or cure periods):

(1) If payment of any amount due under Section 2.8 of this Agreement is not made when it becomes due and payable;

(2) If payment of any amount due under Section 2.10 of this Agreement is not made when it becomes due and payable and if such amount remains unpaid for a period of forty-five (45) days after receipt by the University of the bills required to be paid by Section 2.10 of this Agreement;

(3) If the University shall: (A) admit in writing its inability to pay its debts generally as they become due, or (B) file a petition to be adjudicated a voluntary bankrupt in bankruptcy or a petition to otherwise take advantage of any State or federal bankruptcy or insolvency law, or (C) make an assignment for the benefit of its creditors or seek a composition with its creditors, or (D) consent to the appointment of a receiver of itself, or its fees or charges, or of the whole or any substantial part of the Project Facilities;

(4) If the University shall, upon an involuntary petition under any section or chapter of the federal bankruptcy laws filed against it, be adjudicated a bankrupt or if a court of competent jurisdiction shall enter an order or decree appointing a trustee or receiver (interim or permanent) or appointing the University a debtor-in-possession, with or without the consent of the University, or approving a petition filed against it seeking reorganization or an arrangement of the University under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

(5) If final judgment for the payment of money in excess of the higher of (A) \$250,000 or (B) such amount as is set forth the Continuing Covenant Agreement, that and that is not covered by adequate insurance shall be rendered against the University and at any time after thirty (30) days from the entry thereof (1) such judgment shall not have been discharged or (2) the University shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal;

(6) If the University defaults in the due and punctual performance of any other covenant in this Agreement (including, without limitation, failure of the University to comply with its covenant that it will operate or use the Project Facilities and each portion thereof as educational facilities constituting an authorized "project" under the Act) and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given by the Authority;

(7) If any representation or warranty made by the University herein shall prove to be untrue in any material respect when made; or

(8) The Purchaser provides written notice to the Authority and the University that an event of default has occurred and is continuing under the Continuing Covenant Agreement.

(b) The University agrees that it shall notify the Authority, in writing, of an Event of Default described in Sections 2.5(a)(2) through (8). The Authority agrees that it shall notify the Bond Trustee, in writing, of the occurrence of an Event of Default hereunder other than an Event

of Default described in Section 2.5(a)(1) or with respect to an Event of Default described in Section 2.5(a)(2) with respect to fees or payments that are made directly to the Bond Trustee by or on behalf of the University. The Authority and the University agree that, upon the occurrence of an Event of Default, the Authority may, by notice in writing to the University, declare all, including future, payments under this Agreement to be due and payable immediately. At any time after such payments shall have been so declared to be due and payable and before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of such default or before the completion of the enforcement of any other remedies under this Agreement, the Authority may annul such declaration and its consequences if moneys shall have accumulated in any fund created or held under the Trust Agreement sufficient to pay all arrears of such payments under this Agreement other than payments due only because of such declaration. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

The Authority and the University further agree that, upon the occurrence of an Event of Default, the Authority and/or the Bond Trustee may exercise, with respect to any amount in any fund under the Trust Agreement (other than the Rebate Fund), all the rights of a secured party under the New Jersey Uniform Commercial Code.

## **2.6. Insurance.**

The amounts paid by any insurance company pursuant to any contract of insurance may be applied to the extraordinary redemption of the Series 2022 Bonds in accordance with Section 4.2(a) of the Trust Agreement or released for the repairing or rebuilding of the Project Facilities. All insurance prescribed by this Section 2.6 shall be procured from financially sound and reputable insurers qualified to do business in the State or otherwise approved by the Authority.

## **2.7. Amendments to this Agreement.**

The Authority and the University shall not, without the consent of or notice to the Bondholders, amend this Agreement.

## **2.8. Basic Loan Payments.**

The obligation of the University to pay or cause to be paid the amounts payable under this Agreement shall be absolute and unconditional, and the amount, manner and time of payment of such amounts shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening of any event. The amounts payable by the University shall equal the sums necessary for the payment of the principal of and redemption premium, if any, and interest on the Series 2022 Bonds and all amounts required to be deposited in the Funds established under the Trust Agreement.

The University agrees to pay from any legally available funds of the University “*Basic Loan Payments*” in immediately available funds, at the times set forth below, and in amounts sufficient to enable the Bond Trustee to make the transfers and deposits required at the times and in the amounts pursuant to the Series 2022B-1 Note and Section 6.1 of the Trust Agreement. Each payment shall be made in immediately available funds.



Notwithstanding the foregoing, the University agrees to make payments, or cause payments to be made, in the amounts required to be paid as the principal of and redemption premium, if any, and interest on the Series 2022 Bonds from time to time Outstanding under the Trust Agreement and any other amounts required to be paid under the Trust Agreement as the same shall become due, whether at maturity, upon redemption, by declaration of acceleration or otherwise.

All Basic Loan Payments required under this Agreement shall be made at the times required by the Series 2022B-1 Note.

Except as otherwise expressly provided herein, all amounts payable hereunder by the University to the Authority shall be paid to the Bond Trustee or other parties entitled thereto as assignee of the Authority, and this Agreement and all right, title and interest of the Authority in any such payments are hereby assigned and pledged to the Bond Trustee or other parties entitled thereto as assignee of the Authority so long as any Series 2022 Bonds remain Outstanding.

Notwithstanding anything to the contrary contained herein, the University covenants and agrees that it will pay the Basic Loan Payments at such times and in such amounts as to assure that the Authority will not be in default in the payment of the principal of and redemption premium, if any, and interest on the Series 2022 Bonds.

## **2.9. Swap Payments.**

The University further covenants and agrees that, in the case of any Swap Agreement that the University enters into in connection with the Series 2022 Bonds, the University will pay to any applicable Swap Provider all of the University's Swap Payment Obligations and may pay or cause each Swap Provider of such Swap Agreement to pay the Swap Provider's Swap Payment Obligations to the Bond Trustee for deposit in the Interest Account of the Debt Service Fund.

## **2.10. Additional Loan Payments.**

In addition to the Basic Loan Payments, the University shall also pay to the Authority and the Bond Trustee "*Additional Loan Payments*" as follows:

(a) all reasonable fees, charges, expenses and indemnities of the Authority and the Bond Trustee as and when the same become due and payable, including reasonable attorneys' fees;

(b) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Bond Trustee to prepare audits, financial statements, reports and opinions or to provide such other services required under this Agreement, the Master Trust Indenture or the Trust Agreement;

(c) the Annual Administrative Fee of the Authority and any other expenditures for insurance, fees and expenses of auditing and fees and expenses as required by the Trust Agreement or Master Trust Indenture and not otherwise paid or provided for by the University and all other expenditures reasonably and necessarily incurred by the Authority by reason of the financing of the Project or the Project Facilities, including expenses incurred by the

Authority to compel full and punctual performance of all of the provisions of this Agreement in accordance with the terms hereof;

(d) the amount, if any, necessary to maintain the Debt Service Reserve Fund at the Debt Service Reserve Fund Requirement; and

(e) all other reasonable and necessary fees and expenses attributable to the Series 2022 Bonds and this Agreement, including, without limitation, all payments required pursuant to the Trust Agreement, the Master Trust Indenture and the Tax Certificate (including payments of all amounts required to be deposited in the Rebate Fund and any fees of the Authority in connection with any arbitrage compliance services, including rebate calculations performed by or at the direction of the Authority).

Such Additional Loan Payments shall be billed to the University by the Authority or the Bond Trustee, from time to time. After such a demand, amounts so billed shall be paid by the University within forty-five (45) days after receipt of the bill by the University, provided that payments into the Debt Service Reserve Fund shall be payable in accordance with the next paragraph. Payment of the initial Annual Administrative Fee shall be made in the Bond Year ending June 30, 2023, and in each Bond Year thereafter.

In the event of a withdrawal from the Debt Service Reserve Fund, the University covenants and agrees to make payments on the first of each month beginning with the first month after such withdrawal in the amount of one-twelfth (1/12) of the amount by which the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement. In the event that the amount of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement at the time described in Section 5.6 of the Trust Agreement, the University covenants and agrees to make payments on the first day of each month after such valuation in the amount of one-third (1/3) of the amount of such deficiency.

Payments required to be made under this Section 2.10 shall be made in legally available funds of the University to the Bond Trustee unless otherwise directed in an agreement pursuant to which such payments are required.

## **2.11. Credits for Payments.**

The University may receive, in the sole discretion of the Authority, credit against its payments required to be made under Section 2.8, in addition to any credits resulting from payment or repayment from other sources, as follows:

(a) on the portion of Basic Loan Payments allocable to interest, in an amount equal to moneys on deposit in the Interest Account of the Debt Service Fund, which amounts are available to pay interest on the Series 2022 Bonds, to the extent such amounts have not previously been credited against such payments. Amounts on deposit in the Interest Account of the Debt Service Fund that may be available for credit against the interest portion of Basic Loan Payments include, without limitation, payments made directly to the Bond Trustee by a Swap Provider, if any, to satisfy the Swap Provider's Swap Payment Obligations on behalf of and at the direction of the University;

(b) on the portion of Basic Loan Payments allocable to installments of principal, in an amount equal to moneys deposited in the Principal Account of the Debt Service Fund, which amounts are available to pay principal of the Series 2022 Bonds, to the extent such amounts have not previously been credited against such payments. Amounts on deposit in the Principal Account of the Debt Service Fund that may be available for credit against the principal portion of Basic Loan Payments include, without limitation, payments made directly to the Bond Trustee by a Swap Provider, if any, to satisfy the Swap Provider's Swap Payment Obligations on behalf of and at the direction of the University;

(c) on the portion of Basic Loan Payments representing installments of principal and interest, in an amount equal to the principal amount of the Series 2022 Bonds for the payment at maturity or redemption of which sufficient amounts (as determined by Article X of the Trust Agreement) in cash or non-callable United States Obligations are on deposit as provided in Article X of the Trust Agreement, to the extent such amounts have not previously been credited against such payments, and the interest on such Series 2022 Bonds from and after the date fixed for payment at maturity or redemption thereof. Such credits shall be made against the installments of principal and interest that would have been used, but for such call for redemption, to pay principal of and interest on such Series 2022 Bonds when due; and

(d) on the portion of Basic Loan Payments allocable to installments of principal and interest, in an amount equal to (i) the principal amount of the Series 2022 Bonds acquired by the University and surrendered to the Bond Trustee for cancellation or purchased by the Bond Trustee on behalf of the University and canceled, and the interest on such Series 2022 Bonds from and after the date interest thereon has been paid prior to cancellation, or (ii) the principal amount of Prior Non-Mandatory Redemptions that the Authority, with the consent of the University, has elected to credit against sinking fund redemption payments. Such credits shall be made against the installments of principal and interest that would have been used, but for such cancellation, to pay principal of and interest on such Series 2022 Bonds when due.

## **2.12. Prepayment.**

(a) The University shall have the right, so long as all amounts that have become due hereunder have been paid, at any time or from time to time, to prepay all or any part of the Basic Loan Payments and the Authority agrees that the Bond Trustee shall accept such prepayments when the same are tendered. Any partial prepayment shall not affect the Authority's rights under this Agreement, but shall be credited to the principal portion of Basic Loan Payments due from the University as determined by the Purchaser. Notwithstanding the foregoing, the University's right to prepayment shall be subject to the limitations set forth in Section 4.1 of the Trust Agreement. The University is further hereby granted the option to prepay its payment obligations under this Agreement in whole by paying to the Bond Trustee the "*Prepayment Price*", which for any date of calculation shall be equal to, or shall be the amount, together with investment income pursuant to Article X of the Trust Agreement (as verified pursuant to such Article and paragraph (b) below), equal to the sum of (i) the aggregate amount of unpaid principal of the Series 2022 Bonds to their redemption date under the terms of the Trust Agreement and as set forth in the University's notice to the Bond Trustee of such prepayment, (ii) any interest to accrue on the Series 2022 Bonds from the last Interest Payment Date thereof on which interest thereon was paid to the redemption date set forth in clause (i) above, (iii) the

redemption premium, if any, applicable to the payment of the Series 2022 Bonds on the redemption date set forth in clause (i) above, and (iv) any costs of redemption or defeasance or other expenses incurred in implementing such prepayment. The Prepayment Price shall be deposited, upon receipt by the Bond Trustee, in the Debt Service Fund (or in such other Bond Trustee-held escrow account as may be specified by the University) and, at the request of and as determined by the University, credited against payments due hereunder or used for the redemption or purchase of Outstanding Series 2022 Bonds in the manner and subject to the terms and conditions set forth in the Trust Agreement. Notwithstanding any such prepayment, as long as any Series 2022 Bonds remain Outstanding or any Additional Loan Payments required to be made hereunder remain unpaid, the University will not be relieved of its obligations hereunder.

(b) Said option may be exercised by the University at any time by (i) giving written notice to the Bond Trustee and the Authority of the exercise of such option at least ninety (90) days prior to the redemption date set forth in such notice, and (ii) complying with any other requirements of the Trust Agreement that may be required by the Bond Trustee or the Authority to defease the Series 2022 Bonds in accordance with the terms of the Trust Agreement, including, without limitation, a verification report from a nationally recognized accounting firm approved by the Authority to the effect that the amount so prepaid will equal the Prepayment Price (for a full prepayment) and will therefore be sufficient to defease the Series 2022 Bonds (in whole or in part, as the case may be) by paying all of the principal thereof and redemption premium, if any, thereon through and including the redemption date thereof, plus all interest accruing thereon to such redemption date. Such option shall be exercised by depositing with said notice cash and/or United States Obligations in such amount as shall be sufficient, together with interest to accrue thereon, to pay the Series 2022 Bonds to be defeased on said redemption date. Notwithstanding the foregoing, the University shall not defease the Series 2022 Bonds without the prior written consent of the Purchaser, which may be withheld in its sole discretion.

(c) The University may also prepay at any time or from time to time all or any part of the Basic Loan Payments from moneys derived from condemnation awards or the proceeds of hazard insurance relating to the facilities of the University, and the Authority agrees that the Bond Trustee shall accept such prepayments when the same are tendered. Such amount shall be used to redeem Series 2022 Bonds as set forth in Section 4.2(a) of the Trust Agreement.

### **2.13. Indemnification.**

The University agrees to indemnify and hold harmless the Authority, any member, officer, official, employee, counsel, consultant or agent of the Authority, including the Bond Trustee and the Purchaser, and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the Purchaser through the ownership of voting securities, by contract or otherwise (collectively, the “*Indemnified Parties*”). In case any action shall be brought against the Indemnified Parties in respect of which indemnity may be sought against the University in accordance with this Section 2.13, the Indemnified Parties shall promptly notify the University in writing. However, failure on the part of the Authority to give such notification shall not relieve the University from its obligation under this Section 2.13 to the Authority. For any Indemnified Party other than the Authority, to the extent the University suffers actual prejudice as a result of any such failure to give notification, such failure to give such notification shall not relieve the University from its obligation under this

Section 2.13, but it shall reduce the liability of the University by the amount of damages attributable to such failure of the Indemnified Party to give such notification. Upon receipt of such notification, the University shall promptly assume the defense of such action, including the retention of counsel, the payment of all expenses in connection with such action, including any expenses incurred prior to such notification, and the right to negotiate and settle any such action on behalf of such Indemnified Parties with such Indemnified Parties' consent. Any Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party, unless the employment of such counsel has been specifically authorized by the University or unless by reason of conflict of interest, determined by the written opinion of counsel to any such Indemnified Party delivered to the University, it is advisable for such party to be represented by separate counsel to be retained by such Indemnified Party, in which case the fees and expenses of such separate counsel shall be borne by the University. The University shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the University or if there be a final judgment for the plaintiff in any such action with or without its written consent, the University agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment. Nothing in this Section 2.13 shall require or obligate the University to indemnify or hold harmless the Indemnified Parties from or against any loss, claim, damage, liability or expense caused by any gross negligence or willful misconduct on the part of the Indemnified Parties in connection with the offer or sale of the Series 2022 Bonds.

The University releases the Authority and the Bond Trustee from, and agrees that the Authority and the Bond Trustee shall not be liable for, and agrees to indemnify and hold the Authority and the Bond Trustee harmless from, any liability for, or expense (including, but not limited to, attorneys' fees) resulting from, or any loss or damage that may be occasioned by any cause whatsoever pertaining to the sale, issuance and delivery of the Series 2022 Bonds, or the actions taken or to be taken by the Authority or the Bond Trustee under this Agreement, the Trust Agreement or any Swap Agreement, except for the gross negligence or willful misconduct of the Authority or the Bond Trustee. The parties intend that no general obligation or liability or charge against the general credit of the Authority shall occur by reason of making this Agreement, the issuance of the Series 2022 Bonds, the entry into any Swap Agreement or the performance of any act required of it by this Agreement or any Swap Agreement. Nevertheless, if the Authority shall incur any such pecuniary liability, then in such event the University shall indemnify and hold the Authority harmless by reason thereof, to the extent permitted by law, unless such liability results from gross negligence or willful misconduct of the Authority.

The University covenants that all actions heretofore taken by the University in connection with the Project Facilities, including the making of contracts, and all actions hereafter taken by the Authority taken by the Authority in connection with the Project Facilities upon recommendation or request of any Authorized Officer of the University have been and will be in full compliance with the Trust Agreement, the Master Trust Indenture, the Continuing Covenant Agreement, the Bond Resolution, this Agreement and all pertinent laws applicable to the University or the Authority. The University acknowledges that any review of any such action heretofore or hereafter taken by the Authority's staff or its counsel has been or will be solely for the protection of the Authority to carry out the financing and/or refinancing of the Project Facilities and shall not estop the Authority from enforcing the foregoing covenant.

The financing and/or refinancing of the Project Facilities shall not impose any liability of the members, officers, employees, consultants or agents of the Authority. The University agreement to indemnify the Authority and all such other parties and save them harmless against any liability intended to be precluded herein.

The provisions of this Section 2.13 shall survive the termination of this Agreement, the payment of the Series 2022 Bonds and the resignation or removal of the Bond Trustee.

**2.14. Consent to Authority's Use of Photographs and Videos.**

The University agrees that, upon reasonable notice and coordination with the University, the Authority may use photographs or videos taken on the University's campus (whether taken by the Authority or other person) in the Authority's newsletters, reports or other publications or materials (including PowerPoint presentations) in connection with the Authority's operations.

**2.15. Consent to Assignment by Authority.**

The University hereby consents to and authorizes the assignment and reservation of rights set forth in the Trust Agreement by the Authority to the Bond Trustee of the Authority's rights to receive the payments required by Section 2.8 hereunder. Upon such assignment, the Bond Trustee shall be fully vested with all of the rights of the Authority so assigned and may thereafter exercise or enforce, by any remedy provided therefor (subject to the reservations of rights) by law or by this Agreement, such right directly in its own name.

## **ARTICLE III**

### **3.1. Nature of Obligation.**

The University agrees to make payments hereunder in the amounts, at the times and in the manner as set forth herein. The University agrees that its obligations to make the payments required hereunder in the manner set forth herein shall constitute a general obligation of the University payable from any moneys legally available to the University and the full faith and credit of the University is pledged to the payment of all sums due or to become due hereunder, except as otherwise provided in the Trust Agreement.

### **3.2. Use of Bond Proceeds.**

The proceeds of the Series 2022 Bonds shall be used to make a Loan to the University to finance the Project.

### **3.3. Financial and Other Information.**

Whenever requested by the Authority, the University shall within thirty (30) days provide and certify or cause to be provided and certified such information concerning the University, its finances and other topics as the Authority considers necessary to enable it to make any reports required by law or the Trust Agreement.

### **3.4. Security for Loan; Fee Covenant.**

As security for its obligation to make the payments required under this Agreement, the University agrees to pay to the Authority sufficient moneys to pay the principal of, redemption premium, if any, or sinking fund installments, as the case may be, on the Series 2022 Bonds, and interest thereon, when due upon maturity, redemption, acceleration or otherwise and to pay all other amounts due hereunder from any moneys legally available to the University in the manner and at the times provided by this Agreement.

As additional security for the payment of the principal and redemption premium, if any, of and interest on the Series 2022 Bonds and such other payments required by this Agreement, the University hereby covenants and agrees to impose such fees and other charges sufficient at all times to generate revenues, which together with the other legally available moneys of the University, will be sufficient to pay the cost of operating and maintaining the Project Facilities, to pay all payments required hereunder and to pay all other obligations of the University as they become due and payable. The aggregate of the amounts comprising the annual payments due under this Agreement shall be equal to at least one hundred percent (100%) of the amount of principal, sinking fund installments and interest becoming due in the then current year on the Series 2022 Bonds Outstanding, plus all amounts as set forth in Section 2.13 hereof, and for which provision for payment has not been made.

### **3.5. Intentionally Omitted.**

### **3.6. Taxes.**

The University shall pay when due at its own expense all taxes, assessments, utilities, water and sewer charges and other impositions thereon, if any, that may be levied or assessed upon the Project Facilities. The University shall file exemption certificates as required by law.

### **3.7. Compliance With Applicable Law.**

In connection with the acquisition, construction, renovation, operation, maintenance, repair and replacement of the Project Facilities, the University shall comply with all applicable ordinances and laws of the government of the United States, the State and the municipality in which the Project Facilities or any part thereof are located.

In connection with the Project Facilities, the University hereby acknowledges that the provisions of N.J.S.A. 18A:72A-5.1 through 5.4 relating to payment of the prevailing wage rate determined by the Commissioner of Labor and Workforce Development pursuant to the Prevailing Wage Act (N.J.S.A. 34:11-56.25 *et seq.*) and that the provisions of N.J.S.A. 34:11-56.48 *et seq.* relating to the Public Works Contractor Registration Act apply to the construction and rehabilitation undertaken in connection with the Authority's assistance in financing the Project Facilities and covenants to comply with such provisions.

In accordance with L. 2005, c. 92, the University covenants and agrees that all services performed under this Agreement by the University shall be performed within the United States of America.



## ARTICLE IV

### 4.1. Covenants as to Insurance.

The University shall, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable in the opinion of the Authority, the following insurance:

(a) At all times, Special Form perils insurance, or current equivalent, with a deductible clause in an amount not-to-exceed one hundred thousand dollars (\$100,000) or such other deductible provisions as are approved in writing by the Authority (the “*Deductible Amount*”), on the plant, structure, machinery, equipment and apparatus comprising the Project Facilities, plus Boiler and Machinery coverage, and Flood Insurance if the Project Facilities are located within a Special Flood Hazard Area, each with deductible clauses and coverage sublimits acceptable to the Authority. Coverage for contingent liability from operation of building laws shall be included, and an agreed amount endorsement shall be attached to the policy. The foregoing insurance shall be maintained as long as any of the obligations of the Authority issued with respect to the Project Facilities are Outstanding and shall be in an amount not less than \$250,000,000 or such other amount as may be approved, in writing, by the Authority. The inclusion of the Project Facilities under a blanket insurance policy or policies of the University insuring against the above hazards or any additional hazards of the types and in the amounts approved, in writing, by the Authority shall be a complete compliance with the provisions of this Section 4.1(a). The University shall give at least thirty (30) days' notice, in writing, to the Authority of the cancellation or non-renewal of the policy, except in the event of nonpayment of premiums, in which case ten (10) days' notice shall be provided. In any event, each such policy shall be in an amount sufficient to prevent the University and the Authority from becoming co-insurers under the applicable terms of such policy. In the event that the University is unable to procure insurance with a loss deductible clause of not exceeding the Deductible Amount, the deposit with the Bond Trustee on behalf of the Authority or the setting aside in a special fund of United States Obligations or moneys at least equal to the difference between the Deductible Amount and the amount deductible on such policy or policies shall be deemed to be in complete compliance with the provisions of this Section 4.1(a) establishing a Deductible Amount; and

(b) At all times, insurance protecting the Authority and the University against loss or losses from liabilities imposed by law or assumed in any insured written contract and arising from bodily injury of persons or damage to the property of others caused by accident or occurrence, with limits of not less than one million dollars (\$1,000,000) combined single limit per occurrence and two million dollars (\$2,000,000) general aggregate for bodily injury and property damage, or such other amounts as may be approved, in writing, by the Authority. The University shall give at least thirty (30) days' notice, in writing, to the Authority of the cancellation or non-renewal of the policy, except in the event of nonpayment of premiums, in which case ten (10) days' notice shall be provided. The Authority and the Bond Trustee shall be named as additional insureds on such policy or policies.

Upon closing of the Series 2022 Bonds and thereafter upon each renewal of insurance coverage, the University shall deliver to the Authority either a complete copy of the policy or policies, including all declarations and endorsements, or a fully completed Certificate of

Insurance detailing all coverage in force, including full blanket property limits and any excess coverages and evidence of the required additional insured endorsement.

All policies of insurance shall be payable to the University and the Authority (with respect to liability insurance), as their interests may appear, and the University shall have the sole right to receive the proceeds of such policy or policies affecting the Project Facilities and receipt for claims thereunder.

The proceeds of all such property insurance policies shall either be: (i) applied by the University to the repair and replacement of the damaged property of the Project Facilities or (ii) deposited by the University with the Bond Trustee for payment into the applicable account of the Debt Service Fund accompanied by a certificate of the University stating that such deposit is being made pursuant to this Section 4.1 for the purpose of paying the principal of and interest on the Series 2022 Bonds in accordance with Section 4.2(a) of the Trust Agreement.

All insurance prescribed by this Section 4.1 shall be procured from financially sound and reputable insurers qualified to do business in the State or insurers approved, in writing, by the Authority. To the extent that any such insurance required by this Section 4.1 is not obtainable on reasonable terms as determined by the Authority, the Authority may make exceptions to the required coverage or provide for reasonable substitutions of coverage. The policies shall be open to inspection by the Authority and the Bond Trustee at all reasonable times, and a list prepared as of June 30 of each Bond Year describing such policies shall be furnished by the University to the Authority and the Bond Trustee annually within sixty (60) days after the beginning of each Bond Year, together with a certificate of an Authorized Officer of the Authority certifying that such insurance meets all the requirements of this Agreement. The Bond Trustee shall have no responsibility with respect to any such insurance except to receive such annual Authority certificates and hold the same for inspection by any Bondholders.

In the event that the University shall fail to obtain or maintain the insurance required under this Section 4.1, the Authority may, at its sole option, obtain such coverage. In such event, the Authority shall promptly notify the University of its actions. The University agrees to promptly reimburse the Authority for the costs of such coverage, such amounts constituting Additional Loan Payments due by the University to the Authority pursuant to Section 2.10 of this Agreement.

#### **4.2. University Covenant as to Swap Agreements.**

The University agrees that, so long as the Series 2022 Bonds are Outstanding, it shall not enter into, amend, novate or terminate any Swap Agreement without prior notice being sent to the Authority so long as such Swap Agreement is with respect to or in connection with the Series 2022 Bonds. The University also agrees that in connection with any such Swap Agreement it shall cooperate with the Authority to take any actions deemed necessary by the Authority related to the Series 2022 Bonds and/or such Swap Agreement.

#### **4.3. University Covenant as to Eminent Domain Awards.**

Subject to the provisions of the Continuing Covenant Agreement and the Master Trust Indenture, the University agrees that moneys derived from any condemnation awards in respect

of the Project Facilities shall be deposited by the University with the Bond Trustee for payment into the applicable account of the Debt Service Fund accompanied by a certificate of the University stating that such deposit is being made pursuant to this Section 4.3 for the purpose of paying the principal of and interest on the Series 2022 Bonds or to redeem a corresponding portion of the Series 2022 Bonds in accordance with Section 4.2(a) of the Trust Agreement.

## ARTICLE V

### 5.1. Termination of Agreement.

The Authority and the University agree that, upon sixty (60) days' written notice to the Authority and the Bond Trustee, the University shall have the right to terminate this Agreement by paying to the Bond Trustee, for the account of the Authority, an amount equal to the sum of: (i) the aggregate principal amount of the Series 2022 Bonds Outstanding on the date of such termination; (ii) accrued interest thereon to the date that the Series 2022 Bonds mature or are next redeemable; (iii) applicable redemption premium, if any, due thereon to the date of maturity or next applicable redemption date in accordance with the provisions of the Series 2022 Bonds and the Trust Agreement; and (iv) all other costs and expenses of the Authority and the Bond Trustee in connection therewith, including amounts presently due and amounts reasonably expected by the Authority and the Bond Trustee to become due, all in accordance with the provisions of this Agreement, the Series 2022 Bonds and the Trust Agreement.

The Authority and the University agree that if, at the time the moneys on deposit in the Debt Service Fund are at least equal to the sum of: (i) the aggregate principal amount of the Series 2022 Bonds then Outstanding; (ii) accrued interest thereon to the date that the Series 2022 Bonds are next redeemable; (iii) redemption premium, if any, due thereon to the next applicable redemption date in accordance with the provisions of the Series 2022 Bonds and the Trust Agreement; and (iv) all other costs and expenses of the Authority and the Bond Trustee due and owing with respect to the Series 2022 Bonds or necessary in connection with such redemption, including amounts presently due and amounts reasonably expected by the Authority and the Bond Trustee to become due, all in accordance with the provisions of this Agreement, the Series 2022 Bonds and the Trust Agreement, the Authority, upon the written request of the University, shall give written notice to the Bond Trustee of the Authority's election to redeem all of the Series 2022 Bonds Outstanding. The University understands and agrees that redemption premium, if any, and costs and expenses of the Authority and the Bond Trustee in connection therewith will also be payable by the University as Additional Loan Payments pursuant to Section 2.10 of this Agreement.

The Authority agrees that the security interest in the Project Facilities shall terminate when the Series 2022B-1 Note is satisfied and cancelled.

The Authority further agrees that, after payment to it in trust by the Bond Trustee of all moneys or securities held by the Bond Trustee pursuant to the Trust Agreement, the Authority shall pay the same to the University after first deducting any moneys due to the Authority for the Authority's reasonable expenses incurred or accruing relating to the financing of the Project.

### 5.2. Operation and Maintenance of Project Facilities.

The University agrees that sufficient funds are and shall be available for effective use of the Project Facilities for the purposes for which they were acquired, constructed, renovated and improved and for educational purposes within the meaning of the Act. The University further agrees to pay all costs of operating and maintaining the Project Facilities.

The University agrees that it shall not request the Authority to enter into any contracts or agreements or to perform any acts that may substantially and adversely affect any of the assurances or rights of the Authority. The University further agrees not to use the Project Facilities or any part thereof for sectarian instruction or as a place for religious worship and this covenant shall continue as long as the Project Facilities shall remain in existence.

The University shall, at its own expense, hold, operate and maintain the Project Facilities and any equipment related thereto in a careful and prudent manner, and it shall keep the Project Facilities and any equipment related thereto in a good, clean and orderly fashion.

### **5.3. Rights and Remedies Not Exclusive.**

All rights and remedies herein given or granted to the Authority are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or be given by reason of any law, statute, ordinance or otherwise.

### **5.4. Notices.**

All notices required to be given or authorized to be given by either party pursuant to this Agreement shall be in writing and sent by Electronic Means or registered or certified mail to the main office of the other party, in the case of the Authority addressed to it at its office in Princeton, New Jersey, or such other address as the Authority may direct upon notice given to the parties named in this Section 5.4, and in the case of the University, addressed to it at its address stated hereinabove to the attention of its Vice President of Finance/Chief Financial Officer, or such other address as the University may direct upon notice given to the parties named in this Section 5.4. All notices required to be given to the Bond Trustee by either party pursuant to this Agreement shall be in writing and sent by registered or certified mail to the main office of the Bond Trustee at the address of such principal office.

The University agrees that it shall send to the Authority a duplicate copy or executed copy of all certificates, notices, correspondence or other data and materials sent to or received from the Bond Trustee under the Trust Agreement as may be required by the Authority.

### **5.5. Tax Covenants.**

(a) The University covenants that:

(i) it will maintain its status as an organization described in Section 501(c)(3) of the Code that is exempt from federal income taxation under Section 501(a) of the Code, or corresponding provision of future federal income tax laws, and it will use the proceeds of the Series 2022 Bonds exclusively for facilities used in activities forming a part of the basis of such exemption and costs and expenses necessary and incidental to such activities;

(ii) it shall not perform any acts nor enter into any agreements that shall cause any revocation or adverse modification of such federal income tax status of the University;

(iii) it shall not carry on or permit to be carried on in the Project Facilities or its other projects or permit the Project Facilities or its other projects to be used in or for any trade or

business the conduct of which is not substantially related (aside from the need of the University for income or funds or the use it makes of the profits derived) to the exercise or performance by the University of the purposes or functions constituting the basis for its exemption under Section 501(a) of the Code, if such use of the Project Facilities or any of its other projects would result in the loss of the University's exempt status under Section 501(a) of the Code or would cause the interest on the Series 2022 Bonds to be included in gross income for purposes of federal income taxation;

(iv) neither it nor any related party (as defined in §1.150-1(b) of the Treasury Regulations) shall purchase the Series 2022 Bonds pursuant to an arrangement, formal or informal, in an amount related to the amount of the Loan made by the Authority under this Agreement;

(v) it will not use any portion of the proceeds of the Series 2022 Bonds for the acquisition, construction, improving and equipping of facilities for use in sectarian worship, sectarian instruction or other sectarian purposes or for other costs and expenses or activities of a sectarian character incident to any of the foregoing;

(vi) it will not use any portion of the proceeds of the Series 2022 Bonds for the acquisition, construction, improving and equipping of facilities for the use in any unrelated trade or business within the meaning of Section 513 of the Code or corresponding provisions of future federal income tax laws, if such use of the proceeds thereof would result in the loss of the University's exempt status under Section 501(a) of the Code or would cause the interest on the Series 2022 Bonds to be included in gross income for purposes of federal income taxation;

(vii) it will comply with the applicable requirements of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2022 Bonds and will not take any action or fail to take any action that would cause the loss of such exclusion;

(viii) it will not use the proceeds of the Series 2022 Bonds, the earnings thereon and any other moneys on deposit in any Fund or account maintained in respect of the Series 2022 Bonds (whether such moneys were derived from proceeds of the sale of the Series 2022 Bonds or from other sources) in a manner that would cause the Series 2022 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations promulgated thereunder, as the same may be from time to time amended;

(ix) it will not take any action nor cause any action to be taken that would cause the Series 2022 Bonds to be "federally guaranteed" as defined in Section 149(b) of the Code;

(x) it will create and maintain records with respect to: (A) all allocations of proceeds of the Series 2022 Bonds to expenditures under §1.141-6 and §1.148-6(d) of the Treasury Regulations and any reallocations of proceeds of the Series 2022 Bonds under §1.141-12(e) of the Treasury Regulations; (B) all allocations of the non-Bond proceeds to expenditures for costs of the Project Facilities or costs of issuing the Series 2022 Bonds; (C) the ownership and any disposition of any of the property financed with proceeds of the Series 2022 Bonds

under Section 145(a)(1) of the Code; (D) the economic lives of each portion of the property financed with proceeds of the Series 2022 Bonds; (E) the date each portion of the property financed with proceeds of the Series 2022 Bonds is placed in service (within the meaning of §1.150-2(c) of the Treasury Regulations); (F) any use of proceeds of the Series 2022 Bonds, or the property financed with proceeds of the Series 2022 Bonds, in an unrelated trade or business (within the meaning of Section 513 of the Code); (G) any private trade or business use (within the meaning of Sections 141 and 145 of the Code and §1.141-2 of the Treasury Regulations) of the property financed with proceeds of the Series 2022 Bonds; (H) any investments of the University of the gross proceeds (within the meaning of §1.148-1(b) of the Treasury Regulations) of the Series 2022 Bonds (including, without limitation, records required under §1.148-5(d)(6) of the Treasury Regulations); (I) any use of proceeds of the Series 2022 Bonds or the property financed with proceeds of the Series 2022 Bonds in an unrelated trade or business (within the meaning of Section 513 of the Code); (J) all information necessary to compute the yield on the Series 2022 Bonds, including the information necessary to establish the existence of any qualified guarantee or qualified hedge (within the meaning of §1.148-4(f) and (h) of the Treasury Regulations) with respect to the Series 2022 Bonds, the amount and date of payments for a qualified guarantee or qualified hedge with respect to the Series 2022 Bonds and the issue price of the Series 2022 Bonds; and (K) all information necessary to establish that the 6-month, the 18-month or the 2-year construction exception to arbitrage rebate (with the meaning of §1.148-7 of the Treasury Regulations) has been met with respect to proceeds of the Series 2022 Bonds, which the University will retain for at least three (3) years after the final scheduled maturity date of the Series 2022 Bonds; and

(xi) all representations made in the Tax Certificate are true and correct and fully and accurately represent the facts as known to the University. The University agrees to comply with all of the covenants and requirements set forth in the Tax Certificate; notwithstanding any other provision of the Trust Agreement or this Agreement to the contrary, so long as necessary in order to maintain the exclusion of interest on the Series 2022 Bonds from gross income under Section 103 of the Code, the covenants contained in subparagraphs (i) through (x) of this Section 5.5 shall survive the discharge and satisfaction of the Series 2022 Bonds and the term of this Agreement.

(b) The University acknowledges and agrees that the Authority has adopted written Post-Issuance Compliance Procedures intended to meet the guidelines set forth in Internal Revenue Manual Section 7.2.3.4.4 (the “*Authority Written Procedures*”). Within sixty (60) days of the issuance of the Series 2022 Bonds, the University shall adopt written Post-Issuance Compliance Procedures intended to meet the guidelines set forth in Internal Revenue Manual Section 7.2.3.4.4 (the “*University Written Procedures*”; and together with the Authority Written Procedures, the “*Written Procedures*”). The University agrees to provide a copy of the current University Written Procedures or upon their adoption. The University agrees to comply with the Written Procedures and at least once a year review the use of the Series 2022 Bonds and any other outstanding bonds of the Authority that have financed facilities for the University (together with the Series 2022 Bonds, the “*Authority's Bonds*”) in order to determine whether the Authority's Bonds meet all federal tax law conditions applicable to such bonds and certify its findings in writing to the Authority. In addition, the University shall, with respect to any of the Authority's Bonds, provide prompt written notice to the Authority of any of the acts or events listed on **Exhibit A** attached hereto and made a part hereof that may jeopardize the tax-exempt

status of the Series 2022 Bonds (a “*Special Notice Event*”). The University will use its best efforts to provide advance notice, but will in any event provide notice no later than thirty (30) days after the occurrence of such Special Notice Event, whether the University is on notice of such Special Notice Event by its diligence or internal procedures or its own filing of any statement, tax schedule, return or document with the Internal Revenue Service disclosing that a Special Notice Event shall have occurred, by its receipt of any oral or written advice from the Internal Revenue Service that a Special Notice Event has occurred, or otherwise. The University agrees that, in consultation with the Authority, at the expense of the University, it shall take such actions, if any, as may be necessary or appropriate to remediate such Special Notice Event, including, without limitation, such actions required under §1.141-12 of the Treasury Regulations or a closing agreement with the Internal Revenue Service, and to provide to the Authority an Opinion of Bond Counsel outlining the plan of remediation and whether or not the tax-exempt status of the Series 2022 Bonds will be preserved. In the event the Authority becomes aware of a Special Notice Event, the Authority shall have the right, upon prior written notice to the University, to conduct its own investigation and, at the sole reasonable cost and expense of the University, retain Bond Counsel to determine any and all actions required to remediate such Special Notice Event. The University shall adopt and follow its own written post-issuance compliance procedures to supplement the foregoing.

#### **5.6. Tax-Exempt Status.**

The University affirmatively represents that, as of the date of this Agreement: (i) it is an organization described in Section 501(c)(3) of the Code or corresponding provisions of prior law and it is not a “private foundation” (as such term is defined under Section 509(a) of the Code); (ii) it has received a letter from the Internal Revenue Service to such effect and such letter has not been modified, limited or revoked; (iii) it is in compliance with all terms, conditions and limitations, if any, contained in such letter; (iv) the facts and circumstances that form the basis of such letter as represented to the Internal Revenue Service continue substantially to exist; and (v) it is an organization exempt from federal income taxes under Section 501(a) of the Code.

The University affirmatively represents that, as of the date hereof, it is an organization organized and operated: (i) for educational purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning of the Code. The University agrees that it shall not perform any act or enter into any agreement that shall change its organization or operations as set forth in items (i), (ii) and (iii) of this paragraph of Section 5.6.

#### **5.7. Additional Representations and Warranties.**

The University hereby makes the following representations and warranties to the Authority:

(a) Uniform Commercial Code. If revisions to Article 9 of the Uniform Commercial Code are enacted by the State Legislature or by any other jurisdiction whose laws govern the perfection and enforceability of any security for the Series 2022 Bonds, the University covenants and agrees to cooperate with the Authority in taking all steps necessary to perfect and maintain the priority and enforceability of the security for the Series 2022 Bonds.



(b) Financial Statements. The audited financial statements of the University for the most recent fiscal year, including its balance sheets as of such date, as heretofore delivered to the Purchaser, correctly and fairly present, in all material respects, the financial condition of the University as of said dates and the results of the operations of the University for such period, and have been prepared in accordance with generally accepted accounting principles consistently applied except as stated in the notes thereto; and there has been no material adverse change in the condition, financial or otherwise, of the University since the date of such financial statements from that set forth in said financial statements as of, and for the period ended on, that date.

(c) Existence and Standing. The University is a corporate body created under the laws of the State and has the necessary power and authority to execute and deliver this Agreement and any other Documents (as defined in Section 5.13 hereof) to which the University is a party, and to perform its obligations hereunder and thereunder.

(d) Authorization and Validity. The execution and delivery by the University of this Agreement and any other Documents to which the University is a party have been duly authorized by proper proceedings of the University, and no further approval, authorization or consents are required by law or otherwise. This Agreement and such other Documents constitute the legal, valid and binding obligations of the University enforceable against the University in accordance with their respective terms, except as future enforceability may be limited by bankruptcy, insolvency or similar laws affecting the rights of creditors and by general equitable principles.

(e) Compliance With Laws and Contracts. Neither the execution and delivery by the University of this Agreement or any of the other Documents to which the University is a party, nor the consummation of the transactions herein or therein contemplated, nor compliance with the provisions hereof or thereof, will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the University, the University's organizational documents or the provisions of any indenture, instrument or agreement to which the University is a party or is subject, or by which it or its property is bound, or conflict with or constitute a default under or result in the creation or imposition of any lien pursuant to the terms of any such indenture, instrument or agreement.

(f) Litigation. There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the University, threatened against or affecting the University (i) wherein an unfavorable decision, ruling or finding would materially adversely affect (A) the transactions contemplated by or the validity of this Agreement or any other Documents to which the University is a party, (B) the tax-exempt status of the University or of the interest on the Series 2022 Bonds, or (C) the University's property, assets, operations or condition, financial or otherwise, or its ability to perform its obligations hereunder or under such other Documents, or (ii) that, in any way, contests the existence, organization or powers of the University or the titles of the officers of the University to their respective offices.

## **5.8. Additional Covenants.**

During the term of this Agreement and until the University has paid in full all of its obligations hereunder, the University hereby covenants and agrees as follows:

(a) Existence. The University shall maintain its existence as a non-profit corporation operating as a private college formed under the laws of the State, and it shall not merge, consolidate, liquidate or sell substantially all of its assets.

(b) Compliance With Laws. The University shall comply with all laws, rules and regulations and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject and that are material to the Series 2022 Bonds, this Agreement or any other Documents to which the University is a party, or the operations, affairs, properties or condition (financial or otherwise) of the University; *provided, however*, that the University may contest the validity or application thereof and appeal or otherwise seek relief therefrom and exercise any and all of the rights and remedies that it may have with regard thereto, so long as such acts do not affect the University's power and authority to execute and deliver this Agreement and such other Documents and to perform its obligations and pay all amounts payable by it hereunder and thereunder.

(c) Maintain Existence of Authority "Project". The University shall operate and use or cause the Project Facilities and each portion thereof to be operated and used as educational facilities constituting an authorized "project" under the Act.

(d) Rebate. The University acknowledges that the Authority shall calculate or cause to be calculated the Rebate Amount at the times and in the manner set forth in the Tax Certificate and shall pay or direct in writing the Bond Trustee to pay (but only from amounts received from the University under this Agreement) the amount to be paid to the Internal Revenue Service pursuant to Section 148 of the Code from the Rebate Fund in the percentage, at the times and in the manner set forth in the Tax Certificate.

## **5.9. Intentionally Omitted.**

## **5.10. Alternate Dates for Payment.**

If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided herein, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding day that is a Business Day with the same force and effect as if done on the day provided herein, and no interest shall accrue for the period from such day to the next Business Day authorized herein.

## **5.11. Agreement for Benefit of Bondholders.**

This Agreement is executed in part to induce the purchase by others of the Series 2022 Bonds, and, accordingly, all covenants and agreements on the part of the University and the Authority as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Series 2022 Bonds, reserving always the right of the Authority to amend

and supplement this Agreement, with the written consent of the University, in accordance with Section 2.7 hereof.

The University agrees to do all things within its power in order to enable the Authority to comply with all requirements and to fulfill all covenants of the Trust Agreement.

**5.12. Reports Furnished by University.**

The University shall render a report periodically on request of the Authority as to the physical condition of the Project Facilities. In addition, the University shall, if and when requested by the Authority, render such other reports to the Bond Trustee and the Authority concerning the condition of the Project Facilities and the University as the Authority may reasonably request. The University also shall furnish annually to the Bond Trustee and the Authority, and such other parties as the Authority may designate, copies of (i) its annual audited financial statements [not later than each December 27th following the end of each fiscal year of the University, commencing with the fiscal year ending June 30, 2022]; *provided*, that if the fiscal year of the University should change, then the audited financial statements shall be due not later than one hundred eighty (180) days after the end of each fiscal year, and (ii) such other reports and such other information as may be reasonably requested by the Authority, as soon as practicable.

**5.13. Review and Execution of Documents.**

The University hereby represents and warrants to the Authority that the University has reviewed and has a full understanding of all the terms, conditions and risks (economic and otherwise) of this Agreement, the Trust Agreement, the Series 2022B-1 Note, the Master Trust Indenture, the Continuing Covenant Agreement, the Swap Agreement, if any, and any of the other documents or instruments executed in connection with the issuance of the Series 2022 Bonds and herewith (collectively, the “*Documents*”), that it is capable of assuming and is willing to assume (financially and otherwise) all such risks, that it has consulted with its own legal and financial advisors (to the extent it has deemed necessary) and is not relying upon any advice, counsel or representations (whether written or oral) of the Authority or the Authority's legal and financial advisors, and that it has made its own investment, hedging and trading decisions (including decisions relating to the suitability of each of the Documents) based upon its own judgment and upon any advice from its own legal and financial advisors as it has deemed necessary. The University hereby acknowledges that the Authority is entering into certain of the Documents at the request of, and as an accommodation to, the University, and that the terms of the Documents have been negotiated by, and are acceptable to, the University.

**5.14. Multiple Counterparts.**

This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

{SIGNATURE PAGE FOLLOWS}

**IN WITNESS WHEREOF**, the parties hereto have caused these presents to be executed in their respective names by their duly authorized officers, all as of the date first above written.

ATTEST:

**NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY**

\_\_\_\_\_  
Steven P. Nelson  
Assistant Secretary

By: \_\_\_\_\_  
Sheryl A. Stitt  
Acting Executive Director

ATTEST:

**SAINT PETER'S UNIVERSITY**

\_\_\_\_\_  
[\_\_\_\_\_]   
[Assistant Secretary]

By: \_\_\_\_\_  
[\_\_\_\_\_]   
[\_\_\_\_\_]

*{Signature Page to Loan Agreement}*

## EXHIBIT A

### SPECIAL NOTICE EVENTS

1. **Private Business Use of Bond Financed Property** – if any portion of the property financed with proceeds of the Series 2022 Bonds will be used by anyone other than a State or local governmental unit or members of the general public who are not using the property in the conduct of a trade or business (*e.g.*, use by a person as an owner, lessee, purchaser of the output of facilities under a “take and pay” or “take or pay” contract, purchaser or licensee of research, a manager or independent contractor under certain management or professional service contracts or any other arrangement that conveys special legal entitlements, including an arrangement that conveys priority rights to the use or capacity of the property financed with the proceeds of the Series 2022 Bonds, for beneficial use of the property financed with the proceeds of the Series 2022 Bonds with proceeds of tax-exempt debt or an arrangement that conveys a special economic benefit). Use of property financed with proceeds of the Series 2022 Bonds by the federal government or a 501(c)(3) organization or with respect to solar facilities or a cell tower by a private entity are considered private business use;

2. **Private Loans of Bond Proceeds** – if any portion of the proceeds of the Series 2022 Bonds (including any investment earnings thereon) are to be loaned by the University;

3. **Naming Rights Agreements For Bond Financed Property** – if any portion of the property financed with proceeds of the Series 2022 Bonds will become subject to a naming rights agreement, other than a “brass plaque” dedication;

4. **Research Using Bond Financed Property** – if any portion of the property financed with proceeds of the Series 2022 Bonds has been or will be used for the conduct of research (as described in Rev. Proc. 2007-47) under the sponsorship of, or for the benefit of, any entity other than a State or local governmental unit, other than a qualified research contract described in Rev. Proc. 2007-47;

5. **Management Agreement or Service Agreement** – if any portion of the property financed with proceeds of the Series 2022 Bonds is to be used under a management contract (*e.g.*, food service, bookstore or parking management) or service contract, other than (i) a contract for services that are solely incidental to the primary function of financed projects, such as janitorial services or office equipment repair, or (ii) a qualified management contract described in Rev. Proc. 97-13 or successor Internal Revenue Service guidance applicable to proceeds of the Series 2022 Bonds (*n.b.*, a contract that results in the payment of a concession or similar fee to the University is not a qualified contract);

6. **Joint Ventures** – if any portion of the property financed with proceeds of the Series 2022 Bonds will be or has been used in any joint venture arrangement with any person other than a State or local governmental unit;

7. **Sinking Fund or Pledged Fund** – if the University, or any organization related to the University, identifies funds (other than mere preliminary earmarking) that are expected to be used to pay debt service on the Series 2022 Bonds or secure the payment of debt service on

the Series 2022 Bonds, other than those funds or accounts described in the bond documents for the Series 2022 Bonds; or

8. **Unexpected Payments or Proceeds** – if the University receives funds that may have a sufficiently direct nexus to the Series 2022 Bonds or to the property financed with proceeds of the Series 2022 Bonds to conclude that the amounts would have been used for that governmental purpose if proceeds of the Series 2022 Bonds were not used to finance such property related to Bond-financed property or the Series 2022 Bonds, including, without limitation, charitable gifts, insurance payments and settlements of litigation relating to the property or other disputes.

9. **Sale or Transfer, Cessation of Use, Demolition, Liens or Leases** – if the University wishes to: (i) sell or otherwise transfer ownership of any of the financed projects, (ii) cease using for a time any of the financed projects, (iii) demolish any of the financed projects, (iv) place or permit the existence of any lien against any of the financed projects, or (v) lease any portion of the financed projects (except to students enrolled in the University, or leases for short periods of time for educational, cultural or public activities).

## EXHIBIT B

### ASSIGNMENT

**Dated: as of October 1, 2022**

KNOW ALL MEN BY THESE PRESENTS that the NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (the “Authority”) having its principal office at 103 College Road East, Princeton, New Jersey 08540 does hereby sell, assign, transfer and set over to U.S. Bank Trust Company, National Association (the “Bond Trustee”), a national banking association organized and existing under the laws of the United States of America, with trust and fiduciary powers in the State of New Jersey having a corporate trust office at 333 Thornall Street, 4<sup>th</sup> Floor, Edison, New Jersey 08837, as Bond Trustee under the Series 2022 Trust Agreement, dated as of October 1, 2022, by and between the Authority and the Bond Trustee (the “Trust Agreement”), all the right, title and interest of the Authority in and to the Series 2022 Loan Agreement (the “Loan Agreement”), dated as of October 1, 2022, by and between the Authority and Saint Peter’s University (the “University”), including all rights to receive payments thereunder, the same to be held in trust and applied by the Bond Trustee as provided in the Trust Agreement and the Loan Agreement; and the Authority does hereby constitute and appoint the Bond Trustee, its true and lawful attorney for it and in its name to collect and receive payment of any and all of said payments on the Loan Agreement and on the Series 2022B-1 Note (as hereinafter defined) and to give good and sufficient receipts therefor, hereby ratifying and, confirming all that said attorney may do in the premises. The Bond Trustee may, but, except as otherwise provided in the Trust Agreement, shall not be required to, institute any proceedings or take any action in its name or in the name of the Authority to enforce the obligations of the University under the Loan Agreement, the Master Trust Indenture (defined below) and the University’s Obligated Promissory Note, Series 2022B-1 (the “Series 2022B-1 Note”) which evidences the Series 2022 Loan made under the Loan Agreement and which was issued pursuant to the Master Trust Indenture, dated as of October 1, 2022, by and between the University and U.S. Bank Trust Company, National Association, as Master Trustee, as amended and supplemented from time to time as permitted therein, including as supplemented by the Second Supplemental Indenture dated as of October 1, 2022 (collectively the “Master Trust Indenture”).

Notwithstanding such assignment and transfer, so long as no Event of Default (as defined in the Trust Agreement) on the part of the Authority has occurred and is continuing:

(a) The Authority shall retain the exclusive right and duty (and the Bond Trustee shall have no responsibility):

(i) to give all approvals and consents permitted to or required of the Authority under the Loan Agreement,

(ii) to execute supplements and amendments to the Loan Agreement to the extent permitted by Section 2.7 of the Loan Agreement and the Trust Agreement, and

(iii) to retain any payments made or payable to the Authority pursuant to



Sections 2.8 and 2.10 of the Loan Agreement.

(b) The Authority shall retain the right, concurrently with the Bond Trustee, to review and approve all financial statements, feasibility reports, certificates of the University, insurance certificates and other certificates, reports, surveys and opinions which the University is permitted or required to deliver under the Loan Agreement, provided that the Bond Trustee's duties with respect to the foregoing shall be limited to determining whether such material states the conclusions which meet the formal requirements of the Loan Agreement, and the Bond Trustee shall not be required to make any inquiry or verification of the facts, assumptions and rationale underlying such conclusions, it being the intent of this paragraph (b) that the Bond Trustee shall be entitled to rely conclusively on any such material when acting in good faith;

(c) The Authority shall retain the right, concurrently with the Bond Trustee:

(i) to inspect the Project Facilities (as defined in the Trust Agreement) as provided in Section 2.4 of the Loan Agreement, it being understood that neither the Authority nor the Bond Trustee shall be required to exercise such right,

(ii) to receive indemnity as provided in Section 2.13 of the Loan Agreement,

(iii) to give notice to the University of non-compliance with any of its covenants, agreements or obligations under the Loan Agreement, without regard to whether the Authority has specifically retained any rights therein under the terms of this Assignment,

(iv) subject to any limitations and restrictions of the Loan Agreement, to declare an Event of Default under the Loan Agreement, which declaration, if made by the Authority shall be binding on the Bond Trustee, and if made by the Bond Trustee, shall be binding on the Authority, and

(v) subject to any limitations and restrictions under Article VII of the Loan Agreement, to exercise all rights, powers and remedies under Article VII of the Loan Agreement, without regard to whether the Bond Trustee shall have exercised any of the same, upon the occurrence of any Event of Default relating to either (i) the rights reserved exclusively by the Authority in paragraph (a) above, or (ii) any violation by the University of the Act.

Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Loan Agreement.

IN WITNESS WHEREOF, NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY has caused this Assignment to be duly executed and attested by its duly authorized officers and this Assignment to be dated as of the date first above written.

ATTEST:

**NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY**

\_\_\_\_\_  
Steven P. Nelson  
Assistant Secretary

By: \_\_\_\_\_  
Sheryl A. Stitt  
Acting Executive Director

{Signature Page to Assignment}

## EXHIBIT C

### {FORM OF SERIES 2022B-1 NOTE}

No. 1

[CLOSING DATE]

### SAINT PETER'S UNIVERSITY OBLIGATED GROUP PROMISSORY NOTE, SERIES 2022B-1

SAINT PETER'S UNIVERSITY, a nonprofit corporation, duly incorporated and existing under the laws of the State of New Jersey (the "University"), for value received, hereby promise to pay, to the NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (the "Authority") the principal sum of \$[22,000,000] in installments on the dates, in the amounts and in the manner hereinafter described, subject to the provisions for redemption set forth herein, and to pay to the Authority interest thereon and certain other amounts payable hereunder, in installments on the dates, in the amounts and in the manner hereinafter described.

This promissory note (this "Series 2022B-1 Note") is a duly authorized promissory note of the University, limited to \$[22,000,000] in principal amount, issued pursuant to the Master Trust Indenture, dated as of October 1, 2022, by and between the University and U.S. Bank Trust Company, National Association, as Master Trustee (the "Master Trustee"), as amended and supplemented from time to time as permitted therein, including as supplemented by the Second Supplemental Indenture dated as of October 1, 2022 (collectively the "Master Trust Indenture"). Certain capitalized words and terms used in this Series 2022B-1 Note and not defined herein shall have the respective meanings herein given such words and terms in the Master Trust Indenture and the Trust Agreement described below.

This Series 2022B-1 Note is issued for the purpose of evidencing and securing the University's payment obligations under the Loan Agreement (as defined below) in respect of \$[22,000,000] aggregate principal amount of Revenue Bonds, Saint Peter's University Issue, 2022 Series B (the "Series 2022 Bonds"), issued by the New Jersey Educational Facilities Authority (the "Authority") under and pursuant to a Series 2022 Trust Agreement, dated as of October 1, 2022 (the "Trust Agreement"), by and between the Authority and U.S. Bank Trust Company, National Association, as bond trustee (the "Bond Trustee"), and a resolution adopted by the Authority on September 27, 2022 relating thereto.

The sums payable under this Series 2022B-1 Note shall be as follows and shall be paid in the manner hereinafter set forth:

(A) Not later than ten (10) days prior to each Interest Payment Date, an amount equal to the interest becoming due on the Outstanding Series 2022 Bonds on such Interest Payment Date;

(B) Not later than ten (10) days prior to each Principal Payment Date, an amount equal to the principal amount of Series 2022 Bonds maturing or the Sinking Fund Installment, if any, becoming due on the Series 2022 Bonds on such Principal Payment Date;

(C) Within thirty (30) days after notice from the Authority to the University, an amount equal to the sum of the following two items: (1) any reasonable fees and expenses incurred by the Authority or the Bond Trustee pursuant to this Series 2022B-1 Note, the Series 2022 Bonds, the Loan Agreement and the Trust Agreement, including, without limitation, insurance, taxes, fees and expenses of accountants, attorneys, or consultants, which fees and expenses are not otherwise paid or provided for by the University; and (2) all other expenditures reasonably incurred by the Authority by reason of its issuance of the Series 2022 Bonds and the completion of the Project, including expenses and legal fees incurred by the Authority and any fees and expenses incurred by the Authority or the Bond Trustee to compel full and punctual performance of all the provisions of this Series 2022B-1 Note, the Loan Agreement and the Trust Agreement in accordance with the terms hereof and thereof. The Authority shall send the Bond Trustee a copy of any notice given to the University pursuant to this paragraph (C);

(D) To the Authority, the Annual Administrative Fee of the Authority thereof in accordance with the provisions of the Loan Agreement;

(E) At the times required under the Loan Agreement and the Trust Agreement, such additional amounts as are required to make up any deficiency that may occur in any of the funds or accounts established under the Trust Agreement;

(F) To the Authority, in the event the University fails to make any payment in full in respect of the principal or Redemption Price of or interest on the Series 2022 Bonds within [fifteen (15)] days of its due date, a late charge of [five percent (5%)] of the amount overdue;

(G) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Master Trust Indenture, the Loan Agreement or the Trust Agreement; and

(H) The reasonable fees and expenses of the Authority in connection with the Loan Agreement, the Series 2022 Bonds or the Trust Agreement and any and all other expenses incurred in connection with the authorization, issuance, sale and delivery of the Series 2022 Bonds or the completion of the Project or incurred by the Authority or the Bond Trustee in connection with any litigation which may at any time be instituted involving the Loan Agreement, the Series 2022 Bonds, the Trust Agreement or any of the other documents contemplated thereby, or incurred in connection with the administration of the Loan Agreement, or otherwise in connection with the Loan Agreement, the Trust Agreement, the Series 2022 Bonds or any of the other documents, instruments or agreements in connection therewith.

The foregoing shall be subject to credit in the manner set forth in the Trust Agreement and the Series 2022 Loan Agreement, dated as of October 1, 2022 (the "Loan Agreement"), by and between the University and the Authority, relating to the Series 2022 Bonds. Notwithstanding the schedule of payments to be made on this Series 2022B-1 Note set forth above, the University agrees to make payments upon this Series 2022B-1 Note at the times and

in the amounts which will equal the aggregate amounts to be paid as principal or Redemption Price of or interest on the Series 2022 Bonds from time to time Outstanding under the Trust Agreement as the same shall become due, whether at maturity, upon redemption, by declaration of acceleration or otherwise.

This Series 2022B-1 Note shall be subject to optional, mandatory and extraordinary redemption as follows:

(A) Optional redemptions may be made at the option of an Authorized Officer of the Authority at the written direction of the University on any date on which the Series 2022 Bonds are subject to optional redemption under the Trust Agreement. The principal amount hereof which may be so redeemed and the redemption price payable upon any such redemption shall correspond to the aggregate principal amount and Redemption Price of the Series 2022 Bonds then to be redeemed. Accrued interest to the date of such optional redemption shall also be payable on such date with respect to this Series 2022B-1 Note in an aggregate amount equal to the accrued interest then payable on the Series 2022 Bonds to be redeemed.

(B) Mandatory redemptions of this Series 2022B-1 Note shall be made on any date on which the Series 2022 Bonds are subject to mandatory redemption from Sinking Fund Installments under the Trust Agreement. The principal amount hereof which may be so redeemed and the redemption price payable upon any such redemption shall correspond to the aggregate principal amount and Redemption Price of the Series 2022 Bonds then to be redeemed by Sinking Fund Installments. Accrued interest to the date of such mandatory redemption shall also be payable on such date with respect to this Series 2022B-1 Note in an aggregate amount equal to the accrued interest then payable on the Series 2022 Bonds to be redeemed.

(C) Extraordinary redemptions of this Series 2022B-1 Note may be made on any date on which the Series 2022 Bonds are subject to extraordinary redemption under the Trust Agreement. The principal amount hereof redeemed and the redemption price payable upon any such redemption shall correspond to the aggregate principal amount and Redemption Price of the Series 2022 Bonds then to be redeemed. Accrued interest to the date of such extraordinary redemption shall also be payable on such date with respect to this Series 2022B-1 Note in an aggregate amount equal to the accrued interest then payable on the Series 2022 Bonds to be redeemed.

The principal or redemption price of and interest on this Series 2022B-1 Note, and other amounts required to be paid hereunder, are payable 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. Except as otherwise specifically provided herein, the principal or redemption price hereof and interest hereon and other amounts required to be paid hereunder shall be paid by the University on each payment date directly to the Bond Trustee; provided that, if an Event of Default (as defined in the Master Trust Indenture) has occurred and continues to exist under Sections 7.1(a)1, 3, 4, 5 & 6 of the Master Trust Indenture, all payments in respect of the principal or redemption price of and interest hereon and other amounts required to be paid hereunder shall instead be paid to the Master Trustee. The Authority shall not be required to present or surrender this Series 2022B-1 Note to the University or the Master Trustee in

connection with any payment of principal or redemption price hereof or interest hereon. The Bond Trustee, by its acceptance of an assignment of this Series 2022B-1 Note from the Authority, agrees to notify the Master Trustee (i) in writing promptly upon the receipt of each payment of principal or redemption price of this Series 2022B-1 Note, such notice to specify the date and amount of such payment, and (ii) by telephonic notice, confirmed in writing, or by wire, mailgram, telex, facsimile, telecopier or other similar means of communication, immediately in the event of nonpayment by the University of any amount due and payable hereunder.

Copies of the Master Trust Indenture, the Loan Agreement and the Trust Agreement are on file at the Principal Office of the Master Trustee and reference is hereby made to the Master Trust Indenture for the provisions, among others, relating to the nature and extent of the rights of the Holders of Notes, Guaranties and other Obligations issued and/or authenticated under the Master Trust Indenture, the terms and conditions on which and the purposes for which Notes, Guaranties and other Obligations may be issued and/or authenticated, and the rights, duties and obligations of the University and the Master Trustee under the Master Trust Indenture, to all of which the Authority, by acceptance of this Series 2022B-1 Note, assents.

Upon the occurrence of an Event of Default under the Master Trust Indenture, the unpaid principal of this Series 2022B-1 Note, as determined by the record and ledger of the Master Trustee, may be declared, and thereupon shall become, immediately due and payable as provided in the Master Trust Indenture.

This Series 2022B-1 Note is issuable only as a registered Note without coupons. Notwithstanding any provision of the Master Trust Indenture to the contrary, this Series 2022B-1 Note shall not be subject to exchange for a Series 2022B-1 Note or Notes bearing coupons.

This Series 2022B-1 Note is not transferable to any Person other than the Bond Trustee or a successor Bond Trustee under the Trust Agreement. Ownership of this Series 2022B-1 Note shall be registered on the register to be maintained for that purpose at the Principal Office of the Master Trustee. Any transfer of this Series 2022B-1 Note shall be made in accordance with the provisions of the Master Trust Indenture.

This Series 2022B-1 Note shall not be entitled to any benefit under the Master Trust Indenture, or be valid or become obligatory for any purpose, until this Series 2022B-1 Note shall have been authenticated by execution by the Master Trustee of the Certificate of Authentication inscribed hereon.

**{REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK}**  
**{SIGNATURE PAGE TO FOLLOW}**

IN WITNESS WHEREOF, the University has caused this Series 2022B-1 Note to be duly executed and attested by persons thereunto duly authorized, as of the day and year first written above.

ATTEST:

**SAINT PETER’S UNIVERSITY**

\_\_\_\_\_  
[\_\_\_\_\_] [Assistant Secretary]

By: \_\_\_\_\_  
[\_\_\_\_\_] [\_\_\_\_\_]

{Signature Page to Series 2022B-1 Note}

**CERTIFICATE OF AUTHENTICATION**

This Series 2022B-1 Note is a Note delivered under and pursuant to the within-mentioned Master Trust Indenture.

**U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Master Trustee**

By: \_\_\_\_\_

Name:

Title:



**ASSIGNMENT**

**[CLOSING DATE]**

FOR VALUE RECEIVED, New Jersey Educational Facilities Authority (the “*Authority*”) hereby sells, assigns and transfers unto U.S. Bank Trust Company, National Association, as Bond Trustee under a Series 2022 Trust Agreement, dated as of October 1, 2022 with the Authority (the “Trust Agreement”), the within Note and all collateral, security interests and attendant rights hereunder, without recourse, representation or warranty; *provided, however*, that notwithstanding such assignment, the Authority reserves the right to give all approvals and consents permitted to or required of the Authority under the Loan Agreement referred to in the within Note, to execute supplements and amendments to such Loan Agreement to the extent permitted by Section 2.7 of such Loan Agreement and by the Trust Agreement, to retain any payments made or payable to the Authority pursuant to the Loan Agreement, and to exercise certain rights, powers and remedies given to the Authority under the Loan Agreement.

**{REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK}  
{SIGNATURE PAGE TO FOLLOW}**

**NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY**

By: \_\_\_\_\_  
Sheryl A. Stitt  
Acting Executive Director

{Signature Page to Assignment of Series 2022B-1 Note}

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Bond Trustee

---

TRUST AGREEMENT

---

Dated as of October 1, 2022

relating to

New Jersey Educational Facilities Authority  
Revenue Bonds,  
Saint Peter's University Issue,  
2022 Series B

## TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS; INTERPRETATION.....	5
1.1 Definitions.....	5
1.2 Content of Certificates and Opinions.....	11
1.3 Interpretation.....	12
 ARTICLE II THE SERIES 2022 BONDS .....	 13
2.1 Authorization of Series 2022 Bonds.....	13
2.2 Terms of the Series 2022 Bonds; Registration; Denominations; Payment of Principal and Interest.....	13
2.3 Interest Rate on Series 2022 Bonds; Taxable Payments.....	14
2.4 Execution and Authentication of Series 2022 Bonds.....	14
2.5 Transfer of Series 2022 Bonds.....	15
2.6 Exchange of Series 2022 Bonds.....	16
2.7 Bond Register.....	16
2.8 Temporary Series 2022 Bonds.....	16
2.9 Mutilated, Lost, Destroyed or Stolen Series 2022 Bonds.....	17
2.10 No Additional Bonds.....	17
 ARTICLE III ISSUANCE OF SERIES 2022 BONDS; APPLICATION OF PROCEEDS .....	 18
3.1 Issuance of Series 2022 Bonds.....	18
3.2 Disposition of Proceeds of the Series 2022 Bonds and Other Amounts.....	18
3.3 Validity of Series 2022 Bonds.....	18
 ARTICLE IV REDEMPTION OF SERIES 2022 BONDS.....	 19
4.1 Terms of Optional Redemption.....	19
4.2 Extraordinary and Mandatory Redemption.....	19
4.3 Selection of Series 2022 Bonds for Redemption.....	20
4.4 Notice of Redemption.....	21
4.5 Partial Redemption of Series 2022 Bonds.....	21
4.6 Effect of Redemption.....	22
4.7 Cancellation of Series 2022 Bonds.....	22
 ARTICLE V REVENUES.....	 23
5.1 Pledge and Assignment; Establishment of Funds.....	23
5.2 Allocation of Revenues.....	23
5.3 Application of Moneys in the Costs of Issuance Fund.....	24
5.4 Application of Interest Account.....	24
5.5 Application of Principal Account.....	24
5.6 Debt Service Reserve Fund.....	25
5.7 Application of Redemption Fund.....	25
5.8 Rebate Fund.....	25
5.9 Investment of Moneys in Funds and Accounts.....	26

**TABLE OF CONTENTS**  
**(cont'd.)**

Page		
	ARTICLE VI PARTICULAR COVENANTS .....	28
6.1	Payment of Principal, Premium and Interest.....	28
6.2	Extension of Payment of Series 2022 Bonds. ....	28
6.3	Revenues. ....	28
6.4	Enforcement of Duties and Obligations of the University.....	28
6.5	Operation and Maintenance.....	29
6.6	Alienation of Trust Estate.....	29
6.7	Accounts and Audits. ....	29
6.8	Indebtedness and Liens. ....	29
6.9	Payment of Lawful Charges. ....	29
6.10	The Loan Agreement.....	30
6.11	Further Assurances.....	30
6.12	Filing and Recording.....	30
	ARTICLE VII EVENTS OF DEFAULT AND REMEDIES OF SERIES 2022 BONDHOLDERS.....	31
7.1	Events of Default.....	31
7.2	Acceleration.....	32
7.3	Other Remedies. ....	33
7.4	Legal Proceedings by Bond Trustee.....	33
7.5	Discontinuance of Proceedings by Bond Trustee.....	33
7.6	Bondholders May Direct Proceedings.....	33
7.7	Limitations on Actions by Bondholders.....	34
7.8	Delays and Omissions Not to Impair Rights. ....	34
7.9	Application of Moneys in Event of Default. ....	34
7.10	Bond Trustee and Bondholders Entitled to All Remedies Under Act; Remedies Not Exclusive. ....	35
7.11	Bond Trustee’s Right to Receiver. ....	35
	ARTICLE VIII THE BOND TRUSTEE .....	36
8.1	Duties, Immunities and Liabilities of Bond Trustee. ....	36
8.2	Merger or Consolidation. ....	38
8.3	Liability of Bond Trustee. ....	38
8.4	Right of Bond Trustee to Rely on Documents. ....	40
8.5	Preservation and Inspection of Documents. ....	40
8.6	Compensation.....	40
	ARTICLE IX MODIFICATION OR AMENDMENT OF THE TRUST AGREEMENT .....	41
9.1	Amendments Permitted. ....	41
9.2	Consent of Purchaser. ....	41
9.3	Effect of Supplemental Trust Agreement.....	41
9.4	Bond Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel.....	42

**TABLE OF CONTENTS**  
**(cont'd.)**

Page		
	ARTICLE X DEFEASANCE.....	43
10.1	Discharge of Trust Agreement. ....	43
10.2	Discharge of Liability on Series 2022 Bonds.....	44
10.3	Deposit of Money or Securities with Bond Trustee. ....	44
10.4	Payment of Series 2022 Bonds After Discharge of Trust Agreement. ....	44
	ARTICLE XI MISCELLANEOUS .....	46
11.1	Limited Liability of Authority.....	46
11.2	Successor is Deemed Included in All References to Predecessor.....	46
11.3	Limitation of Rights to Parties, the University, the Purchaser and Bondholders.....	46
11.4	Waiver of Notice. ....	46
11.5	Destruction of Series 2022 Bonds. ....	46
11.6	Severability of Invalid Provisions. ....	46
11.7	Notices.....	47
11.8	Evidence of Signatures of Series 2022 Bondholders and Ownership of Series 2022 Bonds .....	48
11.9	Disqualified Bonds.....	49
11.10	Money Held for Particular Bonds. ....	49
11.11	Funds and Accounts. ....	49
11.12	Waiver of Personal Liability. ....	49
11.13	Business Days.....	50
11.14	Governing Law.....	50
11.15	Execution in Several Counterparts.....	50
11.16	Concerning the Purchaser.....	50
	EXHIBIT A – Form of Series 2022 Bond .....	A-1
	EXHIBIT B – Investment Securities .....	B-1
	EXHIBIT C – Form of Investor Letter .....	C-1

## TRUST AGREEMENT

This **TRUST AGREEMENT** (this “*Trust Agreement*”), dated as of October 1, 2022, is by and between the NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (the “*Authority*”), a public body corporate and politic, constituting a political subdivision of the State of New Jersey (the “*State*”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with trust and fiduciary powers in the State, as trustee, bond registrar and paying agent (the “*Bond Trustee*”).

### WITNESSETH:

**WHEREAS**, the Authority was created as a public body corporate and politic of the State of New Jersey 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*”);

**WHEREAS**, on July 7, 2020, BCB Community Bank made a loan to Ignatius Hall Development, Inc. (“*Ignatius Hall*”), whose sole member is Saint Peter’s University (the “*University*”), in the amount of \$25,000,000 (the “*BCB Loan*”), the proceeds of which were used to construct a dormitory on the campus of the University in Jersey City, New Jersey (the “*Project Facilities*”);

**WHEREAS**, the University has assumed the obligations of Ignatius Hall under the BCB Loan and has requested that the Authority issue, and the Authority has determined that it is necessary and in keeping with its authorized purposes to issue, a series of bonds as described herein for the purpose of providing funds to (i) refinance the BCB Loan, (ii) fund a Debt Service Reserve Fund and (iii) pay certain costs of issuance of the Series 2022 Bonds (as hereinafter defined) (collectively, the “*Project*”);

**WHEREAS**, pursuant to a resolution of the Authority adopted on September 27, 2022 (the “*Bond Resolution*”), the Authority has determined that it is necessary and in keeping with its authorized purposes to issue a series of bonds to be designated “New Jersey Educational Facilities Authority Revenue Bonds, Saint Peter’s University Issue, 2022 Series B” (the “*Series 2022 Bonds*”) to finance the Project;

**WHEREAS**, the Series 2022 Bonds will be issued under and secured by this Trust Agreement;

**WHEREAS**, in order to provide for the financing of the Project and to secure repayment of the Series 2022 Bonds, it is necessary and desirable to enter into a Loan Agreement dated as of October 1, 2022, by and between the Authority and the University (as amended and supplemented from time to time as permitted therein, the “*Loan Agreement*”);

**WHEREAS**, the University’s obligations arising under the Loan Agreement will be evidenced and secured by a certain promissory note dated [CLOSING DATE] (the “*Series 2022B-1 Note*”) issued pursuant to that certain Master Trust Indenture, dated as of October 1, 2022, by and between the University and U.S. Bank Trust Company, National Association, as Master Trustee (the “*Master Trustee*”), as amended and supplemented from time to time as permitted therein, including as supplemented by the Second Supplemental Indenture dated as of October 1, 2022 (collectively, the “*Master Trust Indenture*”);

**WHEREAS**, the Series 2022 Bonds will be purchased from the Authority in their entirety by Siemens Public, Inc.;

**WHEREAS**, the Authority has duly authorized and directed the issuance, sale and delivery of the Series 2022 Bonds to be issued as fully registered bonds, and to secure payment of the principal thereof and of the interest and premium, if any, thereon and the performance and observance of the covenants and conditions herein contained, the Authority has authorized the execution and delivery of this Trust Agreement; and

**WHEREAS**, the Authority has determined to assign, transfer and pledge unto the Bond Trustee, as trustee under this Trust Agreement, all right, title and interest of the Authority (except for certain rights to be retained by the Authority) in and to the Loan Agreement and sums payable thereunder.

## **GRANTING CLAUSES AND AGREEMENTS**

**NOW, THEREFORE**, in consideration of the premises and the acceptance by the Bond Trustee of the trusts hereby created and of the purchase and acceptance of the Series 2022 Bonds issued and sold by the Authority under this Trust Agreement by those who shall own the same from time to time, and of the sum of one dollar, lawful money of the United States, duly paid to the Authority by the Bond Trustee at or before the execution and delivery of this Trust Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Series 2022 Bonds are to be executed, authenticated, issued, delivered and accepted by all persons who shall from time to time be or become Holders thereof; and in order to secure the payment of the principal of and premium (if any) and interest on the Series 2022 Bonds according to their tenor and effect and the performance and observance by the Authority of all the covenants expressed or implied herein and in the Series 2022 Bonds and the payment and performance of all other of the Authority’s obligations, the Authority does hereby grant, bargain, sell, convey, pledge and assign, without recourse, unto the Bond Trustee and unto its successors in the trust forever, and grants to the Bond Trustee and to its successors in the trust, a security interest in all of the following (hereinafter, the “*Trust Estate*”), subject to the retention of certain rights by the Authority as more fully described below:

### **GRANTING CLAUSE FIRST**

All right, title and interest of the Authority in and to the Loan Agreement including, but not limited to: (i) the obligation of the University under Sections 2.8 and 2.10(d) of the Loan



Agreement to make payments at such times and in such amounts as are necessary to pay the principal of, interest and redemption premium, if any, on the Series 2022 Bonds and (ii) the right to do any and all things which the Authority is or may become entitled to do under the Loan Agreement.

### **GRANTING CLAUSE SECOND**

All right, title and interest of the Authority in and to the Series 2022B-1 Note.

### **GRANTING CLAUSE THIRD**

All right, title and interest in and to the amounts in the funds and accounts (other than the Rebate Fund) established under this Trust Agreement and the Revenues.

### **GRANTING CLAUSE FOURTH**

Any and all other property rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security herewith, by the University or any other person on its behalf or with its written consent or by the Authority or any other person on its behalf or with its written consent, and the Bond Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

**PROVIDED, HOWEVER,** notwithstanding such assignment and transfer, the Authority retains the following rights of the Authority (the “*Reserved Rights*”): (i) rights to indemnification; (ii) rights of inspection and consent; (iii) rights to payment of its fees and expenses; and (iv) all rights, title and interest in any and all provisions of the Loan Agreement relating to the Project Facilities (except for the right of the Authority to receive Basic Loan Payments pursuant to Section 2.8 of the Loan Agreement as described in Section 2.15 of the Loan Agreement), including, without limitation, its rights to exercise remedies as provided by the Loan Agreement and its rights to enter, inspect and operate the Project Facilities so long as no Event of Default (as herein defined) has occurred and is continuing. The Bond Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Bond Trustee and shall forthwith be paid by the Authority to the Bond Trustee. The Bond Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority that have been assigned to the Bond Trustee and all of the obligations of the University under the Loan Agreement other than the Reserved Rights of the Authority. All Revenues deposited with the Bond Trustee shall be held, disbursed, allocated and applied by the Bond Trustee only as provided in this Trust Agreement. If, on the day on which a payment of Basic Loan Payments is required to be made, the Bond Trustee has not received the full amount of such Basic Loan Payments, the Bond Trustee shall immediately notify the Authority and the University of such insufficiency by Electronic Means and confirm such notification as soon as possible thereafter by written notice.

**TO HAVE AND TO HOLD** all and singular the Trust Estate with all privileges and appurtenances hereby conveyed and assigned or agreed or intended so to be to the Bond Trustee and its successors in trust forever.

**IN TRUST NEVERTHELESS**, under and subject to the terms and conditions hereinafter set forth: (a) for the equal benefit, protection and security of the Holders of any and all of the Series 2022 Bonds, all of which regardless of the time or times of their issuance or maturity shall be of equal rank, without preference, priority or distinction of any of the Series 2022 Bonds over any other thereof, except as otherwise provided in or pursuant to this Trust Agreement; and (b) for securing the observance and performance of the Authority's obligations and of all others of the conditions, promises, stipulations, agreements and terms and provisions of this Trust Agreement and the uses and purposes herein expressed and declared;

**PROVIDED, HOWEVER**, that if the Authority, its successors or assigns, well and truly pays, or causes to be paid, the principal of the Series 2022 Bonds issued hereunder and the premium (if any) and interest due or to become due thereon, at the times and in the manner mentioned in the Series 2022 Bonds and as provided herein, according to the true intent and meaning thereof, and shall cause the payments to be made into the Debt Service Fund as required under Article V hereof, or shall provide, as permitted hereby, for payment thereof in accordance with Article X hereof, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Trust Agreement and all other of the Authority's obligations to be kept, performed and observed by it, and shall pay or cause to be paid to the Bond Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in Article X hereof, and upon the termination of the Loan Agreement, the right, title and interest of the Bond Trustee in and to the Trust Estate shall cease, terminate and be void, and the Trust Estate shall be assigned, transferred and turned over to the University; and the Bond Trustee shall execute and deliver to the Authority and the University, as appropriate, such instruments in writing as shall be requisite to evidence such transfer of the Trust Estate. Upon the Bond Trustee's assignment, transfer and turning over to the University, of the Trust Estate pursuant to the provisions of this Trust Agreement, the Bond Trustee shall have no further duties, responsibilities or obligations under and pursuant to this Trust Agreement.

**ARTICLE I**  
**DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS;**  
**INTERPRETATION**

**1.1 Definitions.**

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings specified in this Section 1.1 and in **Exhibit B** attached hereto and incorporated herein by reference, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this Trust Agreement (including those terms defined in **Exhibit B** hereto), all terms used herein shall have the meanings assigned to such terms in the Loan Agreement. Capitalized terms in the preambles shall have the meanings ascribed to them therein.

*“Authorized Denomination”* means \$100,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if at any time the aggregate principal amount of the Series 2022 Bonds Outstanding does not equal an even multiple of \$1,000, there shall be one Authorized Denomination equal to \$100,000 and any integral multiple of \$1,000 in excess thereof, plus an amount equal to the remaining principal amount of the Series 2022 Bonds that is not an integral multiple of \$1,000.

*“Authorized Officer”* means (i) with respect to Authority, the Chair, Vice Chair, Treasurer, Executive Director, Deputy Executive Director, Director of Project Management, Director of Compliance Management, Secretary, Assistant Treasurer or any Assistant Secretary of the Authority, and when used with reference to any act or document also means any other person authorized by resolution of the Authority to perform such act or execute such document and shall also include any of such officers designated as “acting” or “interim,” (ii) with respect to the University, any Person authorized by the by-laws or any resolution of the University to act in such capacity and designated by written notice to the Authority, the Bond Trustee and the Purchaser, and (iii) with respect to the Bond Trustee, any Person authorized by the by-laws or any resolution of the Bond Trustee to act in such capacity.

*“Bond Counsel”* means any firm of nationally recognized municipal bond attorneys selected by the Authority and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes.

*“Bond Interest is Taxable”* means that interest paid or to be paid on a Series 2022 Bond is or will be includable for federal income tax purposes in the gross income of the Purchaser or any other Bondholder (including any former Bondholder) thereof.

*“Bond Register”* means the registration books of the Authority kept by the Bond Trustee in accordance with the provisions of Section 2.7 to evidence the registration and transfer of the Series 2022 Bonds.

*“Bond Registrar”* means the Bond Trustee, when acting as such, and any other bank or trust company designated and at the time serving as bond registrar under this Trust Agreement.

*“Bond Trustee”* means U.S. Bank Trust Company, National Association, or its successor, as Bond Trustee hereunder as provided in Section 8.1.

*“Bond Year”* means each twelve (12) month period beginning July 1 and ending the following June 30; except that the initial Bond Year shall commence on the date of issuance of the Bonds and shall end on June 30, 2023.

*“Business Day”* means any day (i) other than a Saturday or Sunday, legal holiday in the State or other day on which banking institutions located in New York, New York, and the city in which the Principal Corporate Trust Office of the Bond Trustee is located are required or authorized to be closed, (ii) on which the New York Stock Exchange is open, and (iii) on which the Purchaser is open for business.

*“Certificate,” “Statement,”* and *“Request”* of the Authority or the University mean, respectively, a written certificate, statement or request signed in the name of the Authority by an Authorized Officer of the Authority, or in the name of the University by an Authorized Officer of the University. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.2, each such instrument shall include the statements provided for in Section 1.2.

*“Code”* means the Internal Revenue Code of 1986, as amended, or any successor statute thereto and any regulations promulgated thereunder.

*“Continuing Covenant Agreement”* means the Continuing Covenant Agreement, dated as of October 1, 2022, by and between the University and the Purchaser, relating to the Series 2022 Bonds, as the same may be amended and supplemented from time to time.

*“Costs of Issuance”* means all items of expense directly or indirectly payable by or reimbursable to the Authority or the University and related to the authorization, issuance, sale and delivery of the Series 2022 Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Bond Trustee (including, but not limited to, reasonable counsel fees), initial and ongoing fees and charges of the Authority, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Series 2022 Bonds, and any other cost, charge or fee in connection with the original issuance of Series 2022 Bonds.

*“Costs of Issuance Fund”* means the fund by that name established pursuant to Section 5.1 hereof.

*“Debt Service Fund”* means the fund by that name established pursuant to Section 5.1 hereof.

“*Debt Service Reserve Fund*” means the fund by that name established pursuant to Section 5.1 hereof.

“*Debt Service Reserve Fund Requirement*” means, as of any date of calculation, an amount equal to the lesser of (i) the greatest amount required in the then current Bond Year or in any future Bond Year to pay the sum of (a) interest on the Series 2022 Bonds payable on May 1 of such Bond Year and November 1 of the next succeeding Bond Year and (b) principal or sinking fund installment, as the case may be, of the Series 2022 Bonds payable on November 1 of the next succeeding Bond Year; or (ii) ten percent (10%) of the proceeds of the Series 2022 Bonds, within the meaning of Section 148 of the Code, except that the maximum annual debt service cannot exceed 125% of the average annual amount required in the then current or any future Bond Year to pay interest, principal, and sinking fund installments on the Series 2022 Bonds.

“*Determination of Taxability*” means (a) any determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction to the effect that Bond Interest is Taxable, or (b) the delivery to the Purchaser, any Bondholder or the Bond Trustee of a written opinion of nationally recognized bond counsel to the effect that Bond Interest is Taxable. A Determination of Taxability also shall be deemed to have occurred on the first to occur of the following:

(i) the date when the University files any statement, supplemental statement, or other tax schedule, return or document, which discloses that Bond Interest is Taxable;

(ii) the effective date of any federal legislation enacted or federal rule or regulation promulgated after the date of this Trust Agreement which has the effect that Bond Interest is Taxable; or

(iii) if upon sale, lease or other deliberate action within the meaning of Treas. Reg. § 1.141-2(d), the failure to receive an unqualified opinion of a nationally recognized bond counsel to the effect that such action (A) is permitted by this Trust Agreement and the Act and (B) will not adversely affect the excludability of interest on the Series 2022 Bonds from the gross income of any Bondholder (or any former Bondholder) for purposes of federal income taxation.

“*Default Rate*” means the rate per annum at all times equal to [ ]%.

“*Defaulted Interest*” has the meaning specified in Section 2.2(b)(iii) hereof.

“*Electronic Means*” means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“*Event of Default*” for purposes of this Trust Agreement, means any of the events specified in Section 7.1 and for purposes of any other contract, document or agreement, shall have the meaning assigned in such contract, document or agreement.

*“Favorable Opinion of Bond Counsel”* means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Act and this Trust Agreement and will not impair the exclusion of interest on the Series 2022 Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Series 2022 Bonds from gross income taxation under the laws of the State (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Series 2022 Bonds).

*“Holder”* or *“Bondholder,”* whenever used herein with respect to a Series 2022 Bond, means the Person in whose name such Series 2022 Bond is registered on the Bond Register.

*“Interest Account”* means the account by that name in the Debt Service Fund established pursuant to Section 5.1.

*“Interest Payment Date”* means May 1 and November 1 of each year, commencing May 1, 2023.

*“Investment Officer”* means the Authority’s Director of Finance, or any such officer designated as “acting” or “interim,” and any other person designated by the Executive Director of the Authority pursuant to the Authority’s investment policy.

*“Investment Securities”* means any of the Investment Securities set forth on **Exhibit B** hereto, provided that each obligation shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys will be required for the purposes intended.

*“Issue Date”* means [CLOSING DATE], the date on which the Series 2022 Bonds are initially issued and delivered to the Purchaser.

*“Master Trust Indenture”* means that certain master trust indenture described in the preambles hereto as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

*“Maturity Date”* means November 1, 20[34], the final maturity date of the Series 2022 Bonds.

*“Moody’s”* means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University by notice in writing to the Authority and the Bond Trustee, which is not unsatisfactory to an Authorized Officer of the Authority or the Purchaser.

*“Opinion of Counsel”* means a written opinion of an attorney-at-law or law firm (who may be counsel for the University or the Authority) satisfactory to an Authorized Officer of the Authority and the Purchaser, and addressed to the Authority, the Bond Trustee and the Purchaser.

*“Outstanding”* when used as of any particular time with reference to Series 2022 Bonds means (subject to the provisions of Section 11.9, if applicable) all Series 2022 Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Trustee under this Trust Agreement except: (1) Series 2022 Bonds theretofore canceled by the Bond Trustee or surrendered to the Bond Trustee for cancellation; (2) Series 2022 Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.2, including Series 2022 Bonds (or portions of Series 2022 Bonds) referred to in Section 11.10; and (3) Series 2022 Bonds for the transfer or exchange of or in lieu of or in substitution for which other Series 2022 Bonds shall have been authenticated and delivered by the Bond Trustee pursuant to this Trust Agreement. Notwithstanding the foregoing, in determining whether the Holders of the requisite principal amount of Series 2022 Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Trust Agreement, Series 2022 Bonds owned by the Authority, the University or any of its affiliates shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Bond Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Series 2022 Bonds which the Bond Trustee actually knows to be so owned shall be so disregarded.

*“Paying Agent”* means the Bond Trustee and any other commercial bank or trust institution organized under the laws of any state or any national banking association designated by this Trust Agreement as paying agent for the Series 2022 Bonds, at which bank or institution the principal and Redemption Price of and interest on such Series 2022 Bonds shall be payable.

*“Person”* means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

*“Principal Account”* means the account by that name in the Debt Service Fund established pursuant to Section 5.1.

*“Principal Corporate Trust Office”* means the designated corporate trust office of the Bond Trustee, Bond Registrar and Paying Agent, which as of the date hereof is located at 333 Thornall Street, 4<sup>th</sup> Floor, Edison, New Jersey 08837.

*“Principal Payment Date”* means (i) each date upon which the Series 2022 Bonds are subject to redemption from Sinking Fund Installments pursuant to Section 4.2(b), and (ii) the Maturity Date.

*“Purchaser”* means the Holder of a majority in aggregate principal amount of the Outstanding Series 2022 Bonds. As of the Issue Date, Siemens Public, Inc. is the Purchaser.

*“Rating Category”* means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

*“Rebate Amount”* means the amount to be rebated to the Internal Revenue Service on a periodic basis in accordance with the terms of the Tax Certificate.

*“Rebate Fund”* means the Rebate Fund established pursuant to Section 5.1 hereof.

“*Record Date*” means with respect to each Interest Payment Date, the Business Day immediately preceding such Interest Payment Date.

“*Redemption Fund*” means the fund by that name established pursuant to Section 5.1 hereof.

“*Redemption Price*” means, with respect to any Series 2022 Bond (or portion thereof), the principal amount of such Series 2022 Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Series 2022 Bond and this Trust Agreement.

“*Revenues*” means, in respect of the Series 2022 Bonds, (i) all Basic Loan Payments and payments made under Section 2.10(d) of the Loan Agreement, rentals, mortgage payments, fees, charges and other payments received or receivable by or payable to the Authority from the University under the terms of the Loan Agreement, (ii) any and all other amounts payable to the Authority under or on account of the Loan Agreement or under or on account of any instrument securing the obligations of the University under the Loan Agreement, including without limitation, proceeds of insurance, condemnation awards or proceeds of sale in lieu of condemnation to the extent provided in the Loan Agreement or such instrument and (iii) interest earnings on the amounts in funds and accounts established hereunder (other than the Rebate Fund); provided that “*Revenues*” shall not include gifts, grants, bequests, donations and contributions heretofore or hereafter made that are designated at the time of the making thereof by the donor or maker as being for certain specified dedicated purposes, inconsistent with application to payment on the Series 2022 Bonds or not subject to pledge, and the income therefrom, to the extent required by such designation.

“*S&P*” means S&P Global Ratings, acting through Standard & Poor's Financial Services LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University by notice in writing to the Authority and the Bond Trustee, which is not unsatisfactory to an Authorized Officer of the Authority or the Purchaser.

“*Series 2022 Bonds*” means the Authority’s Revenue Bonds, Saint Peter’s University Issue, 2022 Series B, issued on the Issue Date pursuant to the provisions of the Act and this Trust Agreement.

“*Sinking Fund Installment*” means each amount established in Section 4.2(b) and required to be paid by the Authority on the corresponding date set forth in Section 4.2(b) in connection with the mandatory redemption of the Series 2022 Bonds.

“*Special Record Date*” means the date established by the Bond Trustee pursuant to Section 2.2(b)(iii) as the record date for the payment of defaulted interest on the Series 2022 Bonds.

“*Supplemental Trust Agreement*” means any supplemental agreement hereafter duly authorized and entered into between the Authority and the Bond Trustee, supplementing,



modifying or amending this Trust Agreement; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

“*Tax Certificate*” means the Arbitrage and Tax Certificate, dated the date of issuance of the Series 2022 Bonds, provided by the University with respect to, among other things, the nature, use and costs of the Project Facilities.

“*Taxable Date*” means the date on which interest on any of the Series 2022 Bonds is first includable in gross income of a Bondholder (including, without limitation, any previous Bondholder) thereof as a result of a Determination of Taxability.

“*Taxable Payments*” means payments made to a Bondholder (or former Bondholder) on demand therefor (i) in an amount equal to the difference between (A) the amount of interest actually paid to the Bondholder (or former Bondholder) on the Series 2022 Bonds during the Taxable Period and (B) the amount of interest that would have been payable to the Bondholder (or former Bondholder) during such Taxable Period had the Series 2022 Bonds borne interest at the Taxable Rate, and (ii) an amount equal to any interest, penalties or charges owed by the Bondholder (or former Bondholder) as a result of interest on any of the Series 2022 Bonds becoming includable in the gross income of the Bondholder (or former Bondholder), together with any and all attorneys' fees, court costs, or other out of pocket costs incurred by the Bondholder (or former Bondholder).

“*Taxable Period*” means the period in which interest on any of the Series 2022 Bonds is includable in the gross income of a Bondholder, beginning on the Taxable Date.

“*Taxable Rate*” means, with respect to the Series 2022 Bonds, as of any date, an interest rate per annum equal to the product of the interest rate on the Series 2022 Bonds otherwise then in effect multiplied by 1.42857.

“*Trust Agreement*” means this Trust Agreement, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Trust Agreement.

“*United States Government Obligations*” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including obligations issued or held in book-entry form on the books of the United States Department of the Treasury.

## **1.2 Content of Certificates and Opinions.**

Every certificate or opinion provided for herein with respect to compliance with any provision hereof shall include (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable such Person to express an informed opinion with respect to the subject matter referred to in the instrument to which such Person's

signature is affixed; and (4) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an Authorized Officer of the Authority or the University may be based, insofar as it relates to legal, accounting or educational matters, upon a certificate or opinion of or representation by counsel, an accountant or a management consultant, unless such Authorized Officer of the Authority or the University knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or a management consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the University, as the case may be) upon a certificate or opinion of or representation by an Authorized Officer of the Authority or the University, unless such counsel, accountant or management consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Officer of the Authority or the University, or the same counsel or accountant or management consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers, counsel, accountants or management consultants may certify to different matters, respectively.

### **1.3 Interpretation.**

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) Unless otherwise specifically noted, all references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Trust Agreement as a whole, including the Exhibits hereto, and not to any particular Article, Section or subdivision hereof.

**ARTICLE II**  
**THE SERIES 2022 BONDS**

**2.1 Authorization of Series 2022 Bonds.**

There are hereby authorized Series 2022 Bonds of the Authority to be issued as provided herein for the purpose of providing funds which, together with other available moneys, will be used by the University to pay the costs of the Project. The aggregate principal amount of the Series 2022 Bonds which may be executed, authenticated and delivered hereunder shall not exceed \$[22,000,000]. No additional bonds may be issued under this Trust Agreement. This Trust Agreement constitutes a continuing agreement by the Authority for the benefit of the Holders from time to time of the Series 2022 Bonds to secure the full payment of the principal of and interest on all such Series 2022 Bonds subject to the covenants, provisions and conditions herein contained.

**2.2 Terms of the Series 2022 Bonds; Registration; Denominations; Payment of Principal and Interest.**

(a) The Series 2022 Bonds shall be issued in the aggregate principal amount of \$[22,000,000]. The Series 2022 Bonds shall be dated the date of execution, authentication and delivery thereof. The Series 2022 Bonds shall be numbered in consecutive numerical order from 1 upwards. The Series 2022 Bonds shall be issued as fully registered Series 2022 Bonds without coupons in Authorized Denominations and shall be registered initially in the name of the Purchaser. Registered ownership of the Series 2022 Bonds, or any portion thereof, may not thereafter be reregistered except as set forth in this Article II. The Series 2022 Bonds and the Bond Trustee's Certificate of Authentication to be endorsed thereon shall be in substantially the forms set forth in **Exhibit A** attached hereto, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Trust Agreement or any Supplemental Trust Agreement. The Series 2022 Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

(b) (i) The Series 2022 Bonds shall bear interest, payable in lawful money of the United States of America, at the rates set forth in Section 2.3 from the Issue Date. Interest on the Series 2022 Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30 day months.

(ii) Interest payments on a Series 2022 Bond (other than with respect to Defaulted Interest) shall be made on each Interest Payment Date, commencing May 1, 2023, to the Holder thereof appearing on the registration books maintained by the Bond Trustee as of the close of business on the Record Date for such Interest Payment Date. Interest on the Series 2022 Bonds shall, except as hereinafter provided, be paid by wire transfer sent on the Interest Payment Date to the Bondholders at the wire transfer address for such Bondholder as shall have been filed in writing by each Bondholder with the Bond Trustee. Unless another wire transfer address shall have been filed in writing by the Purchaser with the Bond Trustee, the wire transfer address for the Purchaser shall be as follows:

[Bank Name: Citibank  
Bank Address: 111 Wall Street  
New York, NY 10043  
Routing No.: 021000089  
Account of: Siemens Public, Inc.  
Account No: 30824094  
Reference: Saint Peter's University [\_\_\_\_\_]

The foregoing notwithstanding, Defaulted Interest shall be payable as provided in Section 2.2(b)(iii) below.

(iii) Any interest on any Series 2022 Bond which is payable, but is not punctually paid or provided for, on any Interest Payment Date (herein called "*Defaulted Interest*") shall forthwith cease to be payable to the registered Holder on the relevant Record Date, and such Defaulted Interest shall be paid, pursuant to Section 7.9 hereof, to the registered Holder in whose name the Series 2022 Bond is registered at the close of business on a Special Record Date to be fixed by the Bond Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Bond Trustee shall, at the expense of the University, cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each such registered Holder at his address as it appears upon the Bond Register not less than ten (10) days prior to such Special Record Date.

(c) The Series 2022 Bonds shall mature on the Maturity Date.

(d) The principal or Redemption Price of any Series 2022 Bond shall be payable in lawful money of the United States of America and shall be paid by wire transfer sent on the due date thereof to the Bondholders at the same wire transfer address at which interest on the Series 2022 Bonds is paid in accordance with Section 2.2(b)(ii).

### **2.3 Interest Rate on Series 2022 Bonds; Taxable Payments.**

The Series 2022 Bonds shall bear interest at a rate equal to [\_\_\_\_\_] % per annum; provided, however, that, (i) upon the occurrence and during the continuation of an Event of Default, the interest rate on Series 2022 Bonds shall equal the Default Rate, and (ii) from and after the Taxable Date, the interest rate on Series 2022 Bonds shall equal the Taxable Rate. Notwithstanding anything in this Trust Agreement to the contrary, from and after the Taxable Date, in addition to receiving interest on the Series 2022 Bonds at the Taxable Rate, the Purchaser shall also be entitled to receive the Taxable Payments from the University in accordance with the Continuing Covenant Agreement.

### **2.4 Execution and Authentication of Series 2022 Bonds.**

The Series 2022 Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of its Authorized Officer under its official common seal attested by the manual or facsimile signature of its Authorized Officer. Such seal may be in the form of a facsimile of the Authority's seal and may be reproduced, imprinted or impressed on the Series

2022 Bonds. The Series 2022 Bonds shall then be delivered to the Bond Trustee for authentication by it. In case any of the Authorized Officers of the Authority who shall have executed or attested any of the Series 2022 Bonds shall cease to be such Authorized Officer or Officers of the Authority before the Series 2022 Bonds so executed or attested shall have been authenticated or delivered by the Bond Trustee or issued by the Authority, the Series 2022 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who executed and attested the same had continued to be such Authorized Officers of the Authority, and also any Series 2022 Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such Series 2022 Bond shall be the proper Authorized Officers of the Authority although at the nominal date of such Series 2022 Bond any such person shall not have been such Authorized Officer of the Authority.

Only such Series 2022 Bonds as shall bear thereon a certificate of authentication substantially in the form set forth on the form of Series 2022 Bond, manually executed by the Bond Trustee shall be valid or obligatory for any purpose or entitled to the benefits of this Trust Agreement, and such certificate of the Bond Trustee shall be conclusive evidence that the Series 2022 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Trust Agreement.

## **2.5 Transfer of Series 2022 Bonds.**

Any Series 2022 Bond, or any portion thereof in an Authorized Denomination, may, in accordance with its terms, be transferred, upon the Bond Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Series 2022 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed.

Whenever any Series 2022 Bond or Series 2022 Bonds shall be surrendered for transfer, an Authorized Officer of the Authority shall execute and the Bond Trustee shall authenticate and deliver a new Series 2022 Bond or Series 2022 Bonds for a like aggregate principal amount. The Bond Trustee shall require the University to pay any tax or other governmental charge required to be paid with respect to such transfer, and the Bond Trustee may also require the University to pay such sums as are necessary to cover the reasonable costs and expenses incurred by the Bond Trustee or the Authority in connection with such transfer. The Bond Trustee shall not be required to transfer (i) any Series 2022 Bond during the fifteen (15) days next preceding the date on which notice of redemption of Series 2022 Bonds is given, or (ii) any Series 2022 Bond called for redemption.

Notwithstanding anything in this Trust Agreement or the Series 2022 Bonds to the contrary, no Series 2022 Bond or any portion thereof may be sold, pledged, assigned or otherwise transferred unless (i) prior written notice is given to the Authority, the University and the Bond Trustee of such sale, pledge, assignment or other transfer, which notice shall include the name and address of the proposed purchaser, pledgee, assignee or other owner of such Series 2022 Bond or any portion thereof, and (ii) the proposed purchaser, pledgee, assignee or other owner of such Series 2022 Bond or any portion thereof shall have provided an executed letter to the Authority and the Bond Trustee substantially in the form attached hereto as **Exhibit C**.

## **2.6 Exchange of Series 2022 Bonds.**

Series 2022 Bonds may be exchanged at the Principal Corporate Trust Office of the Bond Trustee for a like aggregate principal amount of Series 2022 Bonds in other Authorized Denominations. The Bond Trustee shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange and the Bond Trustee may also require the Bondholder requesting such exchange to pay a reasonable sum to cover such sums as are necessary to cover the reasonable costs and expenses incurred by the Bond Trustee or the Authority in connection with such exchange. The Bond Trustee shall not be required to exchange (i) any Series 2022 Bond during the fifteen (15) days next preceding the date on which notice of redemption of Series 2022 Bonds is given or (ii) any Series 2022 Bond called for redemption.

## **2.7 Bond Register.**

The Bond Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Series 2022 Bonds, which shall at all times (during regular business hours at the location where such books are kept) be open to inspection by any Series 2022 Bondholder or such Series 2022 Bondholder's agent duly authorized in writing, the Authority or the University; and, upon presentation for such purpose, the Bond Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Series 2022 Bonds as hereinbefore provided.

The Authority and the Bond Trustee may treat the Person in whose name any Series 2022 Bond is registered on the Bond Register as the absolute owner of such Series 2022 Bond for all purposes whether or not such Series 2022 Bond shall be overdue, and neither the Authority nor the Bond Trustee shall be affected by any notice to the contrary. Any consent, waiver or other action taken by the Holder of any Series 2022 Bond shall be conclusive and binding upon such Holder, such Holder's heirs, successors or assigns, and upon all transferees of such Series 2022 Bonds whether or not notation of such consent, waiver or other action shall have been made on such Series 2022 Bond or on any Series 2022 Bond issued in exchange therefor.

## **2.8 Temporary Series 2022 Bonds.**

The Series 2022 Bonds may be issued in temporary form exchangeable for definitive Series 2022 Bonds when ready for delivery. Any temporary Series 2022 Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by an Authorized Officer of the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Series 2022 Bond shall be executed by an Authorized Officer of the Authority and be authenticated by the Bond Trustee upon the same conditions and in substantially the same manner as the definitive Series 2022 Bonds. If the Authority issues temporary Series 2022 Bonds it will execute and deliver definitive Series 2022 Bonds as promptly thereafter as practicable, and thereupon the temporary Series 2022 Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Bond Trustee, and the Bond Trustee shall authenticate and deliver in exchange for such temporary Series 2022 Bonds an equal aggregate principal amount of definitive Series 2022 Bonds of Authorized Denominations. Until so

exchanged, the temporary Series 2022 Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Series 2022 Bonds authenticated and delivered hereunder.

**2.9 Mutilated, Lost, Destroyed or Stolen Series 2022 Bonds.**

If any Series 2022 Bond shall become mutilated, an Authorized Officer of the Authority, at the expense of the Holder of said Series 2022 Bond, shall execute, and the Bond Trustee shall thereupon authenticate and deliver, a new Series 2022 Bond of like tenor of the same maturity in exchange and substitution for the Series 2022 Bond so mutilated, but only upon surrender to the Bond Trustee of the Series 2022 Bond so mutilated. Every mutilated Series 2022 Bond so surrendered to the Bond Trustee shall be canceled by it and delivered to, or upon the order of, an Authorized Officer of the Authority. If any Series 2022 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority, the Bond Trustee and the University and, if such evidence be satisfactory to each of them and indemnity satisfactory to each of them shall be given, the Authority, at the expense of the University, shall execute, and the Bond Trustee shall thereupon authenticate and deliver, a new Series 2022 Bond of like tenor in lieu of and in substitution for the Series 2022 Bond so lost, destroyed or stolen (or if any such Series 2022 Bond shall have matured or shall be about to mature, instead of issuing a substitute Series 2022 Bond, the Bond Trustee may pay the same without surrender thereof). The Bond Trustee may require payment of a sum not exceeding the actual cost of preparing each new Series 2022 Bond issued under this Section and of the expenses which may be incurred by the Authority and the Bond Trustee in complying with this Section. Any Series 2022 Bond issued under the provisions of this Section in lieu of any Series 2022 Bond alleged to be lost, destroyed or stolen shall replace the Series 2022 Bond alleged to be lost, stolen or destroyed as an original contractual obligation on the part of the Authority, and shall be entitled to the benefits of this Trust Agreement with all other Series 2022 Bonds secured by this Trust Agreement.

**2.10 No Additional Bonds.**

Subsequent to the issuance of the Series 2022 Bonds, the Authority shall not create or permit the creation of or issue any obligations or create any additional indebtedness under this Trust Agreement.

**ARTICLE III  
ISSUANCE OF SERIES 2022 BONDS;  
APPLICATION OF PROCEEDS**

**3.1 Issuance of Series 2022 Bonds.**

Simultaneously with the execution of this Trust Agreement, the Authority shall execute and the Bond Trustee shall authenticate and, upon request of the Authority, deliver the Series 2022 Bonds to the Purchaser.

**3.2 Disposition of Proceeds of the Series 2022 Bonds and Other Amounts.**

The Authority shall deposit or cause to be deposited with the Bond Trustee, immediately upon receipt thereof, all proceeds derived from the sale of the Series 2022 Bonds in accordance with a Certificate of the Authority executed and delivered on the Issue Date.

**3.3 Validity of Series 2022 Bonds.**

The validity of the authorization and issuance of the Series 2022 Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Bond Trustee with respect to or in connection with the Loan Agreement.



**ARTICLE IV  
REDEMPTION OF SERIES 2022 BONDS**

**4.1 Terms of Optional Redemption.**

The Series 2022 Bonds shall be subject to redemption prior to maturity at the option of the Authority, which option shall be exercised upon written request of the University given to the Bond Trustee, the Authority and the Purchaser at least ninety (90) days prior to the date fixed for redemption (unless waived in writing by the Bond Trustee, an Authorized Officer of the Authority and the Purchaser) as provided in the Loan Agreement, from moneys on deposit in the Redemption Fund, in whole, or in part, on any Interest Payment Date on or after November 1, 2024, at the respective Redemption Prices (expressed as a percentage of the principal amount of the Series 2022 Bonds to be redeemed) set forth below, plus accrued interest on the Series 2022 Bonds to the date fixed for redemption:

<u>Period During Which Redeemed (Both Dates Inclusive)</u>	<u>Redemption Price</u>
November 1, 2024 to October 31, 2027	102%
November 1, 2027 to October 31, 2030	101
November 1, 2030 and thereafter	100

**4.2 Extraordinary and Mandatory Redemption.**

(a) *Extraordinary Redemption.* The Series 2022 Bonds are subject to extraordinary redemption prior to maturity, at the option of the Authority, which option shall be exercised upon written request of the University given to the Bond Trustee, the Authority and the Purchaser at least forty-five (45) days prior to the date fixed for redemption (unless waived by the Bond Trustee and an Authorized Officer of the Authority) as a whole at any time or in part from time to time on any Interest Payment Date, to the extent of any insurance proceeds or condemnation awards that are received in respect of any damage to or destruction or taking under the power of eminent domain of all or any part of the property of the University and which insurance proceeds or condemnation awards are not applied toward the replacement, restoration or repair of such property. Any such redemption shall be made after the giving of requisite notice at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date. The Series 2022 Bonds or portions thereof to be redeemed shall be selected by lot or in any other customary manner determined by the Bond Trustee; provided, however, that the principal amount of any Series 2022 Bonds redeemed pursuant to this subsection (a) shall satisfy and be credited against the unsatisfied balance of the Sinking Fund Installments in inverse order of scheduled payment date. Before exercising its option to redeem under this Section 4.2(a), the Authority shall provide to the Bond Trustee and the Purchaser a report provided by the University of an independent third-party consultant to the effect that the damage or taking of the relevant property is material to the operations of the University and that the prepayment of the Series 2022 Bonds to be redeemed is in the best interest of the University.

(b) *Mandatory Sinking Fund Redemption.* The Series 2022 Bonds are subject to mandatory sinking fund redemption prior to maturity on November 1 in each of the years set

forth below and in the respective principal amounts set forth below, at a Redemption Price equal to one hundred percent (100%) of the principal amount to be redeemed, plus accrued interest (if any) to the redemption date:

<u>Year</u>	<u>Principal Amount</u>
2024	\$[_____]
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
[2034]*	

---

\* Final Maturity

**4.3 Selection of Series 2022 Bonds for Redemption.**

Series 2022 Bonds shall be redeemed only in Authorized Denominations. Whenever provision is made in this Trust Agreement for the redemption of less than all of the Series 2022 Bonds or any given portion thereof, the Bond Trustee shall select the Series 2022 Bonds to be redeemed from all Series 2022 Bonds subject to redemption or such given portion thereof not previously called for redemption by lot or in any other customary manner determined by the Bond Trustee, provided, however, that in the event of an optional partial redemption pursuant to Section 4.1, such payment shall be applied to the Series 2022 Bonds in inverse order of maturity. In connection with a partial redemption of Series 2022 Bonds when Series 2022 Bonds in denominations greater than the minimum Authorized Denomination are then Outstanding, each portion of the principal amount of such Series 2022 Bonds equal to the minimum Authorized Denomination shall be treated as if it were a separate Series 2022 Bond in the minimum Authorized Denomination.

#### **4.4 Notice of Redemption.**

Except in the case of any mandatory redemption of the Series 2022 Bonds pursuant to Section 4.2(b), notice of any redemption of the Series 2022 Bonds shall be mailed by the Bond Trustee, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the Holders of Series 2022 Bonds called for redemption at their addresses appearing on the bond registration books of the Bond Trustee. Each notice of redemption shall state the date of such notice, the date of issue of the Series 2022 Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Bond Trustee) and, in the case of Series 2022 Bonds to be redeemed in part only, the Series 2022 Bonds to be redeemed and the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2022 Bonds the Redemption Price thereof, or of said specified portion of the principal amount thereof in the case of a Series 2022 Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue.

If at the time of the giving of any notice of redemption of the Series 2022 Bonds pursuant to Sections 4.1 or 4.2(a) there shall not have been deposited with the Bond Trustee moneys sufficient to redeem all the Series 2022 Bonds called for redemption, such notice shall state that it is conditional upon the deposit of such moneys with the Bond Trustee not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

Any notice of optional redemption given pursuant to this Section 4.4 may be rescinded by written notice given to the Bond Trustee and the Authority by the University no later than five (5) Business Days prior to the date specified for redemption. The Bond Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to this Section 4.4.

Failure by the Bond Trustee to give notice pursuant to this Section 4.4 to any one or more of the securities information services or depositories designated by the University, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure by the Bond Trustee to mail notice of redemption pursuant to this Section 4.4 to any one or more of the respective Holders of any Series 2022 Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holders to whom such notice was mailed.

Notice of redemption of Series 2022 Bonds shall be given by the Bond Trustee, at the expense of the University, for and on behalf of the Authority.

#### **4.5 Partial Redemption of Series 2022 Bonds.**

Upon the payment of the principal of any Series 2022 Bond redeemed in part only, the Bond Trustee shall record each such payment of the principal of such Series 2022 Bond on its books and records maintained with respect to the Series 2022 Bonds and the Holder of such

Series 2022 Bond shall not be required to surrender such Series 2022 Bond to the Bond Trustee in exchange for a new Series 2022 Bond.

#### **4.6 Effect of Redemption.**

Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2022 Bonds (or portions thereof) so called for redemption being held by the Bond Trustee, on the redemption date designated in such notice, the Series 2022 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, together with interest accrued thereon to the redemption date, interest on the Series 2022 Bonds so called for redemption shall cease to accrue, said Series 2022 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Trust Agreement and the Holders of said Series 2022 Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Bond Trustee for such payment.

#### **4.7 Cancellation of Series 2022 Bonds.**

All Series 2022 Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof and delivered to or upon the order of an Authorized Officer of the Authority or by delivery by the Purchaser of written evidence that the Series 2022 Bonds have been redeemed and are no longer Outstanding.

## **ARTICLE V REVENUES**

### **5.1 Pledge and Assignment; Establishment of Funds.**

(a) Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, there are hereby pledged to secure the payment of the principal of and premium, if any, and interest on the Series 2022 Bonds in accordance with their terms and the provisions of this Trust Agreement, all of the Revenues (including proceeds of the sale of the Series 2022 Bonds) and any other amounts held in any fund or account established pursuant to this Trust Agreement (other than the Rebate Fund).

(b) The following funds and separate accounts within funds shall be established, held and maintained by the Bond Trustee:

- (i) the Costs of Issuance Fund;
- (ii) the Debt Service Fund, and, within such fund, an Interest Account and a Principal Account;
- (iii) the Debt Service Reserve Fund;
- (iv) the Redemption Fund; and
- (v) the Rebate Fund.

(c) All Revenues shall be promptly applied by the Bond Trustee upon receipt thereof in accordance with the provisions of Section 5.2. All Revenues deposited with the Bond Trustee shall be held, disbursed, allocated and applied by the Bond Trustee only as provided in this Trust Agreement.

(d) The Bond Trustee shall establish any additional funds, accounts or sub-accounts within any fund as directed by the Authority, in writing.

### **5.2 Allocation of Revenues.**

All Revenues received by the Bond Trustee shall be promptly deposited by the Bond Trustee (but in no event later than the dates specified below) into the following respective funds and accounts in the amounts and in the following order of priority, the requirements of each such fund or account (including the making up of any deficiencies in any such fund or account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any fund or account subsequent in priority:

FIRST: to the Interest Account on or before each Interest Payment Date, the amount of interest becoming due and payable on such Interest Payment Date on all Series 2022 Bonds then Outstanding, until the balance in said account is equal to said amount of interest;

SECOND: to the Principal Account, on or before each Principal Payment Date, the amount of the principal of the Series 2022 Bonds or any Sinking Fund Installment becoming due and payable on such Principal Payment Date, until the balance in said account is equal to said amount of such principal or Sinking Fund Installment;

THIRD: to the Debt Service Reserve Fund, the amount necessary to make the amount therein equal to the Debt Service Reserve Fund Requirement; and

FOURTH: to the Redemption Fund, the amount prepaid by the University under Section 2.12 under the Loan Agreement to be deposited therein for the redemption of the Series 2022 Bonds.

### **5.3 Application of Moneys in the Costs of Issuance Fund.**

Proceeds of the Series 2022 Bonds deposited into the Costs of Issuance Fund in accordance with Section 3.2 hereof shall be applied to pay the Costs of Issuance of the Series 2022 Bonds in accordance with this Section 5.3. The Bond Trustee is hereby authorized and directed to make disbursements from the Costs of Issuance Fund upon the receipt of a certificate or certificates signed by an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification (which purpose shall be for the payment of a Cost of Issuance of the Series 2022 Bonds) and the respective amounts of each such payment. Any moneys on deposit in the Costs of Issuance Fund after six months following the date of the original issuance of the Series 2022 Bonds and not needed to pay Costs of Issuance of the Series 2022 Bonds shall be transferred to the Interest Account of the Debt Service Fund.

### **5.4 Application of Interest Account.**

All amounts in the Interest Account shall be used and withdrawn by the Bond Trustee solely for the purpose of paying interest on the Series 2022 Bonds then Outstanding as it shall become due and payable or redeemed prior to maturity pursuant to this Trust Agreement.

### **5.5 Application of Principal Account.**

All amounts in the Principal Account shall be used and withdrawn by the Bond Trustee solely to pay the principal of the Series 2022 Bonds coming due on each Principal Payment Date.

### **5.6 Debt Service Reserve Fund.**

(a) The amounts deposited into the Debt Service Reserve Fund in accordance with Section 2.10(d) of the Loan Agreement and Section 3.2 hereof shall be applied in accordance with the provisions of this Section 5.6. If on any Interest Payment Date or Principal Payment Date, payment in full of the principal, Sinking Fund Installments or Redemption Price of and interest on the Series 2022 Bonds coming due on such Interest Payment Date or Principal Payment Date has not been made or provided for from amounts on deposit in the Debt Service Fund and/or the Redemption Fund, the Bond Trustee shall withdraw from the Debt Service Reserve Fund an amount which, together with amounts on deposit in the Debt Service Fund and/or the Redemption Fund available for such payment, shall be sufficient to make such payment in full, and such amount so withdrawn shall

be transferred to the Interest Account, the Principal Account and/or the Redemption Fund for application to such payment.

(b) Whenever the amount in the Debt Service Reserve Fund, together with the amounts in the Debt Service Fund and the Redemption Fund, is sufficient to pay in full all Outstanding Series 2022 Bonds in accordance with their terms (including principal, Sinking Fund Installments and applicable Redemption Price of and interest thereon), the Bond Trustee shall transfer all funds on deposit in the Debt Service Reserve Fund to the Interest Account, the Principal Account and/or the Redemption Fund and utilize such amounts for the payment of all Outstanding Series 2022 Bonds.

(c) The Bond Trustee, as of the close of business on May 1 and November 1 in each year, after giving effect to any transfer of amounts on deposit in the Debt Service Reserve Fund required to be made on such date in accordance with the provisions of paragraph (a) of this Section 5.6, shall compute, in the manner set forth in Section 5.9, the value of the amounts on deposit in the Debt Service Reserve Fund and shall, as promptly as practicable after such date, notify the Authority and the University of such computation and whether (a) the amount on deposit therein is less than the Debt Service Reserve Fund Requirement (a “*deficiency*”), or (b) the amount on deposit therein is greater than the Debt Service Reserve Fund Requirement (a “*surplus*”). For purposes of the preceding sentence, any Debt Service Reserve Fund Credit Facility on deposit in the Debt Service Reserve Fund shall be valued at the maximum amount available to be drawn thereunder at the time of such valuation. The amount of any deficiency in the Debt Service Reserve Fund shall be paid by the University to the Bond Trustee in accordance with the provisions of Section 2.10 of the Loan Agreement. Any surplus in the Debt Service Reserve Fund shall be transferred by the Bond Trustee, within forty-five (45) days after the determination that such surplus exists, to the Interest Account; provided, however, that if such surplus was caused by a decrease in the Debt Service Reserve Fund Requirement, the Bond Trustee shall transfer an amount of such surplus equal to any such decrease to the Principal Account.

#### **5.7 Application of Redemption Fund.**

All amounts deposited in the Redemption Fund shall be used and withdrawn by the Bond Trustee solely for the purpose of redeeming Series 2022 Bonds (other than through Sinking Fund Installments) in the manner and upon the terms and conditions specified in Article IV, on the next succeeding date of redemption for which notice has not previously been given and at the Redemption Prices then applicable to redemptions.

#### **5.8 Rebate Fund.**

(a) At the written direction of the Authority, the Bond Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. The Rebate Fund shall be held for the benefit of the United States and not for the benefit of the Holders of the Series 2022 Bonds, which Holders shall have no rights in or to such fund.

(b) The Bond Trustee shall deposit amounts in the Rebate Fund as received and shall pay such amounts, all as more specifically described in Sections 2.10(e) and 5.8(d) of the Loan Agreement.

(c) The Authority and the University agree that the Bond Trustee shall not be liable for any damages, costs or liabilities resulting from the performance of the Bond Trustee's duties and obligations under this Section 5.8, except that the Bond Trustee shall be liable for its negligence or willful misconduct. The University shall indemnify and hold harmless the Bond Trustee from and against any liabilities which the Bond Trustee may incur in the exercise and performance of its duties and obligations under this Section 5.8, excepting only those damages, costs, expenses or liabilities caused by the Bond Trustee's negligence or willful misconduct. In making any deposit or transfer to or payment from the Rebate Fund, the Bond Trustee shall be entitled to rely conclusively on the written instructions of the University and shall have no duty to examine such written instruments to determine the accuracy of the University's calculation of the Rebate Amount or the amounts to be paid to the United States. In the event that the University or the Authority shall not comply with their respective obligations under this Section 5.8, the Bond Trustee shall have no obligation to cause compliance on their respective behalf. The indemnification provisions of this Section shall survive payment of the Series 2022 Bonds and the removal or resignation of the Bond Trustee.

#### **5.9 Investment of Moneys in Funds and Accounts.**

All moneys in any of the funds established pursuant to this Trust Agreement shall be invested by the Bond Trustee, as directed in writing by the Investment Officer, solely in Investment Securities. The Bond Trustee may conclusively rely on the investment directions of the Investment Officer as to both the suitability and legality of the directed investments. Investment Securities may be purchased at such prices as may be directed in writing by the Investment Officer. All Investment Securities shall be acquired subject to the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by written request of the Investment Officer.

Notwithstanding anything to the contrary contained in this section, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, or premium paid, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund from which such accrued interest was paid.

Investment Securities acquired as an investment of moneys in any fund established under this Trust Agreement shall be credited to such fund. For the purpose of determining the amount in any fund, all Investment Securities credited to such fund shall be valued at the lesser of cost or par value plus, prior to the first payment of interest following purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

Moneys in the Debt Service Fund shall be invested only in Investment Securities maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to make the payments from such fund. Investment earnings on the amounts on deposit in the Debt Service Reserve Fund shall be transferred to the Interest Account. Moneys in the Costs of Issuance Fund shall be invested only in Investment Securities maturing or



redeemable at the option of the holder, not later than the date on which such moneys are reasonably expected to be needed for the purpose of paying Costs of Issuance. Moneys in the Debt Service Reserve Fund shall be invested only in Investment Securities maturing or redeemable at the option of the holder thereof not later than the final maturity date of the Series 2022 Bonds; provided, however, that at all times not less than twenty-five percent (25%) of the amounts on deposit in the Debt Service Reserve Fund shall consist of cash and Investment Securities maturing or redeemable at the option of the holder thereof not later than five (5) years from their date of purchase. Moneys in the Redemption Fund shall be invested only in Investment Securities maturing or redeemable at the option of the holder not later than the next succeeding Interest Payment Date on which the Series 2022 Bonds are subject to redemption.

The Bond Trustee shall initially deposit uninvested moneys within one (1) Business Day of receipt thereof in accordance with any outstanding investment instructions from the Investment Officer, or in the absence thereof, in the First American Government Obligations Fund or such other Investment Securities as may be directed by the Investment Officer.

The Bond Trustee shall not be responsible for any losses on any investments made in compliance with the provisions of this Trust Agreement.

**ARTICLE VI  
PARTICULAR COVENANTS**

**6.1 Payment of Principal, Premium and Interest.**

The Authority shall pay or cause to be paid by the Bond Trustee from the sources and to the extent provided herein the principal of, premium (if any) and interest on the Series 2022 Bonds on the dates and at the places and in the manner set forth in such Series 2022 Bonds, according to the true intent and meaning thereof, but shall be required to make such payment only out of the Trust Estate.

**6.2 Extension of Payment of Series 2022 Bonds.**

The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series 2022 Bonds or the time of payment of interest thereon by the purchase or funding of such Series 2022 Bonds or interest or by any other arrangement and, in case the maturity of the Series 2022 Bonds or the time for payment of such interest shall be extended, such Series 2022 Bonds or interest shall not be entitled in case of any default hereunder to the benefit of this Trust Agreement or to any payment out of any assets of the Authority or the funds (except funds held in trust for the payment of the Series 2022 Bonds or interest pursuant to this Trust Agreement) held by the Bond Trustee, except subject to the prior payment of the principal of all Outstanding Series 2022 Bonds the maturity of which has not been extended and of such portion of the interest on such Series 2022 Bonds as shall not be represented by such extended interest.

**6.3 Revenues.**

The Authority shall direct the Bond Trustee to fix the amounts payable by the University under the Loan Agreement such that said amounts shall be sufficient at all times: (i) to pay principal and Sinking Fund Installments of and interest on the Series 2022 Bonds as the same respectively become due and payable; and (ii) to make all payments required hereunder.

**6.4 Enforcement of Duties and Obligations of the University.**

The Authority shall enforce all of its rights and privileges (to the extent such rights and privileges inure to the benefit of the Bondholders), and honor all of its obligations, under the Loan Agreement, and shall require the University to perform fully all duties and acts required by, and to comply fully with the covenants of the University contained in the Loan Agreement in the manner and at the times provided in the Loan Agreement. So long as no Event of Default hereunder shall have occurred and be continuing, the Authority may exercise all its rights under the Loan Agreement, but the Authority shall not amend the same so as to diminish the amounts payable thereunder or otherwise so as to adversely affect the Authority's ability to perform its covenants hereunder. The Authority may assign to the Bond Trustee the Loan Agreement (whether heretofore or hereafter executed), together with all amendments or supplements thereto, subject to such reservations as the Authority may determine in the instrument of assignment.

**6.5 Operation and Maintenance.**

The Authority shall in the Loan Agreement require that the University shall, at its own expense, hold, operate and maintain the Project Facilities and any equipment related thereto in a careful and prudent manner, and it shall keep the Project Facilities and any equipment related thereto in a good, clean and orderly fashion.

**6.6 Alienation of Trust Estate.**

The Authority shall not pledge, mortgage, assign or otherwise encumber or dispose of any part of the Trust Estate, except as permitted by this Trust Agreement or the Loan Agreement.

In the event that the Project Facilities or any part thereof shall be acquired by a third party in the exercise of the latter's power of eminent domain, the proceeds of the condemnation less any costs or expenses incurred by the Authority and the University in respect of such condemnation may be applied as provided in Section 2.12(c) of the Loan Agreement and the Master Trust Indenture.

**6.7 Accounts and Audits.**

The Authority shall direct the Bond Trustee to, and the Bond Trustee shall keep proper records and accounts (separate from all other records and accounts) for the Series 2022 Bonds in which complete and correct entries shall be made of its transactions relating to the Series 2022 Bonds and this Trust Agreement, which books and accounts, at reasonable hours shall be subject to the inspection of the Authority or of any Holder of a Series 2022 Bond or its representative duly authorized in writing.

**6.8 Indebtedness and Liens.**

So long as the Series 2022 Bonds shall be Outstanding, the Authority shall not issue any bonds, notes or other evidences of indebtedness, other than the Series 2022 Bonds, secured by (or otherwise create or cause to be created, any lien or charge on) the Trust Estate securing such Series 2022 Bonds; provided, that the University may incur alternative indebtedness on a parity with the Series 2022 Bonds and may incur other indebtedness and provide security therefor, to the extent and subject to the conditions set forth in this Trust Agreement, the Loan Agreement, the Master Trust Indenture and the Continuing Covenant Agreement.

**6.9 Payment of Lawful Charges.**

The Authority shall in the Loan Agreement require that the University pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of its educational facilities, or upon any part thereof or upon any revenues to be derived therefrom, when the same shall become due, and duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of such facilities. Except as provided in this Section 6.9, the Authority shall not create or suffer to be created any lien or charge thereon or upon any part thereof or upon such revenues, except the pledge and lien of the Series 2022 Bonds, this Trust Agreement and the Loan Agreement.

#### **6.10 The Loan Agreement.**

(a) The Loan Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument. Executed counterparts shall be filed with the Authority, the Bond Trustee and the University. The Authority shall not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination except as provided in the Loan Agreement. The Authority covenants not to enter into any amendment or modification of the Loan Agreement without filing an executed and certified copy thereof with the Bond Trustee.

(b) The Authority shall be deemed to have satisfied its obligations under this Trust Agreement to include certain covenants and agreements in the Loan Agreement by requiring the University, in the Loan Agreement, to perform such covenants and agreements as they are set forth in this Trust Agreement. Such covenants and agreements may be incorporated in the Loan Agreement by reference to this Trust Agreement, and it shall not be necessary for the Authority to set forth such covenants and agreements at length in the Loan Agreement.

#### **6.11 Further Assurances.**

The Authority shall not enter into any contract or take any action by which the rights of the Bond Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Trust Agreement.

#### **6.12 Filing and Recording.**

The Bond Trustee on behalf of the Authority shall cause all documents, statements, memoranda or other instruments (including, without limitation, continuation financing statements but excluding filings to be made in connection with the closing of the Series 2022 Bonds, if any) to be registered, filed or recorded in such manner and at such places and at such times as may be required by law fully to protect the security of the Bondholders and the right, title and interest of the Bond Trustee in and to the Trust Estate or any part thereof.

**ARTICLE VII  
EVENTS OF DEFAULT AND REMEDIES OF  
SERIES 2022 BONDHOLDERS**

**7.1 Events of Default.**

The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal or Redemption Price of any Series 2022 Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise; or

(b) default in the due and punctual payment of any installment of interest on any Series 2022 Bond when and as the same shall become due and payable; or

(c) default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Trust Agreement or in the Series 2022 Bonds, if such default shall have continued for a period of thirty (30) days after written notice thereof has been given to the Authority and the University, specifying such default and requiring the same to be remedied, or to the Authority and the Bond Trustee by the Holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Series 2022 Bonds at the time 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 as the case may be, 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 or the University shall commence such performance within such thirty (30) day period and shall diligently and continuously prosecute the same to completion within ninety (90) days after the initial notice and the Authority or the University shall deliver a report to the Bond Trustee at least once every thirty (30) days setting forth the status of its attempt to cure such default; or

(d) an Event of Default (as defined in the Loan Agreement) has occurred and is continuing under the Loan Agreement; or

(e) the Bond Trustee shall receive a written notice from the Purchaser that an Event of Default (as defined in the Continuing Covenant Agreement) has occurred and instructing the Bond Trustee to accelerate the Series 2022 Bonds.

Upon actual knowledge of the existence of any Event of Default or of any breach of any covenant or any fact or circumstance which, except for any grace period permitted by this Trust Agreement or the Loan Agreement, would result in any breach of a covenant or Event of Default by the University hereunder or thereunder, the Bond Trustee shall, as soon as practicable, notify, in writing, the University, the Authority and the Purchaser. The Bond Trustee shall not be required to take notice and shall not be deemed to have actual knowledge of any default or Event of Default hereunder, except (i) for Events of Default described in paragraphs (a) or (b), of this Section 7.1 or (ii) if by the terms of this Trust Agreement, the Bond Trustee receives the appropriate notices from the applicable parties, unless the Bond Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it

at its address set forth in Section 11.7 by the Authority, the University or by Holders of at least 10% of the aggregate principal amount the Series 2022 Bonds Outstanding.

## **7.2 Acceleration.**

If any Event of Default occurs and is continuing, the Bond Trustee may, with the written consent of the Purchaser, or, at the request of the Holders of at least a majority in principal amount of the Series 2022 Bonds then Outstanding, or upon the occurrence of an Event of Default under Section 7.1(e), shall by written notice to the Authority, the Purchaser and the University, declare the principal amount of all Series 2022 Bonds then Outstanding and the interest accrued thereon to such date to be due and payable immediately and upon any such declaration, the same shall thereupon become and shall be immediately due and payable. Notwithstanding the foregoing, upon an Event of Default set forth in Sections 7.1(e), the Bond Trustee shall accelerate the Series 2022 Bonds as set forth in the preceding sentence.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the University shall deposit with the Bond Trustee a sum sufficient to pay in full the principal and interest on the Series 2022 Bonds then due and payable and the reasonable charges and expenses of the Bond Trustee, and any and all other defaults known to the Bond Trustee (other than in the payment of principal of and interest on the Series 2022 Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bond Trustee or provision deemed by the Bond Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of at least a majority in principal amount of the Series 2022 Bonds then Outstanding, by written notice to the Authority, the University and the Bond Trustee, may, on behalf of the Holders of all of the Series 2022 Bonds, rescind and annul such declaration and its consequences and waive such default; *provided, however*, that such rescission and annulment shall not extend to or affect any subsequent default, and shall not impair or exhaust any right or power in consequence thereof.

Upon any declaration of acceleration hereunder, the Bond Trustee shall, as soon as possible, give written notice of the acceleration to the Bondholders as set forth below. Such notice of acceleration: (i) shall be given in the name of the Authority; (ii) shall identify the accelerated Series 2022 Bonds (by name, date of issue, interest rate and maturity date); (iii) shall specify the acceleration date of the Series 2022 Bonds; (iv) shall specify the payment date and the acceleration price of the Series 2022 Bonds; (v) shall state the reason for the acceleration; and (vi) shall state that on the payment date the acceleration price will be payable at the Principal Corporate Trust Office of the Bond Trustee.

Notice of such declaration having been given as aforesaid, anything to the contrary contained in this Trust Agreement or in the Series 2022 Bonds notwithstanding, interest shall continue to accrue on the Series 2022 Bonds from and after the date of such declaration at the interest rate otherwise applicable to the Series 2022 Bonds.

Upon acceleration pursuant to this Section 7.2, the Bond Trustee shall immediately exercise such rights as it may have under the Loan Agreement to declare all payments thereunder

to be immediately due and payable. Any Series 2022 Bond that is accelerated shall be subject to the redemption premium provisions of Section 4.1.

### **7.3 Other Remedies.**

If any Event of Default occurs and is continuing, the Bond Trustee, before or after declaring the principal of the Series 2022 Bonds immediately due and payable, may enforce each and every right granted to the Authority or the Bond Trustee under the Trust Agreement, the Loan Agreement, the Continuing Covenant Agreement, if any, or any other security instrument, or under any supplements or amendments thereto, and shall, at all times complying with the provisions of Section 7.2 hereof, apply any moneys in the Debt Service Fund held by the Bond Trustee to the payment of principal of or interest on the Series 2022 Bonds.

### **7.4 Legal Proceedings by Bond Trustee.**

If any Event of Default has occurred and is continuing, the Bond Trustee in its discretion may and, upon the written request of the Holders of at least a majority in principal amount of the Series 2022 Bonds then Outstanding and receipt of indemnity to its satisfaction shall, in its own name:

- (a) by mandamus, other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to collect the amounts payable under the Loan Agreement and carry out any other provisions of this Trust Agreement for the benefit of the Bondholders;
- (b) bring suit upon the Series 2022 Bonds;
- (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Bondholders; and
- (d) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Bondholders.

### **7.5 Discontinuance of Proceedings by Bond Trustee.**

If any proceeding taken by the Bond Trustee on account of any Event of Default is discontinued or is determined adversely to the Bond Trustee, the Authority, the Bond Trustee, and the Bondholders shall be restored to their former positions and rights hereunder as though no such proceeding had been taken, but subject to the limitations of any such adverse determination.

### **7.6 Bondholders May Direct Proceedings.**

The Holders of a majority in aggregate principal amount of the Series 2022 Bonds Outstanding hereunder shall have the right to direct the method and place of conducting all remedial proceedings by the Bond Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Trust Agreement, and that the Bond Trustee shall not be required to comply with any such direction which it deems to be

unlawful, materially adverse to Bondholders not parties to such direction, or one for which the Bond Trustee determines has not received satisfactory protections under Section 7.7.

#### **7.7 Limitations on Actions by Bondholders.**

Anything in this Trust Agreement to the contrary notwithstanding, no Bondholder shall have any right to pursue any remedy hereunder or under the Loan Agreement unless:

(a) the Bond Trustee shall have been given written notice of an Event of Default;

(b) the Holders of at least a majority in aggregate principal amount of the Series 2022 Bonds Outstanding shall have requested the Bond Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names;

(c) the Bond Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities and, if requested, an Opinion of Counsel affirming the Bond Trustee's authority to act upon the direction of the Holders; and

(d) the Bond Trustee shall have failed to comply with such request of Holders as described in clause (b) above within a reasonable time;

*provided, however,* that nothing herein shall affect or impair the right of any Holder of any Series 2022 Bond to enforce payment of the principal thereof and interest thereon at and after the maturity thereof, or the obligation of the Authority to pay such principal and interest to the respective Holders of the Series 2022 Bonds at the time and place, from the source and in the manner expressed herein and in the Series 2022 Bonds, provided further that such action shall not disturb or prejudice the lien of this Trust Agreement.

#### **7.8 Delays and Omissions Not to Impair Rights.**

No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default and every remedy given by this Article VII may be exercised, from time to time, and as often as may be deemed expedient.

#### **7.9 Application of Moneys in Event of Default.**

Any money received by the Bond Trustee under this Article VII shall be applied in the order listed below (provided that any money held by the Bond Trustee upon the nonpresentment of Series 2022 Bonds and any money held by the Bond Trustee for the defeasance of Series 2022 Bonds pursuant to Article X shall be applied only as provided in clause (b) below and only to pay outstanding principal and accrued and unpaid interest with respect to the Series 2022 Bonds):

(a) To the payment of the fees and expenses of the Bond Trustee and the Authority including but not limited to reasonable counsel fees and expenses, and any disbursements of the Bond Trustee with interest thereon and its reasonable compensation;



(b) To the payment of principal and interest then owing on the Series 2022 Bonds, including any interest on overdue interest, and in case such money shall be insufficient to pay the same in full, then to the payment of principal and interest ratably, without preference or priority of one over another or of any installment of principal or interest over any other installment of principal or interest; and

(c) To the payment of any amounts owing under the Continuing Covenant Agreement.

The surplus, if any, remaining after the application of the money as set forth above shall be paid to the University or the person lawfully entitled to receive the same as a court of competent jurisdiction may direct.

**7.10 Bond Trustee and Bondholders Entitled to All Remedies Under Act; Remedies Not Exclusive.**

It is the purpose of this Article VII to provide to the Bond Trustee and the Bondholders all rights and remedies as may be lawfully granted under the provisions of the Act; but should any remedy herein granted be held unlawful, the Bond Trustee and the Bondholders shall nevertheless be entitled to every remedy permitted by the Act. It is further intended that, insofar as lawfully possible, the provisions of this Article VII shall apply to and be binding upon any trustee or receiver appointed under the Act.

No remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**7.11 Bond Trustee's Right to Receiver.**

As provided by the Act, the Bond Trustee shall be entitled as of right to the appointment of a receiver; and the Bond Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as may be contained in or permitted by the Act.

**ARTICLE VIII  
THE BOND TRUSTEE**

**8.1 Duties, Immunities and Liabilities of Bond Trustee.**

(a) The Bond Trustee shall, prior to an Event of Default, and after all Events of Default that may have occurred have been cured by the University, perform such duties and only such duties as are specifically set forth in this Trust Agreement. In case such an Event of Default has occurred (which has not been cured or waived) the Bond Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The permissive right of the Bond Trustee to do things enumerated in this Trust Agreement shall not be construed as being a duty of the Bond Trustee to do such things.

(b) An Authorized Officer of the Authority may, so long as there is no Event of Default that has occurred and is continuing hereunder, in its sole discretion remove the Bond Trustee if, at any time, the Bond Trustee fails to perform its duties and obligations under this Trust Agreement, including, without limitation, Bond Trustee's obligations to provide any notices under this Trust Agreement.

(c) An Authorized Officer of the Authority shall remove the Bond Trustee if at any time requested to do so by an instrument or concurrent instruments in writing executed by the Holders of not less than a majority in aggregate principal amount of the Series 2022 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Bond Trustee shall cease to be eligible to act in such capacity, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Bond Trustee or its property shall be appointed, or any public officer shall take control or charge of the Bond Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Bond Trustee, and thereupon the Authority shall appoint a successor Bond Trustee by an instrument in writing.

(d) The Bond Trustee may at any time resign by giving written notice of such resignation to the Authority, the University and the Purchaser, and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Bond Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Bond Trustee by an instrument in writing.

(e) Any removal or resignation of the Bond Trustee and appointment of a successor Bond Trustee shall become effective upon acceptance of appointment by the successor Bond Trustee. If no successor Bond Trustee shall have been appointed and have accepted appointment within sixty (60) days of giving notice of removal or notice of resignation as aforesaid, the resigning Bond Trustee or any Series 2022 Bondholder (on behalf of himself and all other Series 2022 Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Bond Trustee. Any successor Bond Trustee appointed under this Trust Agreement, shall signify its acceptance of such appointment by

executing and delivering to the University and the Authority and to its predecessor Bond Trustee a written acceptance thereof, and thereupon such successor Bond Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Bond Trustee, with like effect as if originally named Bond Trustee herein; but, nevertheless at the request of the University or the Authority or the request of the successor Bond Trustee, such predecessor Bond Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Bond Trustee all the right, title and interest of such predecessor Bond Trustee in and to any property held by it under this Trust Agreement and shall pay over, transfer, assign and deliver to the successor Bond Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Bond Trustee, an Authorized Officer of the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Bond Trustee all such moneys, estates, properties, rights, powers, trusts, duties granted to the Bond Trustee hereunder. Upon the acceptance of the appointment by a successor Bond Trustee as provided in this subsection, the successor Bond Trustee shall mail a notice of the succession of such Bond Trustee to the trusts hereunder to the Bondholders at the addresses shown on the registration books maintained by the Bond Trustee.

(f) Any Bond Trustee appointed under the provisions of this Section in succession to the Bond Trustee shall be a trust company or bank having the powers of a trust company, having a corporate trust office in the State, having a combined capital and surplus of at least One Hundred Million Dollars (\$100,000,000), subject to supervision or examination by federal or state authorities and shall be rated at least Baa3/P-3 by Moody's or BBB+/A-2 by S&P. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(g) The Bond Trustee shall at all times keep, or cause to be kept, proper books of record and account as shall be consistent with prudent industry practice, in which complete and accurate entries shall be made of all transactions relating to the proceeds of Series 2022 Bonds, the Loan Agreement and all funds established pursuant to this Trust Agreement. Such books of record and account shall be available for inspection by the Authority, the University, the Purchaser and any Series 2022 Bondholder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

(h) The Bond Trustee shall within ten (10) days after the end of each month furnish to the University, the Purchaser and the Authority a monthly statement (which need not be audited) covering receipts, disbursements, allocation and application of any moneys (including proceeds of Series 2022 Bonds) in any of the funds and accounts established pursuant to this Trust Agreement for such month.

(i) The Bond Trustee shall promptly deposit all amounts received from the University pursuant to the Loan Agreement, and upon an Event of Default (as defined in the Loan

Agreement) shall perform all duties imposed upon it pursuant to the Loan Agreement and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority and all of the obligations of the University.

## **8.2 Merger or Consolidation.**

Any company into which the Bond Trustee 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 the Bond Trustee may sell or transfer all or substantially all of its municipal bond trust business within its corporate trust business, provided such company shall be eligible under subsection (f) of Section 8.1 and shall be the successor to such Bond Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

## **8.3 Liability of Bond Trustee.**

(a) The recitals of facts herein and in the Series 2022 Bonds contained shall be taken as statements of the Authority, and the Bond Trustee shall not assume responsibility for the correctness of the same, and does not make any representations as to the validity or sufficiency of this Trust Agreement or of the Series 2022 Bonds or of any offering document relating to the Series 2022 Bonds and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Series 2022 Bonds assigned to or imposed upon it. The Bond Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Series 2022 Bonds. The Bond Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Bond Trustee may become the owner of Series 2022 Bonds with the same rights it would have if it were not Bond Trustee and, to the extent permitted by law, may act as depository for and permit any of their 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 Series 2022 Bondholders, whether or not such committee shall represent the Holders of a majority in principal amount of the Series 2022 Bonds then Outstanding. The Bond Trustee may assign any of the trusts and powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, but shall not be answerable for their conduct if appointed with due care.

(b) The Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Series 2022 Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee under this Trust Agreement.

(c) The Bond Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement (other than declaring the principal of the Series 2022 Bonds to be immediately due and payable when required hereunder, making payments on the Series 2022 Bonds when due, or effectuating a redemption of the Series 2022 Bonds) at the request, order or direction of any of the Bondholders pursuant to the provisions of this Trust Agreement unless such Series 2022 Bondholders shall have offered to the Bond Trustee

indemnification to its satisfaction for indemnity against the costs, expenses and liabilities including, but not limited to, reasonable expenses of its counsel, that may be incurred therein or thereby.

(d) None of the provisions contained in this Trust Agreement shall require the Bond Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(e) Prior to the occurrence of an Event of Default hereunder and after the curing of all Events of Default, the Bond Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, note, bond, debenture, or other paper or document, unless requested in writing to do so by the Holders of a majority in aggregate principal amount of Series 2022 Bonds then Outstanding; provided, however, that if the payment within a reasonable time to the Bond Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Bond Trustee, not reasonably assured to the Bond Trustee by the security afforded to it by the terms of this Trust Agreement, the Bond Trustee may require indemnity, reasonably satisfactory to the Bond Trustee, with respect to such additional compensation as the Bond Trustee may require for complying with such request and against such costs, expenses (including, without limitation, reasonable fees of its counsel) or liabilities as a condition to so proceeding.

(f) The Bond Trustee shall be under no responsibility for the approval by, or its reliance upon, any expert or other skilled Person for any of the purposes expressed in this Trust Agreement.

(g) The Bond Trustee shall have the right at any time it deems appropriate to seek an adjudication in a court of competent jurisdiction as to the respective rights of any of the parties in interest and shall not be held liable by any Person for any delay or the consequences of any delay occasioned by such resort to court, and the University agrees to pay all of the Bond Trustee's costs and expenses relating to any such adjudication (including reasonable attorneys' fees and expenses). In the event that the Bond Trustee shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any Person which, in the Bond Trustee's opinion, conflict with any of the provisions of the Trust Agreement or related documents, the Bond Trustee shall be entitled to refrain from taking any action and its obligations shall be to keep safely all property held in trust until it shall be directed otherwise in writing by all of the other parties in interest or by a final order or judgment of a court of competent jurisdiction.

(h) The Bond Trustee makes no representations as to the validity or sufficiency of this Trust Agreement or the liens or security created hereby or of the Series 2022 Bonds. The Bond Trustee shall not be accountable for the use or application by the Authority or the University of the Series 2022 Bonds or of the proceeds of such Series 2022 Bonds or for the use or application of any moneys paid over by the Bond Trustee in accordance with any provision of this Trust Agreement, or for use or application of any moneys received by any Paying Agent other than the Bond Trustee.

#### **8.4 Right of Bond Trustee to Rely on Documents.**

The Bond Trustee may conclusively rely, and shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bond Trustee may consult with counsel, who may be counsel of or to the Authority or otherwise, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith in the absence of negligence or willful misconduct on the part of the Bond Trustee.

The Bond Trustee shall not be bound to recognize any person as the Holder of a Series 2022 Bond unless and until such Series 2022 Bond is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

#### **8.5 Preservation and Inspection of Documents.**

(a) All documents received by the Bond Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject during normal business hours of the Bond Trustee to the inspection of the Authority, the University and any Series 2022 Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

(b) The Bond Trustee covenants and agrees that it shall maintain a current list of the names and addresses of all the Bondholders.

#### **8.6 Compensation.**

The Bond Trustee shall be paid by the University (solely from payments pursuant to Section 2.10 of the Loan Agreement) from time to time reasonable compensation for all services rendered under this Trust Agreement, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Trust Agreement. The Authority shall have no responsibility for the payment of such fees and expenses.

**ARTICLE IX**  
**MODIFICATION OR AMENDMENT OF THE TRUST AGREEMENT**

**9.1 Amendments Permitted.**

This Trust Agreement and the rights and obligations of the Authority, of the Bond Trustee and of the Holders of the Series 2022 Bonds may be modified or amended, from time to time, and at any time, for any lawful purpose, by a trust agreement or trust agreements supplemental hereto, which the Authority and the Bond Trustee may enter into without the consent of any Series 2022 Bondholders but with the prior written consent of the University. The foregoing to the contrary notwithstanding, no such modification or amendment shall, (a) without the written consent of the University and the Holders of all Series 2022 Bonds then Outstanding: (i) extend the maturity date of any Series 2022 Bond; (ii) reduce the amount of principal thereof; or (iii) extend the time of payment or change the redemption provisions of the Series 2022 Bonds or the method of computing the rate of interest thereon, without the consent of the Holder of each Series 2022 Bond so affected, or (b) without the written consent of the Purchaser, affect the rights, duties or obligations of the Purchaser under this Trust Agreement, or (c) without the written consent of the Bond Trustee, affect the rights, duties or obligations of the Bond Trustee under this Trust Agreement. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by an Authorized Officer of the Authority and the Bond Trustee of any Supplemental Trust Agreement pursuant to this Section 9.1, the Bond Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Trust Agreement, to the Holders of the Series 2022 Bonds at the address shown on the registration books of the Bond Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

**9.2 Consent of Purchaser.**

Anything herein to the contrary notwithstanding, no amendment or supplement to this Trust Agreement under this Article shall become effective unless and until the Purchaser shall have consented in writing to the execution and delivery of such amendment or supplement to this Trust Agreement.

**9.3 Effect of Supplemental Trust Agreement.**

Upon the execution and effectiveness of any Supplemental Trust Agreement pursuant to this Article, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Authority, the Bond Trustee and all Holders of Series 2022 Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Trust Agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

**9.4 Bond Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel.**

The Bond Trustee is authorized to join with the Authority in the execution and delivery of any Supplemental Trust Agreement or amendment permitted by this Article IX and in so doing shall be fully protected by an Opinion of Counsel that such Supplemental Trust Agreement or amendment is so permitted and has been duly authorized by the Authority and that all things necessary to make it a valid and binding agreement have been done.



## **ARTICLE X DEFEASANCE**

### **10.1 Discharge of Trust Agreement.**

The Series 2022 Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

(a) by paying or causing to be paid the principal of and interest on the Series 2022 Bonds, as and when the same become due and payable;

(b) by depositing with the Bond Trustee, in trust, at or before maturity, moneys or securities in the necessary amount to pay when due or redeem all Series 2022 Bonds; or

(c) by delivering to the Bond Trustee, for cancellation by it, the Series 2022 Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all Series 2022 Bonds then Outstanding and shall also pay or cause to be paid all other sums payable hereunder by the Authority, including all amounts due and payable to the Purchaser under this Trust Agreement and all amounts owing under the Continuing Covenant Agreement (as set forth in a certificate of the Purchaser filed with the Bond Trustee, upon which the Bond Trustee shall be fully protected in relying), then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority filed with the Bond Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Trust Agreement), and notwithstanding that any Series 2022 Bonds shall not have been surrendered for payment, this Trust Agreement, the assignment of the Loan Agreement and the pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority under this Trust Agreement shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon request of an Authorized Officer of the Authority, the Bond Trustee shall cause an accounting for such period or periods as may be requested by an Authorized Officer of the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments, as prepared by or caused to be prepared by the Authority, that may be necessary or desirable to evidence such discharge and satisfaction, and the Bond Trustee shall pay over, transfer, assign or deliver to the Authority all moneys or securities or other property held by it pursuant to this Trust Agreement, which are not required for: (i) the payment of all the charges and reasonable expenses of the Bond Trustee under this Trust Agreement; (ii) the payment or redemption of Series 2022 Bonds not theretofore surrendered for such payment or redemption; or (iii) the payment of any and all sums due to the United States pursuant to Section 5.8 hereof.

After all of the Outstanding Series 2022 Bonds shall be deemed to have been paid and all other amounts required to be paid under this Trust Agreement shall have been paid, then upon the termination of this Trust Agreement any amounts in the Debt Service Fund shall be paid first to the Bond Trustee and then to the Authority to the extent necessary to repay any unpaid

obligations owing to the Bond Trustee and/or the Authority hereunder or under the Loan Agreement, and thereafter the remainder, if any, shall be paid to the University.

In connection with the defeasance of any Series 2022 Bonds pursuant to a refunding thereof, the Bond Trustee shall receive and may rely upon a verification report and Opinion of Counsel with respect to such defeasance. Notwithstanding the foregoing, the University shall not defease the Series 2022 Bonds without the prior written consent of the Purchaser, which consent may be withheld in its sole discretion.

### **10.2 Discharge of Liability on Series 2022 Bonds.**

Upon the deposit with the Bond Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.3) to pay or redeem any Outstanding Series 2022 Bond (whether upon or prior to the redemption date of such Series 2022 Bond), provided that, if such Series 2022 Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Bond Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Series 2022 Bond shall cease, terminate and be completely discharged, and the Holder thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Bond Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.4.

The Authority may at any time surrender to the Bond Trustee for cancellation by it any Series 2022 Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Series 2022 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

### **10.3 Deposit of Money or Securities with Bond Trustee.**

Whenever in this Trust Agreement it is provided or permitted that there be deposited with or held in trust by the Bond Trustee money or securities in the necessary amount to pay or redeem any Series 2022 Bonds, the money or securities so to be deposited or held shall be cash or United States Government Obligations, which United States Government Obligations shall be noncallable and not subject to prepayment, the principal of and interest on which when due will provide money sufficient to pay the principal of, premium, if any, and all unpaid interest to the earliest possible redemption date on the Series 2022 Bonds to be paid or redeemed, as such principal, premium, if any, and interest become due, provided that, in the case of Series 2022 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Bond Trustee shall have been made for the giving of such notice; provided, in each case, that the Bond Trustee shall have been irrevocably instructed (by written request of an Authorized Officer of the Authority) to apply such money to the payment of such principal and interest with respect to such Series 2022 Bonds.

### **10.4 Payment of Series 2022 Bonds After Discharge of Trust Agreement.**

Notwithstanding any provisions of this Trust Agreement, any moneys held by the Bond Trustee in trust for the payment of the principal of, premium, if any, or interest on, any Series

2022 Bonds and remaining unclaimed for the period required by law after the principal of all of the Series 2022 Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Trust Agreement), if such moneys were so held at such date, or the period required by the New Jersey Uniform Unclaimed Property Act, *N.J.S.A. 46:30B-1 et seq.* after the date of deposit of such moneys if deposited after said date when all of the Series 2022 Bonds became due and payable, shall be repaid to the State Treasurer, free from the trusts created by this Trust Agreement and all liability of the Bond Trustee with respect to such moneys shall thereupon cease; provided, however, that before the payment of such moneys to the State Treasurer as aforesaid, the Bond Trustee may (at the cost and request of the University) first mail to the Holders of Series 2022 Bonds which have not been paid, at the addresses last shown on the registration books maintained by the Bond Trustee, a notice, in such form as may be deemed appropriate by the Bond Trustee with respect to the Series 2022 Bonds so payable and not presented and with respect to the provisions relating to the payment to the State Treasurer of the moneys held for the payment thereof.

## **ARTICLE XI MISCELLANEOUS**

### **11.1 Limited Liability of Authority.**

Notwithstanding anything contained in this Trust Agreement or in the Series 2022 Bonds, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Trust Agreement for any of the purposes in this Trust Agreement mentioned, whether for the payment of the principal or Redemption Price of or interest on the Series 2022 Bonds or for any other purpose of this Trust Agreement.

### **11.2 Successor is Deemed Included in All References to Predecessor.**

Whenever in this Trust Agreement either the Authority or the Bond Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Authority or the Bond Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

### **11.3 Limitation of Rights to Parties, the University, the Purchaser and Bondholders.**

Nothing in this Trust Agreement or the Series 2022 Bonds expressed or implied is intended or shall be construed to give to any Person, other than the Authority, the Bond Trustee, the University, the Purchaser and the Holders of the Series 2022 Bonds, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Bond Trustee, the University, the Purchaser and the Holders of the Series 2022 Bonds.

### **11.4 Waiver of Notice.**

Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

### **11.5 Destruction of Series 2022 Bonds.**

Whenever in this Trust Agreement provision is made for the cancellation by the Bond Trustee and the delivery to the Authority of any Series 2022 Bonds, the Bond Trustee shall, in lieu of such cancellation and delivery, destroy such Series 2022 Bonds and deliver a certificate of such destruction to the Authority.

### **11.6 Severability of Invalid Provisions.**

If any one or more of the provisions contained in this Trust Agreement or the Series 2022 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this

Trust Agreement, and such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

### 11.7 Notices.

(a) Subject to Section 11.4, any notice or request to or demand upon the Bond Trustee shall be in writing, and such notice may be served or presented, and such demand may be made, at the Principal Corporate Trust Office of the Bond Trustee or at such other address as may have been filed in writing by the Bond Trustee with the Authority, the University and the Purchaser. Any notice to or demand upon the Authority, the Bond Trustee, the University or the Purchaser shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box addressed, or with respect to any notice to or upon the Authority, the Bond Trustee or the University, by being delivered or sent by electronic mail, in each case, as follows:

- (i) *to the Authority at:*  
New Jersey Educational Facilities Authority  
103 College Road East  
Princeton, New Jersey 08540  
Attention: Executive Director  
Telephone: (609) 292-0880  
E-mail: [Sheryl.stitt@njefa.nj.gov](mailto:Sheryl.stitt@njefa.nj.gov)
  
- (ii) *to the University at:*  
Saint Peter's University  
2641 Kennedy Boulevard  
Jersey City, New Jersey 07306  
Attention: Vice President of Finance and Chief Financial Officer  
Telephone: (201) 461-1809  
E-mail: [pciraulo@saintpeters.edu](mailto:pciraulo@saintpeters.edu)
  
- (iii) *to the Bond Trustee at:*  
U.S. Bank Trust Company, National Association  
333 Thornall Street, 4<sup>th</sup> Floor  
Edison, New Jersey 08337  
Attention: Corporate Trust Department  
Telephone: (732) 321-2517  
E-mail: [paul.obrien@usbank.com](mailto:paul.obrien@usbank.com)
  
- (iv) *to the Purchaser at:*  
Siemens Public, Inc.  
Hanby Building  
3411 Silverside Road  
Suite 100  
Wilmington, Delaware 19810

with a copy to:

Siemens Public, Inc.  
170 Wood Avenue South  
Iselin, New Jersey 08830

(or in each case at such other or additional addresses as may have been filed in writing with the Bond Trustee).

(b) The Bond Trustee agrees to accept and act upon written instructions or directions pursuant to this Trust Agreement given by the University by Electronic Means, provided, however, that the University shall provide to the Bond Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the University elects to give the Bond Trustee instructions using Electronic Means and the Bond Trustee in its discretion elects to act upon such instructions, the Bond Trustee's understanding of such instructions shall be deemed controlling. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The University agrees to assume all risks arising out of the use of such Electronic Means to submit instructions and directions to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

#### **11.8 Evidence of Signatures of Series 2022 Bondholders and Ownership of Series 2022 Bonds**

Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Series 2022 Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Series 2022 Bonds transferable by delivery, shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Bond Trustee and the Authority if made in the following manner:

(a) The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to such notary public or officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

(b) The ownership of Series 2022 Bonds shall be proved by the bond registration books held by the Bond Trustee.

Any request, consent or other instrument or writing of the Holder of any Series 2022 Bond shall bind every future Holder of the same Series 2022 Bond and the Holder of every Series 2022 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bond Trustee or the Authority in accordance therewith or reliance thereon.

### **11.9 Disqualified Bonds.**

In determining whether the Holders of the requisite aggregate principal amount of Series 2022 Bonds have concurred in any demand, request, direction, consent or waiver under this Trust Agreement, Series 2022 Bonds which are owned or held by or for the account of the Authority, the University or by any other obligor on the Series 2022 Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the University or any other obligor on the Series 2022 Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Series 2022 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Bond Trustee the pledgee's right to vote such Series 2022 Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the University or any other obligor on the Series 2022 Bonds. In case of a dispute as to such right, any decision by the Bond Trustee taken upon the advice of counsel shall be full protection to the Bond Trustee.

### **11.10 Money Held for Particular Bonds.**

The money held by the Bond Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Series 2022 Bonds (or portions of Series 2022 Bonds in the case of Series 2022 Bonds redeemed in part only) 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 Series 2022 Bonds entitled thereto, subject, however, to the provisions of Section 10.4.

### **11.11 Funds and Accounts.**

Any fund required by this Trust Agreement to be established and maintained by the Bond Trustee may be established and maintained in the accounting records of the Bond Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable and for the protection of the security of the Series 2022 Bonds and the rights of every Holder thereof.

### **11.12 Waiver of Personal Liability.**

No member, director, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium, if any, or interest on the Series 2022 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Trust Agreement.

**11.13 Business Days.**

If any date specified herein shall not be a Business Day, any action required on such date may, except as otherwise specifically provided herein, be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue on any payment to the date payment is made.

**11.14 Governing Law.**

This Trust Agreement shall be construed in accordance with and governed by the Constitution and the laws of the State of New Jersey.

**11.15 Execution in Several Counterparts.**

This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Bond Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

**11.16 Concerning the Purchaser.**

None of the provisions of this Trust Agreement shall in any way restrict or otherwise limit the rights, remedies and prerogatives of the Purchaser under the Continuing Covenant Agreement. To the extent the Purchaser is determined not to be a direct beneficiary under this Trust Agreement, the Purchaser shall be, and is expressly intended by the Authority and the Bond Trustee to be, a direct third party beneficiary in interest under this Trust Agreement.

**{REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK}  
{SIGNATURE PAGE TO FOLLOW}**



IN WITNESS WHEREOF, the Authority has caused this Trust Agreement to be signed in its name by its duly authorized officers and the Bond Trustee, in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed in its corporate name by its duly authorized officers, all as of the day and year first above written.

ATTEST:

NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY

\_\_\_\_\_  
Steven P. Nelson  
Assistant Secretary

By: \_\_\_\_\_  
Sheryl A. Stitt  
Acting Executive Director

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Bond Trustee

By: \_\_\_\_\_  
Paul D. O'Brien  
Vice President

**EXHIBIT A**

**NEITHER THIS BOND NOR ANY PORTION HEREOF OR ANY BENEFICIAL INTEREST HEREIN MAY BE SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS CERTAIN REQUIREMENTS DESCRIBED BELOW AND MORE FULLY SET FORTH IN THE TRUST AGREEMENT ARE COMPLIED WITH.**

**(FORM OF SERIES 2022 BOND)**

**Registered**

**Registered**

**No. R-1**

**[\$22,000,000]**

**UNITED STATES OF AMERICA  
STATE OF NEW JERSEY**

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
REVENUE BONDS,  
SAINT PETER'S UNIVERSITY ISSUE,  
2022 SERIES B**

Interest Rate

Maturity Date

Dated Date

[ ]%

November 1, 20[34]

[CLOSING DATE]

REGISTERED OWNER:

Siemens Public, Inc.

PRINCIPAL AMOUNT:

[Twenty-Two Million] and 00/100 Dollars

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**, a body politic and corporate and a public instrumentality of the State of New Jersey (herein called the "*Authority*"), for value received, promises to pay, but solely from the sources hereinafter referred to, to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the Maturity Date specified above, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on the portion of said Principal Amount from time to time Outstanding at the Interest Rate specified above, subject to adjustment as described in the Trust Agreement hereinafter referred to, from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, payable on each Interest Payment Date as described in the Trust Agreement, dated as of October 1, 2022 (said Trust Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the "*Trust Agreement*"), between the Authority and U.S. Bank Trust Company, National Association, Edison, New Jersey, as Bond Trustee (the "*Bond Trustee*"), until said

Principal Amount is paid. Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Trust Agreement.

**Method of Payment.** The principal of and redemption premium, if any, and interest on this Series 2022 Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Series 2022 Bond shall be payable to the Registered Owner or Owners hereof appearing on the registration books of the Authority (the “*Bond Register*”) maintained by the Bond Trustee, as Bond Registrar, on the maturity or redemption date hereof by electronic transfer in immediately available funds. The interest payable on this Series 2022 Bond on any Interest Payment Date shall be paid by the Bond Trustee to the Registered Owner or Owners appearing on the Bond Register at the close of business on the Record Date for such interest next preceding such Interest Payment Date and shall be paid by electronic transfer in immediately available funds.

**Authorization.** This Series 2022 Bond is one of a duly authorized series of bonds of the Authority designated “Revenue Bonds, Saint Peter’s University Issue, 2022 Series B,” in the aggregate principal amount of \$[22,000,000] (the “*Series 2022 Bonds*”), issued for the purpose of making a loan to Saint Peter’s University, a New Jersey nonprofit corporation (together with its successors and assigns, the “*University*”), for the purpose of providing funds, which, together with other moneys provided by the University, will be used by the University to finance the Project, as defined in the Trust Agreement, by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State of New Jersey, including particularly 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.*), as amended, and pursuant to proceedings duly taken by the Authority. The loan will be made pursuant to the Loan Agreement, dated as of October 1, 2022 (said Loan Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the “*Loan Agreement*”), between the Authority and the University, and will be secured by a promissory note of the University issued in the principal amount of \$[22,000,000] (the “*Series 2022B-1 Note*”) to be issued as provided in the Loan Agreement, delivered to the Authority and pledged and assigned to the Bond Trustee pursuant to the terms of a Master Trust Indenture, dated as of October 1, 2022, by and between the University and U.S. Bank Trust Company, National Association, as Master Trustee (the “*Master Trustee*”), as amended and supplemented from time to time as permitted therein, including as supplemented by the Second Supplemental Indenture, dated as of October 1, 2022 (collectively, the “*Master Trust Indenture*”).

**Security.** The Series 2022 Bonds are issued under and are equally and ratably secured and entitled to the protection given by the Trust Agreement pursuant to which the rights of the Authority under the Loan Agreement (other than its rights to payment of fees and expenses and indemnification and certain other Reserved Rights) and the Series 2022B-1 Note are pledged and assigned by the Authority to the Bond Trustee as security for the Series 2022 Bonds. Reference is hereby made to the Trust Agreement for a description of the property pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Series 2022 Bonds, and the rights, duties and obligations of the Authority, the Bond Trustee and the Registered Owners of the Series 2022 Bonds, and a description of the terms upon which the Series 2022 Bonds are issued and secured, upon which provision for payment of the

Series 2022 Bonds or portions thereof and defeasance of the lien of the Trust Agreement with respect thereto may be made and upon which the Trust Agreement may be deemed satisfied and discharged prior to payment of the Series 2022 Bonds.

Pursuant to the Loan Agreement, Basic Loan Payments sufficient for the prompt payment when due of the principal of, redemption premium, if any, and interest on the Series 2022 Bonds are to be paid by the University directly to the Bond Trustee for the account of the Authority and deposited in a special account created by the Trust Agreement and all Basic Loan Payments under the Loan Agreement have been duly pledged and assigned to the Bond Trustee for that purpose.

**Interest Rate.** The Series 2022 Bonds shall bear interest at Interest Rate specified above, subject to adjustment as described in the Trust Agreement, from and including their date or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest on the Series 2022 Bonds shall be payable in arrears on May 1 and November 1 of each year, commencing May 1, 2023 (each an “*Interest Payment Date*”). The amount of interest payable with respect to any Series 2022 Bonds on any Interest Payment Date shall be computed on the basis of a 360-day year comprised of twelve 30 day months.

**Redemption.** The Series 2022 Bonds are subject to optional, extraordinary and mandatory redemption prior to their stated maturity as provided in the Trust Agreement.

**Limitation on Rights; Acceleration; Modifications.** The Registered Owner of this Series 2022 Bond shall have no right to enforce the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement. In certain events, on the conditions, in the manner and with the effect set forth in the Trust Agreement, the principal of all the Series 2022 Bonds issued under the Trust Agreement and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Series 2022 Bonds or the Trust Agreement may be made only to the extent and in the circumstances permitted by the Trust Agreement.

**Limited Obligations.** The Series 2022 Bonds and the interest thereon are special, limited obligations of the Authority payable solely out of Basic Loan Payments derived by the Authority under the Loan Agreement and are secured by a pledge and assignment of the Basic Loan Payments and the Series 2022B-1 Note. The Series 2022 Bonds shall never constitute a debt or liability of the State of New Jersey or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State but shall be payable solely from the funds provided for in the Loan Agreement, the Series 2022B-1 Note and the Trust Agreement. The issuance of the Series 2022 Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The State shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Series 2022 Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, mortgage, obligation or agreement

may impose any liability, pecuniary or otherwise, upon the State or any charge upon its general credit or its taxing power.

**No Recourse.** No recourse shall be had for the payment of the principal of or redemption premium or interest on any of the Series 2022 Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Trust Agreement contained, against any past, present or future officer, director, member, employee or agent of the Authority, or any incorporator, officer, director, member, trustee, employee or agent of any successor corporation or body politic, as such, either directly or through the Authority or any successor corporation or body politic, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, directors, trustees, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Trust Agreement and the issuance of the Series 2022 Bonds.

**Restriction on Transfer.** Notwithstanding anything in the Trust Agreement or this Series 2022 Bond to the contrary, neither this Series 2022 Bond nor any portion hereof may be sold, pledged, assigned or otherwise transferred unless (i) prior written notice is given to the Authority, the University and the Bond Trustee of such sale, pledge, assignment or other transfer, which notice shall include the name and address of the proposed purchaser, pledgee, assignee or other owner of this Series 2022 Bond or any portion hereof, and (ii) the proposed purchaser, pledgee, assignee or other owner of this Series 2022 Bond, or any portion hereof, shall have provided an executed letter to the Authority and the Bond Trustee substantially in the form attached to the Trust Agreement as **Exhibit C**.

**Authentication.** This Series 2022 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Trust Agreement until the Certificate of Authentication hereon shall have been executed by the Bond Trustee.

The Holder of this Series 2022 Bond shall not be required to present or surrender this Series 2022 Bond as a condition of receiving any payment hereunder.

**IT IS HEREBY CERTIFIED AND DECLARED** that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Trust Agreement and the issuance of this Series 2022 Bond do exist, have happened and have been performed in due time, form and manner as required by law.

**IN WITNESS WHEREOF, NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY** has caused this Series 2022 Bond to be executed in its name by the manual or facsimile signature of its Acting Executive Director and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and its official common seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

SEAL

ATTEST:

NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY

\_\_\_\_\_  
Steven P. Nelson  
Assistant Secretary

By: \_\_\_\_\_  
Sheryl A. Stitt  
Acting Executive Director

**CERTIFICATE OF AUTHENTICATION**

This Series 2022 Bond is one of the Series 2022 Bonds described in the within mentioned Trust Agreement.

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Bond Trustee

By: \_\_\_\_\_  
Authorized Signatory



---

---

**(FORM OF ASSIGNMENT)**

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto

---

*(Please Print or Typewrite Name, Address and Social Security  
Number or Taxpayer Identification Number of Transferee)*

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

---

Attorney

to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed By:

\_\_\_\_\_  
(Name of Eligible Guarantor University as defined by SEC Rule 17Ad-15 (12 CFR 240.17Ad-15) or any similar rule which the Bond Trustee deems applicable)

By \_\_\_\_\_

Title \_\_\_\_\_

---

---

## EXHIBIT B

### INVESTMENT SECURITIES

The following constitute Investment Securities for purposes of this Trust Agreement:

- A. U.S. Treasury and other government obligations that carry the full faith and credit guarantee of the United States of America for the payment of principal and interest.
- B. Federal agency or U.S. government sponsored enterprise obligations, participations or other instruments.
- C. Bonds or notes issued by any state or municipality.
- D. Negotiable bank certificates of deposit, deposit notes or other deposit obligations issued by a nationally or state chartered bank, credit union or savings association, or by a federally- or state-licensed branch of a foreign bank or financial institution.
- E. Commercial paper.
- F. Corporate bonds and medium-term notes.
- G. Asset-backed securities.
- H. Investment agreements or guaranteed investment contracts.
- I. Certificates of deposit of any bank, savings and loan or trust company organized under the laws of the United States of America or any state thereof, including the trustee or any Holder of the Bonds; *provided*, that such certificates of deposit shall be fully collateralized (with a prior perfected security interest), to the extent they are not insured by the Federal Deposit Insurance Corporation, by the Investment Obligations described in (A) and (B) above having a market value at all times equal to the uninsured amount of such deposit.
- J. Repurchase agreements that meet the following requirements:
  - a. Must be governed by a written SIFMA Master Repurchase Agreement that specifies securities eligible for purchase and resale and that provides the unconditional right to liquidate the underlying securities should the counterparty default or fail to provide full and timely repayment.
  - b. Counterparty must be a Federal Reserve Bank, a Primary Dealer as designated by the Federal Reserve Bank of New York or a nationally chartered commercial bank.

- c. Securities underlying repurchase agreements must be delivered to a third-party custodian under a written custodial agreement that may be of deliverable or tri-party form. Securities must be held in the Authority's custodial account or in a separate account in the name of the Authority.
  - d. Acceptable underlying securities include only securities that are direct obligations of, or that are fully guaranteed by, the United States of America or any agency of the United States of America, including U.S. agency-issued mortgage-backed securities.
  - e. Underlying securities must have an aggregate current market value, including accrued interest, of at least 102% (or 100%, if the counterparty is a Federal Reserve Bank) of the purchase price plus current accrued price differential at the close of each Business Day.
- K. Shares in open-end and no-load money market mutual funds that are backed by U.S. government securities; *provided*, such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7 thereof.
- L. New Jersey Cash Management Fund.

#### *Collateralization*

All demand deposits, time deposits and certificates of deposit shall be collateralized for amounts over and above Federal Deposit Insurance Corporation coverage. All collateral shall be permitted investments as set out in the below chart. There shall be a written custodial agreement that, among other things, specifies the circumstances under which collateral may be substituted. The Authority shall not accept a pledge of a proportionate interest in a pool of collateral. The market value and accrued interest of collateral should, at least, equal the value of the investment plus any accrued interest at all times. The recorded value of collateral backing any investment should be compared with current market values (mark-to-market) at the time of the initial investment and monthly thereafter to be certain that it continues to be at least equal to the value of the investment plus accrued interest. The mark-to-market reviews should use "bid" prices from a constant source.

*Investment Parameters*

Sector Type	Sector Max (%)	Issuer Max (%)	Minimum Ratings Requirement <sup>1</sup>	Max Maturity
US Treasury	100%	N/A	N/A	10 Years
Federal Agency	25%	5%	N/A	10 Years
Municipals	25%	5%	Two Highest LT Rating Categories (AA-/Aa3/AA-)	10 Years
Negotiable CDs	50% in aggregate <sup>2</sup>	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1/F-1; A-/A3/A-)	10 Years
Commercial Paper		5%	Highest ST Rating Category (A-1/P-1/F-1)	270 Days
Corporate Bonds & Medium-Term Notes		5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1/F-1; A-/A3/A-)	10 Years
Asset Backed Securities	20%	5%	Highest LT Rating (AAA/Aaa/AAA)	10 Year Avg. Life
Certificates of Deposit	25%	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1/F-1; A-/A3/A-)	10 Years
Repurchase Agreements	20%	5%	Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty's parent) must be rated in the highest ST Rating category (A-1/P-1/F-1). If the counterparty is a Federal Reserve Bank, no rating is required.	90 Days
Government Money Market Funds	100%	25%	Highest rating by all NRSROs who rated the fund (AAAm or equivalent)	N/A
New Jersey Cash Management Fund	100%	N/A	N/A	N/A

<sup>1</sup>Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("*NRSRO*"), unless otherwise noted. In the case of split-rated issuers, the lowest rating shall prevail. ST= Short-term; LT=Long-term.  
<sup>2</sup>Funds invested in the credit sector may exceed the 50% target only with the written permission of the Authority and the borrowing institution.

In addition, the diversification parameters for investment agreements or guaranteed investment contracts are as follows:

Investment agreements or guaranteed investment contracts with any financial institution whose senior long-term debt obligations, or whose obligations under such an investment agreement or guaranteed investment contract are guaranteed by a financial institution whose senior long-term debt obligations, have a rating (at the time the agreement or contract is entered into) of "Aa3" or higher by Moody's and "AA-" or higher by S&P.

Amounts on deposit in the Funds and Accounts established under the Trust Agreement shall be invested only in Investment Securities and only as follows:

(i) moneys in the Interest Account or the Principal Account shall be invested only in Investment Securities maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to make the payments from such Accounts;

(ii) moneys in the Debt Service Reserve Fund shall be invested only in Investment Securities described in subparagraph (A), (B), (C), (D), (I), (K) or (L) above maturing and redeemable at the option of the holder not later than five (5) years from the date of purchase thereof;

(ii) moneys in the Redemption Fund shall be invested only in Investment Securities maturing or redeemable at the option of the holder not later than the next succeeding Interest Payment Date on which the Series 2022 Bonds are subject to redemption; and

(iii) moneys in the Costs of Issuance Fund shall be invested only in Investment Securities maturing or redeemable at the option of the holder not later than the date on which such moneys are reasonably expected to be needed for the purpose of paying Costs of Issuance.

## EXHIBIT C

### FORM OF INVESTOR LETTER

New Jersey Educational Facilities Authority  
Revenue Bonds,  
Saint Peter's University Issue,  
2022 Series B

[Insert Date]

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

Ladies and Gentlemen:

In connection with the purchase of \$ \_\_\_\_\_ aggregate principal amount of New Jersey Educational Facilities Authority Revenue Bonds, Saint Peter's University Issue, 2022 Series B (the "*Series 2022 Bonds*"), issued pursuant to the Bond Resolution of the New Jersey Health Care Facilities Financing Authority (the "*Authority*") adopted on September 27, 2022 (the "*Bond Resolution*"), and the Trust Agreement, dated as of October 1, 2022 (the "*Trust Agreement*"), between the Authority and U.S. Bank Trust Company, National Association, as Bond Trustee (the "*Bond Trustee*"), the undersigned certifies as follows (capitalized terms used herein, unless otherwise defined, have the meanings given to such terms in the Trust Agreement):

(a) It is a "qualified institutional buyer" within the meaning of Rule 144A of the Securities and Exchange Commission promulgated under the Securities Act of 1933, as amended (the "Securities Act").

(b) It is purchasing the Series 2022 Bonds for its own account, or the account of an affiliate, and not with a view toward distributing or reselling any of the Series 2022 Bonds, provided nevertheless that it may at any time, in its sole discretion and control, sell, pledge or assign the Series 2022 Bonds, subject to the provisions of the Trust Agreement as further described in paragraph (g) hereof. It will comply with all applicable federal and state securities laws in connection with any subsequent resale of the Series 2022 Bonds. It acknowledges that the Series 2022 Bonds have not been and will not be registered under the Securities Act.

(c) It has received copies of the Bond Resolution, the Trust Agreement, the Loan Agreement, the Series 2022B-1 Note, the Master Trust Indenture and the Continuing Covenant Agreement, as well as all other information and documentation concerning the Series 2022 Bonds, the University and the Project, as has been requested by it and otherwise deemed by it to be relevant to its decision to purchase the Series 2022 Bonds.

(d) It understands that the Series 2022 Bonds are not general obligations of the Authority, but rather special and limited obligations of the Authority, payable and secured solely as provided in the Bond Resolution and the Trust Agreement.

(e) It understands that no official statement, prospectus, offering circular or other disclosure document was or will be prepared with respect to the Series 2022 Bonds. It has made its own independent investigation and evaluation of the financial position and business condition of the University. Although certain information regarding the University and the Project was distributed by the Authority, it hereby acknowledges it has not relied upon the Authority for any information or analysis with respect to the University or the Project in making its decision to purchase the Series 2022 Bonds, and that the Authority has made no representations to it with respect to such information.

(f) It hereby waives the right to receive any additional information from the Authority relating to the University and the Project and relieves the Authority and its agents, representatives and attorneys of any liability for failure to provide such information or for the inclusion of information in any of the documents, representations or certifications provided by the University which contains any untrue statement or fails to include any material fact.

(g) It acknowledges the requirements contained in the Series 2022 Bonds and the Trust Agreement that no Series 2022 Bond, nor any portion thereof, may be sold, pledged, assigned or otherwise transferred unless (i) prior written notice is given to the Authority, the University and the Bond Trustee of such sale, pledge, assignment or other transfer, which notice shall include the name and address of the proposed purchaser, pledgee, assignee or other owner of such Series 2022 Bond, or any portion thereof, and (ii) the proposed purchaser, pledgee, assignee or other owner of such Series 2022 Bond, or any portion thereof, shall have provided an executed letter to the Authority and the Bond Trustee in substantially the same form as this letter.

Very truly yours,

**{INSERT NAME OF PURCHASER}**

By: \_\_\_\_\_

Name:

Title:

**RESOLUTION AUTHORIZING THE REPLACEMENT OF A REMARKETING AGENT IN CONNECTION WITH THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY'S REVENUE REFUNDING BONDS, INSTITUTE FOR ADVANCED STUDY ISSUE, SERIES 2006 SERIES B, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH**

**ADOPTED: SEPTEMBER 27, 2022**

**WHEREAS**, the New Jersey Educational Facilities Authority (the "*Authority*") is a body corporate and politic with corporate succession, constituting a political subdivision of the State of New Jersey (the "*State*"), created and established by the New Jersey Educational Facilities Authority Law, being Chapter 72A of Title 18A of the New Jersey Statutes as enacted by Chapter 271 of the Laws of 1967, as amended and supplemented (the "*Act*"); and

**WHEREAS**, Institute for Advanced Study – Louis Bamberger and Mrs. Felix Fuld Foundation (the "*Institute*") is a non-profit educational corporation organized and existing under the laws of the State, constituting a private college as defined in the Act; and

**WHEREAS**, the Act provides that the Authority shall have the power to make loans and issue its bonds and to provide for the rights of the holders of its bonds; and

**WHEREAS**, on July 19, 2006, the Authority issued its New Jersey Educational Facilities Authority Revenue Refunding Bonds, Institute for Advanced Study Issue, 2006 Series B (the "*Bonds*"); and

**WHEREAS**, the Bonds were issued pursuant to an Indenture of Trust, dated as of July 1, 2006 (the "*Original Indenture*"), by and between the Authority and The Bank of New York (now known as The Bank of New York Mellon), as trustee (the "*Original Trustee*"), as supplemented by a First Supplemental Indenture of Trust, dated as of March 1, 2007, by and between the Authority and the Original Trustee, and a Second Supplemental Indenture of Trust, dated as of June 17, 2021, by and between the Authority and U.S. Bank National Association (collectively, the "*Indenture*"); and

**WHEREAS**, the Institute has entered into a remarketing agreement with J.P. Morgan Securities Inc. ("*J.P. Morgan*") in connection with the Bonds; and

**WHEREAS**, the Institute has requested that the Authority remove the existing remarketing agent, J.P. Morgan, and replace it with TD Securities (USA) LLC ("*TD Securities*"); and

**WHEREAS**, Section 8.7 of the Original Indenture provides that the remarketing agent for the Bonds may be removed at the direction of the Authority and a new remarketing agent selected by the Authority in accordance with the terms of the Indenture; and

**WHEREAS**, the Authority has agreed to take such actions as are required under the Indenture in order to replace J.P. Morgan with TD Securities as remarketing agent of the Bonds.



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

Section 1. The above recitals are incorporated into and are made a part of this resolution.

Section 2. The Authority hereby authorizes the Chair, Vice Chair, Executive Director, Deputy Executive Director, Treasurer, Director of Project Management, Director of Compliance Management, Secretary, Assistant Treasurer or any Assistant Secretary of the Authority, and any other person authorized by resolution of the Authority and any of such officers designated as “acting” or “interim” to execute, acknowledge and deliver such consents, directions, notices, certificates and other documents that are necessary or proper under the Indenture in order to replace J.P. Morgan with TD Securities as remarketing agent of the Bonds (collectively, the “*Remarketing Documents*”). The execution of the Remarketing Documents shall be conclusive evidence of any approval required by this Section 1.

Section 3. In case any one or more of the provisions of this resolution or the Remarketing Documents shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution or the Remarketing Documents and such documents shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Section 4. All prior resolutions of the Authority or portions thereof that are inconsistent herewith are hereby repealed.

Section 5. 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 \_\_\_\_\_ Secretary Bridges \_\_\_\_\_ and upon roll call the following members voted:

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Louis Rodriguez  
Brian Bridges  
Elizabeth Maher Muoio (represented by Ryan Feeney)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY EXTENDING THE TERM OF THE AUTHORITY'S  
TRUSTEE POOL**

**Adopted: September 27, 2022**

**WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, Public Laws of 1967, Chapter 271, (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 is authorized to issue its obligations to provide a means for New Jersey public and private colleges and universities to obtain financing to construct educational facilities as defined in the Act; and

**WHEREAS:** The policies and procedures of the Authority with regard to the selection of professionals including Trustees are governed, *inter alia*, by Executive Order No. 26 (Whitman) ("EO 26") which took effect on January 1, 1995, and which supersedes Executive Orders No. 79 and 92, and Executive Order No. 37 (Corzine) ("EO 37") which took effect on November 25, 2006; and

**WHEREAS:** Based upon the Authority's competitive request for qualification process under its standard procurement process and procedures and in accordance with EO 26 and EO 37, by resolution adopted on September 25, 2018 (the "2018 Resolution"), the Authority authorized the appointment of a Trustee Pool for a period of three (3) years from October 12, 2018 to October 11, 2021 with the option to extend the term of the Trustee Pool for two (2) additional successive periods of twelve (12) months each at the discretion of the Authority, but in any event until such time as a successor Trustee Pool is approved; and

**WHEREAS:** The Authority by resolution adopted on September 28, 2021 (the "2021 Resolution") exercised its option to extend the appointment of the Trustee Pool for an additional twelve (12) month period from October 12, 2021 to October 11, 2022; and

**WHEREAS:** The Authority now wishes to exercise its option to extend the appointment of the Trustee Pool for an additional twelve (12) month period from October 12, 2022 to October 11, 2023.

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

**SECTION 1.** The recitals are incorporated herein by reference as if set forth at length herein.

**SECTION 2.** The Authority hereby authorizes an extension of the appointment of the Trustee Pool for an additional twelve (12) month period from October 12, 2022 to October 11, 2023 subject to the continuing terms and conditions set forth in the 2018 Resolution, the 2021 Resolution, and the terms and conditions set forth in this Resolution unless terminated earlier in the sole discretion of the Authority.

**SECTION 3.** The Authority hereby authorizes the Executive Director, the Deputy Executive Director, or the Director of Project Management, including any serving in an interim or acting capacity, to take and do any and all acts and things as may be necessary or desirable in connection with the appointment of Trustees from the Trustee Pool for Authority transactions in compliance with EO 26 and EO 37.

**SECTION 4.** This Resolution shall take effect in accordance with the Act.

\_\_\_\_ Mr. Rodriguez \_\_\_\_ 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:** Joshua Hodes  
Ridgeley Hutchinson  
Louis Rodriguez  
Brian Bridges  
Elizabeth Maher Muoio (represented by Ryan Feeney)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
APPROVING A MEMORANDUM OF UNDERSTANDING BY AND BETWEEN THE  
AUTHORITY AND NEW JERSEY OFFICE OF EMERGENCY MANAGEMENT  
RELATING TO REIMBURSEMENT OF COVID-19 TESTING EXPENSES**

**Adopted: September 27, 2022**

**WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") is a public body corporate and politic of the State of New Jersey (the "State") and was duly created and now exists under the New Jersey Educational Facilities Authority Law, Public Laws of 1967, Chapter 271, *N.J.S.A. 18A:72A-1 et seq.*, as amended and supplemented (the "Act"); and

**WHEREAS:** On March 9, 2020, New Jersey Governor Philip D. Murphy issued Executive Order No. 103 (Murphy 2020) ("EO 103") proclaiming that a public health emergency and state of emergency existed in the State due to COVID-19 and, thereafter, issued Executive Order Nos. 119, 138, 151, 162 and 171, continuing EO 103, as well as all other Executive Orders issued to respond to the COVID-19 public health emergency, due to the ongoing public health emergency; and

**WHEREAS:** EO 103 recognizes that it is necessary and appropriate to act against this public health hazard to protect and maintain, as well as restore the health, safety and welfare of State residents and visitors pursuant to the Emergency Health Powers Act ("EHPA"), *N.J.S.A. 26:13-1 et seq.*, and the Disaster Control Act ("DCA"), *N.J.S.A. App. A:9-33 et seq.*, among other legal authorities; and

**WHEREAS:** The New Jersey Office of Emergency Management ("NJOEM"), on behalf of the State, is the grantee receiving funding under the Federal Emergency Management Agency ("FEMA") Public Assistance and/or Hazard Mitigation programs as authorized under the Stafford Act and has the fiduciary responsibility to ensure those funds are spent on eligible subgrantee activities, and are properly reimbursed to the subgrantee; and

**WHEREAS:** Pursuant to current information provided by FEMA, FEMA has determined that the Authority is a subgrantee, eligible to apply for and/or receive FEMA funding under the Public Assistance and/or Hazard Mitigation programs; and

**WHEREAS:** NJOEM has requested that the Authority, as a subgrantee, enter into a Memorandum of Understanding (the "MOU"), attached hereto and made a part hereof as **EXHIBIT 1**, with NJOEM to apply for and/or receive FEMA funding for reimbursement of COVID-19 testing expenses; and

**WHEREAS:** The Members of the Authority have determined that it is advisable for the Authority to enter into a MOU with NJOEM to apply for and/or receive FEMA funding for reimbursement of COVID-19 testing expenses.

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

**SECTION 1.** The above recitals are incorporated into and are made a part of this Resolution.

**SECTION 2.** The Members of the Authority hereby approve the form of MOU presented at this meeting and which form of is attached hereto and incorporated herein as **EXHIBIT 1**, with such changes therein and any supplements thereto as the Executive Director or Deputy Executive Director, and any such officers designated as “acting” or “interim” (each an “Authorized Officer”) executing the same may approve, in consultation with the Attorney General’s Office.

**SECTION 3.** The Authority hereby authorizes and directs the Authorized Officers to take any and all such other actions as may be necessary or appropriate to execute the MOU and apply and/or receive FEMA grant funds for the reimbursement of COVID-19 testing expenses.

**SECTION 4.** Any of the Authorized Officers are hereby authorized to take all appropriate and necessary actions to implement the MOU consistent with reporting obligations to the Members of the Authority.

**SECTION 5.** This Resolution shall take effect in accordance with the provisions of the Act.

\_\_\_\_ Mr. Rodriguez \_\_\_\_ 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:** Joshua Hodes  
Ridgeley Hutchinson  
Louis Rodriguez  
Brian Bridges  
Elizabeth Maher Muoio (represented by Ryan Feeney)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

MEMORANDUM OF UNDERSTANDING  
 BY and BETWEEN  
 THE STATE OF NEW JERSEY  
 AND  
 The New Jersey Educational Facilities Authority

This Memorandum of Understanding (Agreement), made and entered into between the New Jersey Office of Emergency Management, hereinafter referred to as the “NJOEM,” and The New Jersey Educational Facilities Authority

officially domiciled at 103 College Rd. East, Princeton, NJ 08540

hereinafter referred to as the Subgrantee relating to application for grants under the Federal Emergency Management Agency (FEMA) Public Assistance and/or Hazard Mitigation programs for presidentially declared major disasters.

WHEREAS, The NJOEM, on behalf of the State of New Jersey, is the Grantee receiving funding under the FEMA Public Assistance and/or Hazard Mitigation programs as authorized under the Stafford Act and has the fiduciary responsibility to ensure those funds are spent on eligible Subgrantee facilities and activities, and are properly reimbursed to the Subgrantee; and

WHEREAS, under current information provided, FEMA has determined that the Subgrantee is eligible to apply for and/or receive FEMA funding under the Public Assistance and/or Hazard Mitigation programs, subject to approval of a Project Worksheet for Public Assistance or application for a Hazard Mitigation grant;

WHEREAS, this agreement is part of the application for Disaster Assistance and will become effective and binding upon approval of a Project Worksheet or Hazard Mitigation Grant and signature on behalf of NJOEM;

NOW, THEREFORE, in consideration thereof, the parties hereby agree as follows:

**Responsibilities of the Subgrantee**

The Subgrantee is primarily responsible for compliance with and agrees to obtain a working knowledge of the Stafford Act and all applicable FEMA regulations as provided in 44 CFR and FEMA policies that govern the Public Assistance and/or Hazard Mitigation programs and shall adhere to the application of the Stafford Act and those applicable regulations and policies and OMB Circulars A-87, A-102, A-110 and A-133 as a condition for the acceptance of and expenditure of said FEMA funding.

As a further condition for the acceptance of and expenditure of FEMA funding, the Subgrantee hereby agrees to follow all NJOEM guidelines, regulations and directives, to include but not be limited to the following:

- Use NJEMGrants.org, as applicable, to access forms and submit Requests For Reimbursement (RFR) and supporting documentation.
- Subgrantee agrees to promptly notify NJOEM and FEMA of any project that involves the following:
  - Work taking place in floodplains or wetlands
  - Improved projects that increase the size or footprint of a facility (PA Program)
  - Alternate projects (PA Program)
  - Relocated projects
  - Hazard mitigation projects affecting floodplains or wetlands, such as culvert enlargements
  - Any project that changes the function of a facility



- Work affecting facilities with historic significance

Such projects have the potential to be subject to additional FEMA review as they may trigger additional Federal compliance requirements in accordance with by the National Historic Preservation Act (NHPA), the National Environmental Policy Act (NEPA), Executive Order 11988 (Floodplain Management), Endangered Species Act (ESA) and other applicable Federal Laws.

- The Subgrantee shall assure that all project documents are made available to NJOEM, FEMA, Department of Homeland Security, Office of Inspector General (OIG) or to any other state or federal agency as determined by NJOEM, to include but not limited to: insurance policies, insurance proceeds received as a result of the disaster, and all other documentation substantiating eligible costs.
- All records, reports, documents and other material delivered or transmitted to NJOEM by the Subgrantee shall become the property of NJOEM.
- The Subgrantee shall secure and maintain in force for the term of the subgrant agreement insurance as provided herein.
  - All required insurance shall be provided by insurance companies with an A-VIII or better rating by A.M. Best & Company.
  - All policies must be endorsed to provide 30 days' written notice of cancellation or material change to OEM at the address shown below.
  - If the Subgrantee's insurer cannot provide 30 days written notice, then it will become the obligation of the Subgrantee to provide the same.
  - The Subgrantee shall provide OEM with current certificate of insurance for all coverages and renewals thereof.
  - The insurance to be provided by the contractor shall be as follows:
    - A Occurrence Form Commercial General Liability Insurance or its equivalent: The minimum limit of liability shall be \$1,000,000 per occurrence as a combined single limit for bodily injury and property damage.

The coverage to be provided under these policies shall be at least as broad as that provided by the standard basic Commercial General Liability Insurance occurrence coverage forms or its equivalent currently in use in the State of New Jersey which shall not be circumscribed by any endorsement limiting the breadth of coverage;
    - B Automobile Liability Insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1,000,000 per occurrence as a combined single limit.
    - C Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than: 1. \$1,000,000 BODILY INJURY, EACH OCCURRENCE; 2. \$1,000,000 DISEASE EACH EMPLOYEE; 3. \$1,000,000 DISEASE AGGREGATE LIMIT.

- The Subgrantee is responsible for compliance with all federal and state laws, regulations and policies. The Subgrantee should pay particular attention to those regulations and policies whose non-compliance may make Subgrantee eligible for corrective action under the NJOEM. Those policies are listed in Exhibit B, attached to and made part of this MOU.
- The Subgrantee may be required to execute a separate subgrant agreement for Hazard Mitigation Grant Program projects in addition to this MOU.
- The Subgrantee agrees to monitor NJEMGrants.org for any changes in law, regulations, policy or procedure which affects the Subgrantee's grant requirements.

- The undersigned, as the appointed agent of the Subgrantee hereby declares that the individual(s) named herein as the Subgrantee's agent(s) are knowledgeable of the requirements outlined herein.

The Subgrantee hereby acknowledges that failure to adhere to all applicable state and federal law, regulations, policies and directives may result in suspension and/or termination of funding / reimbursements and/or all or part of the de-obligation of previously received funding.

### **Responsibilities of the NJOEM**

- NJOEM agrees to maintain NJEMGrants.org subject to the availability of funding.
- NJOEM shall, through the Subgrantee's assigned Disaster Recovery Specialists, review Subgrantee's Request For Reimbursements, assist Subgrantee in correcting any deficiencies, and disburse reimbursement requests to the Subgrantee as timely as possible.
- NJOEM shall communicate to the Subgrantee, in a timely manner, any changes in law, regulations, policy or procedure which affects the Subgrantee's grant requirements through NJEMGrants.org, or appropriate alternate methods of communication.
- NJOEM shall provide technical assistance, advice on best practices and other education outreach programs to assist the Subgrantee in the formulation and management of its FEMA grants (see Disclaimer paragraph herein below).

### **Term of Agreement**

This MOU shall remain in full force and effect as long as the Subgrantee has outstanding FEMA grants that have not been closed out and/or the Subgrantee receives future FEMA funding, including the record retention period. Any changes in regulations, policies or procedures applicable to disaster funding shall constitute an amendment to this Agreement.

### **Results of De-Obligation**

The Subgrantee acknowledges that all final actions by FEMA to de-obligate funding are the financial responsibility of the Subgrantee and said amounts de-obligated shall be remitted to NJOEM by the Subgrantee immediately upon demand or in accordance with NJOEM policy.

### **Limitation of Liability**

The Parties understand that any claims by third parties related to this Agreement are subject to the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq. (the "Act"), the Contractual Liability Act, N.J.S.A. 59:13-1, et seq. (if applicable), and the availability of appropriated funds (if applicable). Neither party can agree to indemnify any third party and are not providing any indemnification to third parties or to each other. OEM does not carry general liability insurance, but the liability of the State and the obligation of the State to be responsible for tort claims against it are covered under the terms and provisions of the Act. The Act also creates a fund into which the Legislature appropriates funds from time to time, and from which final tort claims for OEM, if any, are paid in accordance with its provisions. See N.J.S.A. 59:12-1. Subgrantee carries general liability insurance which may be available to address claims based on the terms of the coverage from the carrier.

## **Disclaimer**

In its capacity as the Grantee and state fiduciary of Federal Emergency Management Agency (FEMA), and other federal grant funds, the NJOEM provides technical assistance and education outreach programs to current and potential Subgrantees (collectively referred to as “Subgrantees”) of the FEMA Public Assistance and/or Hazard Mitigation programs.

Technical assistance includes the application of specific knowledge to a specific situation in order to address a specific need and as such is not a legal opinion or an endorsement of the Subgrantee’s grants management practice, Education outreach programs include general programmatic grants management guidance for a Subgrantee to use in administering its own grants management program. NJOEM does not render legal opinions to Subgrantees, but rather provides information intended to assist a Subgrantee prudently manage its own grants management program by employing effective methods and sound practices to manage FEMA grants.

Technical assistance and other grants management information provided by NJOEM and adopted by the Subgrantee, does not serve as NJOEM’s endorsement of the Subgrantee’s grants management practice and does not relieve the Subgrantee of the responsibility of assuring that its grants management practice is in compliance with applicable laws, regulations and policies as required by the FEMA Public Assistance and/or Hazard Mitigation programs.

The Subgrantee, by its decision to participate in the FEMA Public Assistance and/or Hazard Mitigation programs, bears the ultimate responsibility for ensuring compliance with all applicable state and federal laws, regulations and policies, and bears the ultimate consequences of any adverse decisions rendered by NJOEM, FEMA, or any other state and federal agencies with audit, regulatory, or enforcement authority. Throughout the grants management process, NJOEM, as the state fiduciary of this federal funding, reserves the right to demand that the Subgrantee comply with all applicable state and federal laws, regulations and policies, terminate reimbursements and take any and all other actions it deems appropriate to protect those funds for which it is responsible.

## **Discrimination Clause**

The Subgrantee agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and the Americans with Disabilities Act of 1990.

The Subgrantee agrees not to discriminate in its employment practices, and will render services under this Agreement without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities.

Any act of discrimination committed by the Subgrantee or failure to comply with these statutory obligations when applicable shall be grounds for termination of this Agreement.

**Notices**

All notices and other communications pertaining to this Agreement shall be in electronic format and/or writing and shall be transmitted either by e-mail, personal hand-delivery (and receipted for) or deposited in the United States Mail, as certified mail, return receipt requested and postage prepaid, to the other party, addressed as follows:

New Jersey State Police  
Recovery Bureau PO Box 7068  
West Trenton, NJ 08628  
ATTN: Major Christopher DeMaise

**Or**

[NJEMGrantsHelp@njsp.org](mailto:NJEMGrantsHelp@njsp.org)

IN WITNESS WHEREOF, the parties have executed this Agreement on the day, month and year first written above.

**WITNESSES:**

\_\_\_\_\_  
State's Witness  
Name:

\_\_\_\_\_  
State Coordinating Officer  
Name: Christopher DeMaise  
Title: Major  
Telephone Number:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Entity's Witness  
Name:

\_\_\_\_\_  
Chief Elected/Appointed Official  
or Chief Executive Officer  
Name: Sheryl Stitt  
Title: Acting Executive Director  
Telephone Number: 609-987-0880

\_\_\_\_\_  
Date

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT FOR 2021**

**Adopted: September 27, 2022**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was duly created and now exists under the New Jersey Educational Facilities Authority Law, Public Laws of 1967, Chapter 271, N.J.S.A. 18A:72A-1 et seq., as amended (the "Act"); and
- WHEREAS:** The Authority annually prepares financial statements, and pursuant to a Resolution adopted on October 23, 2018, the Authority authorized the engagement of the independent auditing firm of PKF O'Connor Davies, LLP (the "Independent Auditors") to provide outside auditing services for a period of five (5) years commencing with the audit period for the Authority's fiscal year ending December 31, 2018, and ending after the audit period for the Authority's fiscal year ending December 31, 2022; and
- WHEREAS:** The Authority has engaged the Independent Auditors to perform an audit of the Authority's financial statement for the years ending December 31, 2021 (the "2021 Financial Statements") in accordance with N.J.S.A. 18A:72A-21; and
- WHEREAS:** In accordance with Executive Order No.122 (McGreevey 2004) ("EO 122"), and the Authority's By-Laws, the members of the Authority's Audit Committee have received and reviewed the 2021 Financial Statements and the unmodified Report of the Independent Auditors thereon dated September 19, 2022 (the "Independent Auditors' Report") and have held a private meeting with representatives of the Independent Auditors to discuss the 2021 Financial Statements and the Independent Auditors' Report; and
- WHEREAS:** The members of the Authority have received the 2021 Financial Statements and the Independent Auditors' Report; and
- WHEREAS:** The members of the Authority's Audit Committee have recommended that the members of the Authority accept the 2021 Financial Statements and the Independent Auditors' Report, attached hereto as EXHIBIT A; and
- WHEREAS:** The members of the Authority wish to accept and adopt the 2021 Financial Statements and the Independent Auditors' Report.

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

**SECTION 1.** The above recitals are incorporated into and are made a part of this Resolution.

**SECTION 2.** The Authority hereby accepts and adopts the 2021 Financial Statements and the Independent Auditors' Report, as attached hereto as **EXHIBIT A** and incorporated by reference as if set forth in full herein.

**SECTION 3.** This resolution shall take effect in accordance with N.J.S.A. 18A:72A-4(i).

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

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Louis Rodriguez  
Brian Bridges  
Elizabeth Maher Muoio (represented by Ryan Feeney)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**TABLE OF CONTENTS**

<b>REPORT OF MANAGEMENT</b>	<b>1</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>2</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b>	<b>5</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>10</b>
<b>STATEMENTS OF REVENUES, EXPENSES,     AND CHANGES IN NET POSITION</b>	<b>11</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>12</b>
<b>STATEMENTS OF FIDUCIARY NET POSITION</b>	<b>13</b>
<b>STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION</b>	<b>14</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>15</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS</b>	<b>36</b>
<b>SCHEDULE OF AUTHORITY'S CONTRIBUTIONS TO THE OPEB PLAN</b>	<b>37</b>
<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>	<b>38</b>
<b>SCHEDULE OF AUTHORITY'S CONTRIBUTIONS</b>	<b>39</b>
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	
<b>BALANCE SHEETS – TRUSTEE HELD FUNDS</b>	<b>40</b>
<b>STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS</b>	<b>41</b>
<b>NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION</b>	<b>42</b>
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>51</b>





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

## REPORT OF MANAGEMENT

Management of the Authority is responsible for the preparation, integrity, and fair presentation of these financial statements. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, consequently, they reflect certain amounts based upon the best estimates and judgment of management.

The financial statements have been audited by the independent firm of PKF O'Connor Davies, LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Authority. The independent auditors' opinion is presented on page 2.

The Authority maintains a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, that assets of the Authority are properly safeguarded, and that the covenants of all financing agreements are honored. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can provide only reasonable assurance that its goals are achieved.

Consistent with Executive Order No. 122, the Authority, through its Audit and Evaluation Committees, engages the independent auditors. The Audit and Evaluation Committees comprise individuals who are not employees of the Authority, and who meet certain standards of independence and financial expertise. The Audit Committee periodically meets with the independent auditors, and is responsible for assisting the Members of the Authority in overseeing the Authority's compliance with legal, regulatory and ethical requirements, as well as overseeing the integrity and quality of the Authority's financial statements. The independent auditors have unrestricted access to the Audit Committee.

  
\_\_\_\_\_  
Sheryl A. Stitt  
Acting Executive Director

  
\_\_\_\_\_  
Brian Sootkoos  
Director of Finance

September 19, 2022



## INDEPENDENT AUDITORS' REPORT

**Management and Members of  
New Jersey Educational Facilities Authority  
Princeton, New Jersey**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities and fiduciary funds of the New Jersey Educational Facilities Authority, ("the Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary funds of the Authority, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

PKF O'CONNOR DAVIES, LLP  
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | [www.pkfod.com](http://www.pkfod.com)

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

**Management and Members of  
New Jersey Educational Facilities Authority  
Princeton, New Jersey**  
Page 3

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Supplemental Financial Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying other supplemental information on pages 40 – 50 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The other supplemental financial information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
September 19, 2022

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Introduction**

This section of the New Jersey Educational Facilities Authority's ("NJEFA" or the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2021 and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

**Background**

The New Jersey Educational Facilities Authority ( "NJEFA" or "Authority"), is an independent and self- supporting state entity created pursuant to Chapter 271 of the Public Laws of 1966, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act"), to provide a means for New Jersey public and private colleges and universities ("Institutions") to construct educational facilities through the financial resources of a public fiduciary empowered to sell tax-exempt and taxable bonds, notes and other obligations. NJEFA is New Jersey's primary issuer of higher education purpose municipal bonds to finance and refinance the construction and development of campus facilities at Institutions throughout the State.

The Authority finances and refinances various types of projects for approximately 50 public and private institutions of higher education in New Jersey. Projects include, but are not limited to, the construction, renovation and acquisition of residential, academic, and research facilities; libraries; technology infrastructures; student life and athletic facilities; parking structures; utilities-related projects; and refinancing of existing debt.

In conjunction with the Office of the Secretary of Higher Education, the Authority also administers the State of New Jersey's higher education capital facilities grant programs and from time to time, issues state-backed bonds under these programs to fund grants for their various purposes. These state-backed bonds are secured by a contract with the State Treasurer to pay principal of and interest on such bonds subject to appropriations being made, from time to time, by the New Jersey State Legislature (the "Legislature").

The obligations issued by the Authority are special and limited obligations of the Authority and are not a debt or liability of the State of New Jersey or of any political subdivision thereof other than the Authority and are not a pledge of the faith and credit of the State of New Jersey or of any such political subdivision thereof. The Authority has no taxing power. The obligations issued by the Authority are payable solely from amounts received from the borrowers by the Authority under the transaction documents and amounts on deposit in certain funds established under the transaction documents.

The Authority is governed by a seven-member board composed of five public, unsalaried members appointed by the Governor with confirmation by the New Jersey Senate. The State Treasurer and the Secretary of Higher Education serve as ex-officio members and by statute, the Governor has veto authority over all actions of the Authority members.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Business Overview**

Today, the NJEFA offers colleges and universities a range of services and products to meet institution's financing objectives, including tax-exempt and taxable bond financings, direct bank placement/ purchase transactions, and tax-exempt equipment leasing. Financing options include new money transactions, refunding transactions or a combination of the two. More than just financing a transaction, NJEFA remains involved with their clients from concept to closing and beyond. NJEFA provides its clients with in-house expertise in the financial markets, tax and securities law, and post-issuance matters, among others. In addition, the Authority assists in the processing of all requisitioning and bond fund accounting for college borrowers; manages the investment and reinvestment of bond funds; and manages all arbitrage compliance.

The Authority's operating revenue is derived from initial and annual fees related to the issuance and administration of stand-alone bond transactions, as well as the issuance and administration of state-backed bonds under the State's higher education capital facilities grant programs.

*Stand-Alone Debt Transactions*

The Authority's operating revenues primarily result from initial and annual financing fees related to stand-alone financing transactions. Generally, upon the closing of a transaction, higher education institutions pay an initial financing fee to cover the services provided by NJEFA to manage and complete the desired financing. The fee is calculated using a percentage of the total issuance amount. Annual financing fees are calculated using a percentage of the total outstanding par amount on the bonds. The annual financing fee, typically referred to as the annual administrative fee, covers ongoing bond fund administration and post issuance debt compliance, including: investment of bond funds; requisition review and payment; audit support as requested; arbitrage monitoring; real estate matters; and assisting institutions with continuing post-issuance compliance matters.

*State Grant Administration*

The Authority, in partnership with the Office of the Secretary of Higher Education, The New Jersey State Librarian and the Department of Treasury, administers the New Jersey Higher Education Capital Grant and Library Construction Bond Act Programs. Through NJEFA's issuance of state-backed bonds and the State's issuance of General Obligation bonds, New Jersey's institutions of higher education and public libraries are able to increase capacity, modernize facilities and equipment, expand access and provide state-of-the-art academic opportunity for New Jersey's students and constituents.

The Authority is highly involved in every aspect of the grant process and post issuance administration. During the solicitation process, the Authority assists in the development, distribution and review of applications for conformity to solicitation requirements. In consultation with the Office of the Secretary of Higher Education or the New Jersey State Librarian and the Attorney General's Office, the Authority develops grant and lease agreements in accordance with state law and regulations, reviews financing documents, and corresponds with institutions needing assistance throughout the process. The Authority receives and reviews all requisitions for approved projects. Requisitions are reviewed to ensure grant proceeds are expended only for costs of an approved project, that the institution has satisfied any obligation to match grant funding, and that reimbursement is permissible per the grant agreement and applicable IRS rules and regulations.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The Authority assists the Secretary of Higher Education and the New Jersey State Librarian in fulfilling obligations under the post-issuance compliance tax procedures and in addressing any tax issues that may arise when a contract or arrangement might create “private business use” of bond-financed facilities.

The Authority’s operating revenues related to the administration of the Higher Education Capital Grant Programs and the Library Construction Bond Act are derived from initial fees on NJEFA issued State-backed bonds and State issued General Obligation bonds and annual fees for ongoing bond fund and grant management and debt compliance. Generally, the Authority collects an initial fee for each completed State-backed financing and annual fees for each grant, funded throughout the term of the bonds. Both the initial fee and the annual fee are based on a contracted amount as defined in the grant or lease agreements and/or memorandum of understandings with the Secretary of Higher Education and the New Jersey State Librarian.

### **Overview of Financial Statements**

The Authority is a self-supporting, special purpose government entity supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The basic financial statements provide information about the Authority’s overall financial condition and operations. The notes provide explanations and more details about the content of the basic financial statements.

This report consists of three parts: management’s discussion and analysis, financial statements and the accompanying notes and the required supplementary information. The three financial statements presented are as follows:

*Statement of Net Position* – The statement of net position presents information reflecting the Authority’s assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position. The Authority’s net position represents the amount of total assets and deferred outflows of resources less liabilities and deferred inflows of resources and is one way to measure the Authority’s financial position and operational solvency.

*Statement of Revenues, Expenses and Changes in Net Position* – The statement reflects the Authority’s operating and nonoperating revenues and expense for the fiscal year. Nonoperating activity primarily relates to investment income.

*Statement of Cash Flows* – The statement of cash flows is presented using the direct method which reflects cash flows from operating, investing and capital financing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for each year. The statement also includes a reconciliation between operating income or loss for the period per the Statement of Revenues, Expenses and Changes in Net Position to net cash provided or used from operating activities per the Statement of Cash Flows.

*Statement of Fiduciary Net Position* – The statement of fiduciary net position presents information reflecting the Authority’s trust fund for Other Post Employment Benefit (OPEB) assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position. The Authority’s fiduciary net position represents the amount of total assets and deferred outflows of resources less

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

liabilities and deferred inflows of resources and is one way to measure the Authority's financial position and operational solvency for the OPEB plan.

*Statement of Changes in Fiduciary Net Position* – The statement reflects the Authority's additions and deductions to the OPEB trust during the fiscal year.

**Financial Highlights 2021:**

- The Authority issued \$567 million of conduit debt for educational institutions during 2021.
- Cash and Investments represent approximately 81% of Total Assets at the end of 2021.
- The Authority's 2021 operating margin (net operating income as a percentage of operating revenues) was 46.2%.
- Operating expenditures decreased 34% in 2021 in comparison to the prior year.

During 2021, the Authority's volume of financing activity, excluding the state-backed bond programs was approximately \$275 million more than 2020. The increased volume was due primarily to the result of continued low interest rate market conditions resulting in an increase in refunding transactions. The Authority continued to work with the State's public and private institutions on their multi-year plans to invest in the upgrading of their capital facilities, technology infrastructures and capital equipment to accommodate growing demand for higher education. The Authority also helped New Jersey colleges and universities restructure outstanding issues for the greatest benefit to the institutions.

**Condensed Financial Information**

The following table represents condensed statement of net position information and changes between December 31, 2020 and December 31, 2021 and between December 31, 2019 and December 31, 2020:

	2021	2020	2019	Increase (Decrease) 2020 to 2021	Increase (Decrease) 2019 to 2020
Current Assets	\$ 9,155,816	\$ 9,982,124	\$ 10,000,057	-8.28%	-0.18%
Noncurrent Investments	3,024,821	1,676,119	863,393	80.47%	94.13%
Capital Assets, Net	35,852	53,395	66,142	-32.86%	-19.27%
Security Deposit	21,505	21,505	21,505	0.00%	0.00%
Net OPEB Asset	1,873,486	82,325	385,851	2175.72%	-78.66%
Total Assets	<u>14,111,480</u>	<u>11,815,468</u>	<u>11,336,948</u>	19.43%	4.22%
Deferred Outflows of Resources	<u>918,308</u>	<u>1,377,923</u>	<u>1,130,156</u>	-33.36%	21.92%
Current Liabilities	794,812	768,783	712,898	3.39%	7.84%
Noncurrent Liabilities	2,193,479	2,961,073	3,468,062	-25.92%	-14.62%
Total Liabilities	<u>2,988,291</u>	<u>3,729,856</u>	<u>4,180,960</u>	-19.88%	-10.79%
Deferred Inflows of Resources	<u>4,187,236</u>	<u>3,440,055</u>	<u>3,711,608</u>	21.72%	-7.32%
Total Net Position	<u>\$ 7,854,261</u>	<u>\$ 6,023,480</u>	<u>\$ 4,574,536</u>	30.39%	31.67%



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Net Position, and changes between 2020 and 2021 and between 2019 and 2020:

	2021	2020	2019	Increase (Decrease) 2020 to 2021	Increase (Decrease) 2019 to 2020
Operating Revenues:					
Administrative Fees	\$ 3,095,552	\$ 3,218,653	\$ 2,437,351	-3.82%	32.06%
Total Operating Revenues	<u>3,095,552</u>	<u>3,218,653</u>	<u>2,437,351</u>	-3.82%	32.06%
Operating Expenses:					
Salaries and Related Expenses	1,064,062	1,902,881	1,855,729	-44.08%	2.54%
General and Administrative Expenses	511,038	548,689	511,616	-6.86%	7.25%
Professional Fees	88,937	75,425	59,133	17.91%	27.55%
Total Operating Expenses	<u>1,664,037</u>	<u>2,526,995</u>	<u>2,426,478</u>	-34.15%	4.14%
Net Operating Income	1,431,515	691,658	10,873	106.97%	6261.24%
Nonoperating Revenues (Expenses):					
Loss of Asset Disposal	-	-	(129)	0.00%	-100.00%
Investment Income	399,266	757,286	219,573	-47.28%	244.89%
Change in Net Position	1,830,781	1,448,944	230,317	26.35%	529.11%
Net Position - Beginning of Year	<u>6,023,480</u>	<u>4,574,536</u>	<u>4,344,219</u>	31.67%	5.30%
Net Position - End of Year	<u>\$ 7,854,261</u>	<u>\$ 6,023,480</u>	<u>\$ 4,574,536</u>	30.39%	31.67%

### **Analysis of Overall Financial Position and Results of Operations**

The Authority's solid financial position and strong operating results continued.

#### **Revenues**

The Authority's revenues are derived primarily from two fees; annual fees charged with respect to existing bond issues, and initial fees charged with respect to the issuance of new debt. Total revenues for 2021 decreased approximately \$123,100 from 2020 and total revenues for 2020 increased approximately \$781,300 from 2019.

#### **Expenses**

Operating expenses decreased in 2021 by 34.15% from 2020, and 2020 increased 4.14% from 2019.

#### **Assets and Liabilities**

Net position increased \$1,830,781, or 30.39% from 2020 to 2021 and increased \$1,448,944, or 31.67% from 2019 to 2020. Net position increased in 2021 as a result of a decrease in expenses.

#### **Contacting the Authority's Financial Management**

If you have questions about this report or need additional financial information, contact the Office of the Chief Finance Officer, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, New Jersey 08540-6612. Readers are invited to visit the Authority's website at [www.njefa.com](http://www.njefa.com).

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**STATEMENTS NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,147,080	\$ 595,681
Investments	7,941,072	9,272,225
Fees Receivable	-	45,820
Prepaid Expenses and Other Assets	67,664	68,398
Total Current Assets	9,155,816	9,982,124
<b>NONCURRENT ASSETS</b>		
Investments	3,024,821	1,676,119
Capital Assets, at cost, Less Accumulated Depreciation of \$423,900 and \$402,679 Through 2021 and 2020, Respectively	35,852	53,395
Security Deposit	21,505	21,505
Net OPEB asset	1,873,486	82,325
Total Noncurrent Assets	4,955,664	1,833,344
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	366,801	714,843
OPEB deferrals	551,507	663,080
Total Deferred Outflows of Resources	918,308	1,377,923
Total Assets and Deferred Outflows of Resources	\$ 15,029,788	\$ 13,193,391
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 781,419	\$ 763,783
Unearned Revenue	13,393	5,000
Total Current Liabilities	794,812	768,783
<b>NONCURRENT LIABILITIES</b>		
Net Pension Liability	2,193,479	2,957,840
Project Obligations	-	3,233
Total Noncurrent Liabilities	2,193,479	2,961,073
Total Liabilities	2,988,291	3,729,856
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals	1,549,699	1,527,805
OPEB deferrals	2,637,537	1,912,250
Total Deferred Inflows of Resources	4,187,236	3,440,055
<b>NET POSITION</b>		
Investment in Capital Assets	57,357	74,900
Unrestricted	7,796,904	5,948,580
Total Net Position	7,854,261	6,023,480
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 15,029,788	\$ 13,193,391

See accompanying Notes to Financial Statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
STATEMENTS OF REVENUES, EXPENSE AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>OPERATING REVENUES</b>		
Administrative Fees	\$ 3,095,552	\$ 3,218,653
<b>OPERATING EXPENSES</b>		
Salaries and Related Expenses	1,064,062	1,902,881
General and Administrative Expenses	511,038	548,689
Professional Fees	88,937	75,425
Total Operating Expenses	1,664,037	2,526,995
<b>NET OPERATING INCOME</b>	1,431,515	691,658
<b>NONOPERATING REVENUE</b>		
Investment Income	399,266	757,286
<b>CHANGES IN NET POSITION</b>	1,830,781	1,448,944
Net Position - Beginning of Year	6,023,480	4,574,536
<b>NET POSITION - END OF YEAR</b>	\$ 7,854,261	\$ 6,023,480

*See accompanying Notes to Financial Statements.*

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Administrative Fees	\$ 3,149,765	\$ 3,179,911
Payments to Employees	(1,938,481)	(1,911,725)
Payments to Suppliers	<u>(656,207)</u>	<u>(695,629)</u>
Net Cash Provided by Operating Activities	555,077	572,557
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Transfer to Investment	-	(950,000)
Transfer from Investment	-	80,000
Net Cash Used by Investing Activities	<u>-</u>	<u>(870,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	<u>(3,678)</u>	<u>(12,403)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,678)</u>	<u>(12,403)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	551,399	(309,846)
Cash - Beginning of Year	<u>595,681</u>	<u>905,527</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,147,080</u>	<u>\$ 595,681</u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Operating Income	\$ 1,431,515	\$ 691,658
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	21,221	25,150
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Fees Receivable	45,820	(43,742)
Prepaid Expenses and Other Assets	734	(28,104)
Accounts Payable and Accrued Expenses	17,636	50,885
Unearned Revenue	8,393	5,000
Project Obligations	(3,233)	(3,232)
Postemployment Benefits other than Pension and Related Deferred Items	(572,584)	(91,461)
Net Pension Liability and Related Deferred Items	<u>(394,425)</u>	<u>(33,597)</u>
Net Cash Provided by Operating Activities	<u>\$ 555,077</u>	<u>\$ 572,557</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTMENT ACTIVITIES</b>		
Change in Fair Value of Investments	<u>\$ 20,412</u>	<u>\$ 297,040</u>

See accompanying Notes to Financial Statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
STATEMENTS OF FIDUCIARY NET POSITION  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Equivalents	\$ 14,331	\$ 18,018
Total Current Assets	14,331	18,018
<b>NONCURRENT ASSETS</b>		
Investments	3,662,436	3,336,692
Total Noncurrent Assets	3,662,436	3,336,692
Total Assets	\$ 3,676,767	\$ 3,354,710
<b>NET POSITION</b>		
Total Net Position	\$ 3,676,767	\$ 3,354,710

*See accompanying Notes to Financial Statements.*

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>Additions</b>		
Investment Income:		
Net Increase/(Decrease) in Fair Value	\$ 57,503	\$ 319,341
Interest and Dividend Income	324,214	275,152
Net Investment Income	381,717	594,493
<b>Total Additions</b>	381,717	594,493
<b>Deductions</b>		
Employer Reimbursement	(59,660)	(48,213)
<b>Total Deductions</b>	(59,660)	(48,213)
<b>CHANGES IN NET POSITION</b>	322,057	546,280
Net Position - Beginning of Year	3,354,710	2,808,430
<b>NET POSITION - END OF YEAR</b>	\$ 3,676,767	\$ 3,354,710

*See accompanying Notes to Financial Statements.*

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND FUNCTION OF THE AUTHORITY**

The New Jersey Educational Facilities Authority (the Authority), a component unit of the State of New Jersey, was created under the provisions of Chapter 106 of New Jersey Public Laws of 1966 as a public body corporate and politic. The powers of the Authority permit the sale of notes, bonds and other obligations to support the construction, acquisition and equipping of educational facilities for public and private institutions of higher education in the State of New Jersey. The Authority is also authorized, pursuant to statutory amendments, to issue State supported bonds to fund matching grants to qualified public libraries for capital improvements. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

The Authority is exempt from both federal and state taxes.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB).

**Administrative Fees**

The Authority charges administrative fees to its client institutions for which bond and note sales have been completed. Such fees are considered operating revenue and are charged for services related to the structuring and administration of Authority financings, investment management of bond proceeds, monitoring of financial performance and other project costs and services. These fees are recognized as earned. The fees are used to provide sufficient funds to ensure that the Authority's operating expenses will be met, and that sufficient reserves will be available to provide for the Authority's needs.

**Capital Assets**

Capital assets, which consist of furniture and equipment, are carried at cost and depreciated over their useful lives using the straight-line method.

**Conduit Debt**

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2021 and 2020, the amount of conduit debt outstanding totaled \$4,756,527,755 and \$4,780,581,076, respectively.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2        SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Inflows and Outflows of Resources**

In addition to assets and liabilities, the statements of net position report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net assets that applies to a future period which will not be recognized as an inflow of resources until that time.

Deferred outflows and inflows of resources for defined benefit plans result from the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan and OPEB investments, changes in the Authority's proportion of expenses and liabilities to the pension and OPEB as a whole, differences between the Authority's pension and OPEB contributions and its proportionate share of contributions, and the Authority's pension and OPEB contributions subsequent to the pension and OPEB valuation measurement dates.

**Recent Accounting Standards**

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019 extended to June 15, 2021. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority will implement GASB Statement No. 87 when required for its December 31, 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority has determined that GASB Statement No. 91 will not impact its financial statements.



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent Accounting Standards (continued)**

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics and the majority of topics are effective for fiscal years beginning after June 15, 2021. The Authority has not yet completed the process of evaluating the impact of GASB Statement No. 92 on its financial statements.

**Reclassifications**

Certain amounts in 2020 have been reclassified to conform with the 2021 presentation.

**NOTE 3      DEPOSITS AND INVESTMENTS**

At December 31, 2021 and 2020, the Authority's bank balance excluding payments and deposits in transit was \$1,175,056 and \$1,286,060, respectively. Funds in excess of the Federal Deposit Insurance Corporation (FDIC) insured amounts are protected by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes and the Authority's approved investment policy. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- U.S. treasuries and agencies are valued at quoted price reported on the active market
- Municipal bonds, corporate bonds, mortgage securities, asset backed securities and other fixed income securities are valued using prices based on bid evaluations or quoted prices in an inactive market.
- Money market accounts are recorded at the quoted price which approximates fair value.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (continued)**

As of December 31, 2021 and 2020, the Authority had the following recurring fair value measurements using current sale prices (Level 1 inputs) or sale prices of comparable securities (Level 2 inputs) and using net asset value (NAV) per share valuation for Money Market Mutual Funds for investments and cash equivalents, and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2021</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating Fund:				
U.S. Treasury Note	\$ 4,829,995	\$ 4,829,995	\$ -	\$ -
Commercial Paper	2,141,340	-	2,141,340	-
Certificate of Deposit	2,749,096	-	2,749,096	-
Asset-Backed Security	1,157,119	-	1,157,119	-
Money Market Funds	88,343	88,343	-	-
Total Operating Fund	<u>10,965,893</u>	<u>4,918,338</u>	<u>6,047,555</u>	<u>-</u>
Fiduciary Fund:				
Blended Equity Mutual Funds	3,400,963	-	3,400,963	-
Real Assets Mutual Funds	261,473	261,473	-	-
Total Fiduciary Fund	<u>3,662,436</u>	<u>261,473</u>	<u>3,400,963</u>	<u>-</u>
Total Investments	<u>\$ 14,628,329</u>	<u>\$ 5,179,811</u>	<u>\$ 9,448,518</u>	<u>\$ -</u>
<u>Investment Type</u>	<u>Fair Value</u>	<u>2020</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating Fund:				
U.S. Treasury Bill	\$ 849,393	\$ 849,393	\$ -	\$ -
U.S. Treasury Note	3,106,330	3,106,330	-	-
U.S. Agencies	483,547	-	483,547	-
Commercial Paper	1,536,705	-	1,536,705	-
Certificate of Deposit	3,756,054	-	3,756,054	-
Asset-Backed Security	1,180,209	-	1,180,209	-
Money Market Funds	36,106	36,106	-	-
Total Operating Fund	<u>10,948,344</u>	<u>3,991,829</u>	<u>6,956,515</u>	<u>-</u>
Fiduciary Fund:				
Blended Equity Mutual Funds	3,336,692	-	3,336,692	-
Total Fiduciary Fund	<u>3,336,692</u>	<u>-</u>	<u>3,336,692</u>	<u>-</u>
Total Investments	<u>\$ 14,285,036</u>	<u>\$ 3,991,829</u>	<u>\$ 10,293,207</u>	<u>\$ -</u>

In 2021 and 2020, the Authority had \$88,343 and \$36,106, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury.

In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40), the Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash and Investments.

- (a) Custodial Credit Risk – The Authority’s deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (continued)**

securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority and are held by either: the counterparty or the counterparty's trust department or agent but not in the Authority's name. The risk is that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At December 31, 2021 and 2020, the Authority's bank balances were not exposed to custodial credit risk since the amounts were covered by either FDIC insurance or New Jersey GUDPA.

As of December 31, 2021 and 2020, the Authority's investments in the operating fund consisted of U.S. Treasury and Agency Obligations in the amount of \$4,829,995 and \$4,439,270, respectively, Investment Agreements in the amount of \$6,047,555 and \$6,472,968, respectively, and Money Market Mutual Funds in the amount of \$88,343 and \$36,106, respectively. As of December 31, 2021 and 2020, the Authority's investments in the fiduciary fund consisted of Blended Equity Mutual Funds in the amount of \$3,400,963 and \$3,336,692, respectively and Real Assets Mutual Funds in the amount of \$261,473 and \$0, respectively. Since the investments are registered in the Authority's name, they are not exposed to custodial credit risk.

- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceed five percent of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At December 31, 2021 and 2020, the Authority was not exposed to a concentration of credit risk.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Securities must be rated investment grade or better by a nationally recognized credit rating agency at the time of purchase. Split rated credits will be considered to have the lower credit rating. Money market instruments must be rated AAA or better at the time of purchase. In the event that a security is downgraded below these credit quality guidelines, the investment manager(s) shall notify the Authority and provide an evaluation and plan of action.

Temporary cash balances may be invested in a money market instrument (AAAm).

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (continued)**

The following table summarizes S&P's agency ratings of the Authority's investments at fair value as of December 31, 2021 and 2020:

<u>Investment Type</u>	<u>Quality Rating</u>	<u>2021</u>	<u>2020</u>
Operating Fund:			
U.S. Treasury Bill	A-1+	\$ -	\$ 849,393
U.S. Treasury Note	AA+	4,829,995	3,106,330
U.S. Agencies	A-1+	-	349,910
U.S. Agencies	AA+	-	133,637
Commercial Paper	A-1	1,516,995	1,426,870
Commercial Paper	A-1+	624,345	109,835
Certificate of Deposit	A-1	2,149,859	2,995,785
Certificate of Deposit	A-1+	599,237	760,269
Asset-Backed Security	AAA	1,157,119	1,180,209
Money Market Funds	AAAm	88,343	36,106
Total Operating Fund		<u>10,965,893</u>	<u>10,948,344</u>
Fiduciary Fund:			
Blended Equity Mutual Funds	AAAm	3,400,963	3,336,692
Real Assets Mutual Funds	AAAm	261,473	-
Total Fiduciary Fund		<u>3,662,436</u>	<u>3,336,692</u>
Total Investments		<u>\$ 14,628,329</u>	<u>\$ 14,285,036</u>

- (d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations, but the Authority does from time to time evaluate its investment portfolio to determine if, based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost and risk. As of December 31, 2021 and 2020, the Authority had the following investments and maturities.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (continued)**

**December 31, 2021:**

Investment Type	Fair Value	Maturities (in years)		
		less than 1	1-5	greater than 5
Operating Fund:				
U.S. Treasury Note	\$ 4,829,995	\$ 2,958,358	\$ 1,871,637	\$ -
Commercial Paper	2,141,340	2,141,340	-	-
Certificate of Deposit	2,749,096	2,749,096	-	-
Asset-Backed Security	1,157,119	3,935	1,153,184	-
Money Market Funds	88,343	88,343	-	-
Total Operating Fund	<u>10,965,893</u>	<u>7,941,072</u>	<u>3,024,821</u>	<u>-</u>
Fiduciary Fund:				
Blended Equity Mutual Funds	3,400,963	3,400,963	-	-
Real Assets Mutual Funds	261,473	261,473	-	-
Total Fiduciary Fund	<u>3,662,436</u>	<u>3,662,436</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 14,628,329</u>	<u>\$ 11,603,508</u>	<u>\$ 3,024,821</u>	<u>\$ -</u>

**December 31, 2020:**

Investment Type	Fair Value	Maturities (in years)		
		less than 1	1-5	greater than 5
U.S. Treasury Bill	\$ 849,393	\$ 849,393	\$ -	\$ -
U.S. Treasury Note	3,106,330	2,594,084	512,246	-
U.S. Agencies	483,547	483,547	-	-
Commercial Paper	1,536,705	1,536,705	-	-
Certificate of Deposit	3,756,054	3,756,054	-	-
Asset-Backed Security	1,180,209	16,336	1,163,873	-
Money Market Funds	36,106	36,106	-	-
	<u>10,948,344</u>	<u>9,272,225</u>	<u>1,676,119</u>	<u>-</u>
Fiduciary Fund:				
Blended Equity Mutual Funds	3,336,692	3,336,692	-	-
Total Fiduciary Fund	<u>3,336,692</u>	<u>3,336,692</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 14,285,036</u>	<u>\$ 12,608,917</u>	<u>\$ 1,676,119</u>	<u>\$ -</u>

For the years ended December 31, 2021 and 2020, investment income for the operating fund comprised the following:

	2021	2020
Interest Earnings	\$ 378,853	\$ 460,246
Net Increase in Fair Value of Investments	20,412	297,040
Total Investment Income	<u>\$ 399,265</u>	<u>\$ 757,286</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4      EMPLOYEE RETIREMENT SYSTEM**

*Description of Plan*

The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)**

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2021 and 2020:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	184,775	182,492
Inactive plan members entitled to but not yet receiving benefits	877	942
Active plan members	246,776	249,045
Total	432,428	432,479

Contributing Employers – 1,683

For the years ended December 31, 2021 and 2020 the Authority’s covered payroll for all employees was \$1,435,835 and \$1,401,916. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Commission to active employees covered by the Plan.

*Specific Contribution Requirements and Benefit Provisions* – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal years 2021 and State fiscal year 2020. Employers’ contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Authority contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution, except for FYE 2021 and FYE 2022 when the impact of the recent demographic assumption changes is phased-in, and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. The State contributed 107.91% of the actuarially determined contribution for fiscal year ending June 30, 2022 at the beginning of the fiscal year. This contribution has been included in the projections. In subsequent years, it is assumed that the State will contribute 100% of their actuarially determined contribution and NCGIPF contribution. The 100% contribution rate is the total State contribution rate expected to be paid in fiscal year ending June 30, 2023 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2023 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)**

The Authority's payments to PERS during the years ending December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Total Regular Billing	\$ 216,842	\$ 198,422

The Authority recognizes liabilities to PERS and records expenses for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007;
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008;
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010;
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011;
5	Members who were eligible to enroll on or after June 28, 2011.

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2021, the PERS reported a net pension liability of \$11,972,782,878 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$2,193,479 or 0.0185158395%, which was an increase of 0.0003778004% from its proportion measured as of June 30, 2020.

At June 30, 2020, the PERS reported a net pension liability of \$16,435,616,426 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$2,957,840 or 0.0181380391%.



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4      EMPLOYEE RETIREMENT SYSTEM (continued)**

The following presents a summary of the Authority's proportionate share of the collective deferred outflows of resources and deferred inflows of resources attributable to the Authority for the year ended December 31, 2021 and 2020:

	<b>2021</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 34,594	\$ 15,703
Changes of assumptions	11,424	780,893
Net difference between projected and actual investment earnings on pension plan investments		577,820
Changes in proportion	212,362	175,283
Authority contributions subsequent to the measurement date	108,421	
	\$ 366,801	\$ 1,549,699
	<b>2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 53,857	\$ 10,460
Changes of assumptions	95,956	1,238,476
Net difference between projected and actual investment earnings on pension plan investments	101,101	
Changes in proportion	364,718	278,869
Authority contributions subsequent to the measurement date	99,211	
	\$ 714,843	\$ 1,527,805

The \$108,421 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount
2022	\$ (434,515)
2023	(398,584)
2024	(279,829)
2025	(180,327)
2026	1,936
Total	\$ (1,291,319)

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)**

*Actuarial Assumptions-* The collective pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

<u>June 30, 2021 and 2020</u>	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 and 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 and 2020 are summarized in the following tables:

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4      EMPLOYEE RETIREMENT SYSTEM (continued)**

2021		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

2020		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEM (continued)**

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the Authority's proportionate share of the net pension liability calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<u>June 30, 2021</u>	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 2,987,074	\$ 2,193,479	\$ 1,520,002
<u>June 30, 2020</u>	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 3,723,427	\$ 2,957,840	\$ 2,308,218

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2021 and 2020 were \$35,707,804,636 and \$29,045,369,302, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2021 and 2020 was \$28,386,785,177 and \$22,997,176,445, respectively.

*Additional information*

Collective Local Group balances at June 30, 2021 are as follows:

Collective deferred outflows of resources	\$ 1,164,738,169
Collective deferred inflows of resources	8,339,123,762
Collective net pension liability	11,972,782,878
Authority's Proportion	0.0185158395%

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4      EMPLOYEE RETIREMENT SYSTEM (continued)**

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2021 and 2020 was \$(1,599,674,464) and \$407,705,399, respectively. The average of the expected remaining service lives of all plan members is 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

**State Contribution Payable Dates**

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. This assumption does not apply to the fiscal year ending June 30, 2022 contribution that was paid in full at the beginning of the fiscal year.

**Receivable Contributions**

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2021 and June 30, 2020 are \$1,207,896,120 and \$1,144,889,253, respectively.

**NOTE 5      POST-RETIREMENT HEALTH CARE BENEFITS**

The Authority provides healthcare to its employees and retirees through its participation in the State Health Benefits Program (SHBP), a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

In April 2008, the Authority established and funded an irrevocable trust in the amount of \$2,000,000 to pay for the employee postretirement medical benefits. The Authority established the trust for its OPEB obligations (OPEB Trust) for the exclusive benefit of the OPEB Trust beneficiaries and not of the Authority. The ownership of the OPEB Trust assets are not considered funds or assets of the Authority for any purpose. All of the OPEB Trust assets are irrevocably dedicated to, and are used for the exclusive purpose of, making payments of benefits to or for the benefit of the Authority OPEB Plan beneficiaries and for paying administrative expenses of the Authority OPEB Plan and the OPEB Trust and will not be available to any creditors of the Authority. The OPEB Trust does not issue a stand-alone financial report and its financial statements are reported as a fiduciary fund in the Authority's financial report. At December 31, 2021 and 2020, the fair value of this trust fund was \$3,676,767 and \$3,354,710, respectively.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

At June 30, 2021 and 2020, Twenty (20) and Nineteen (19) plan members (active and retiree) were receiving postretirement health care benefits for which the Authority was billed \$173,558 and \$105,518, respectively. Participating employers are contractually required to provide for their contributions based on the amount of premiums attributable to the retirees.

For June 30, 2020 and prior, the Authority utilized the actuary valuation performed by the State for its multiple employer plan. Beginning June 30, 2021, the Authority hired its own actuary to calculate its OPEB actuarially determined liabilities.

**Benefits Provided**

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

**Contributions**

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

*Actuarial Assumptions and Other Inputs* - The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

<b>Discount Rate</b>	As of June 30, 2020: 2.21% As of June 30, 2021: 6.00%
<b>Expected Return on Assets</b>	6.00%
<b>Valuation Date</b>	June 30, 2020
<b>Measurement Date</b>	June 30, 2021
<b>Reporting Date</b>	December 31, 2021
<b>Salary Increase Rate</b>	3.50% per year for purposes of attributing individual costs under the Entry Age actuarial cost method
<b>Rates of Mortality</b>	<p><u>Pre-Retirement Mortality</u>: The Pub-2010 General Below-Median Income Employee mortality table [PubG-2010(B) Employee] as published by the Society of Actuaries with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018. All pre-retirement deaths are assumed to be ordinary deaths.</p> <p><u>Healthy Retirees and Beneficiaries (Healthy Annuitants)</u>: The Pub-2010 General Below-Median Income Healthy Retiree mortality table [PubG-2010(B) Healthy Retiree] as published by the Society of Actuaries with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018.</p> <p><u>Disabled Retirees (Disabled Annuitants)</u>: The Pub-2010 Non-Safety Disabled Retiree mortality table [PubNS-2010 Disabled Retiree] as published by the Society of Actuaries with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2018.</p>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

100% of active members are considered to participate in the Plan upon retirement.

Healthcare Trend Assumptions – For pre-Medicare medical benefits, the trend is initially 5.5% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 21.83% for 2023, 18.53% for 2024 and 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

*Discount Rate* - The discount rate for June 30, 2021 and 2020 was 6.00% and 2.21%, respectively. In 2021, this represents the assumed long-term expected rate of return on Plan investments. In 2020, this represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

The changes in net OPEB liability (asset) for December 31, 2021 is as follows:

<u>Change in Net OPEB Liability (Asset)</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Net OPEB liability (asset) at beginning of year (12/31/2020)	\$ 3,272,385	\$ 3,354,710	\$ (82,325)
Service cost	128,117	-	128,117
Interest	75,380	-	75,380
Differences between expected and actual experience	(133,694)	-	(133,694)
Changes of assumptions	(1,529,377)	-	(1,529,377)
Net investment income	-	381,717	(381,717)
Benefit payments	(59,660)	(59,660)	-
Adjustments	50,130	-	50,130
Net changes	<u>(1,469,104)</u>	<u>322,057</u>	<u>(1,791,161)</u>
Net OPEB liability (asset) at end of year (12/31/2021)	<u>\$ 1,803,281</u>	<u>\$ 3,676,767</u>	<u>\$ (1,873,486)</u>

The OPEB expense for 2021 and 2020 was \$(589,151) and \$(96,903), respectively.

*Sensitivity of the Authority's Net OPEB Liability to Changes in the Discount Rate:*

The following presents the Authority's net OPEB liability as of June 30, 2021 and 2020, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

	June 30, 2021		
	1% Decrease (5.00%)	At Discount Rate (6.00%)	1% Increase (7.00%)
Authority's OPEB Liability	\$ 2,090,901	\$ 1,803,281	\$ 1,570,538
Plan Fiduciary Net Position	3,676,767	3,676,767	3,676,767
Net OPEB (Asset)	<u>\$ (1,585,866)</u>	<u>\$ (1,873,486)</u>	<u>\$ (2,106,229)</u>

	June 30, 2020		
	1% Decrease (1.21%)	At Discount Rate (2.21%)	1% Increase (3.21%)
Authority's OPEB Liability	\$ 3,868,650	\$ 3,272,385	\$ 2,800,387
Plan Fiduciary Net Position	3,354,710	3,354,710	3,354,710
Net OPEB Liability/(Asset)	<u>\$ 513,940</u>	<u>\$ (82,325)</u>	<u>\$ (554,323)</u>

*Sensitivity of the Authority's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:*

The following presents the net OPEB liability as of June 30, 2021 and 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	1% Decrease (3.50 - 4.50%)	Healthcare Cost Trend Rate (4.50 - 5.50%)	1% Increase (5.50 - 6.50%)
Total OPEB Liability	\$ 1,530,719	\$ 1,803,281	\$ 2,151,841
Plan Fiduciary Net Position	3,676,767	3,676,767	3,676,767
Net OPEB (Asset)	<u>\$ (2,146,048)</u>	<u>\$ (1,873,486)</u>	<u>\$ (1,524,926)</u>

	June 30, 2020		
	1% Decrease (3.50 - 4.50%)	Healthcare Cost Trend Rate (4.50 - 5.50%)	1% Increase (5.50 - 6.50%)
Total OPEB Liability	\$ 2,707,902	\$ 3,272,385	\$ 4,011,583
Plan Fiduciary Net Position	3,354,710	3,354,710	3,354,710
Net OPEB (Asset)/Liability	<u>\$ (646,808)</u>	<u>\$ (82,325)</u>	<u>\$ 656,873</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes between expected and actual experience	\$ 73,646	\$ 633,972
Changes of assumptions	418,201	1,963,357
Net difference between projected and actual investment earnings on OPEB plan investments		40,208
Authority contributions subsequent to the measurement date	59,660	
	\$ 551,507	\$ 2,637,537
	June 30, 2020	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes between expected and actual experience	\$ 86,192	\$ 609,379
Changes of assumptions	489,446	727,728
Changes in proportion	68,123	575,143
Net difference between projected and actual investment earnings on OPEB plan investments	2,078	
Authority contributions subsequent to the measurement date	17,241	
	\$ 663,080	\$ 1,912,250

The \$59,660 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ending June 30, 2022.

*Deferred Outflows of Resources and Deferred Inflows of Resources* – Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	Amount
2022	\$ (351,998)
2023	(352,271)
2024	(352,502)
2025	(298,520)
2026	(166,244)
Thereafter	(624,155)
Total	\$ (2,145,690)

*Changes in Proportion* - The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 10.31, 7.87, 8.05, 8.14, and 8.04 years for the 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$197,340 through December 31, 2024.

The Authority, in the normal course of business, is involved in various legal matters. Under the terms of the agreements between the Authority and the public and private institutions of higher education, and costs associated with litigation are the obligation of the institution involved. It is the opinion of the Authority after consultation with legal counsel that its financial position will not be adversely affected by the ultimate outcome of any existing legal proceedings.

**NOTE 7 NET POSITION**

The Authority's net position represents the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources and is categorized as follows:

- **Investment in Capital Assets** are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation.
- **Unrestricted** is the remaining net position, which can be further categorized as designated or undesignated. The designated position is not governed by statute or contract but is committed for specific purposes pursuant to Authority policy and/or directives. The designated portion includes funds and assets committed to working capital.

The changes in net position are as follows:

	<b>Investment in Capital Investments</b>	<b>Unrestricted</b>	<b>Total</b>
Net Position at December 31, 2019	\$ 87,647	\$ 4,486,889	\$ 4,574,536
Net Position Change	-	1,448,944	1,448,944
Loss on Capital Asset Disposals	12,403	(12,403)	-
Depreciation	(25,150)	25,150	-
Net Position at December 31, 2020	74,900	5,948,580	6,023,480
Net Position Change	-	1,830,781	1,830,781
Capital Asset Additions	3,678	(3,678)	-
Depreciation	(21,221)	21,221	-
Net Position at December 31, 2021	<u>\$ 57,357</u>	<u>\$ 7,796,904</u>	<u>\$ 7,854,261</u>

**NOTE 8 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the last three years.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS  
STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 128,117	\$ 110,489	\$ 119,210	\$ 173,081
Interest	75,380	90,704	113,757	147,560
Changes of benefit terms		189	(341)	
Differences between expected and actual experience	(133,694)	98,738	(250,362)	(700,327)
Changes of assumptions or other inputs	(1,529,377)	560,690	(292,539)	(446,926)
Changes in proportion		48,367	(228,210)	(145,228)
Contributions - retired members		6,846	7,735	10,426
Adjustments	50,130	(18,004)	(34,646)	(18,050)
Benefit payments	(59,660)	(48,213)	(37,562)	(81,423)
Net change in total OPEB liability	(1,469,104)	849,806	(602,958)	(1,060,887)
Total OPEB liability-beginning	3,272,385	2,422,579	3,025,537	4,086,424
Total OPEB liability-ending	<u>\$ 1,803,281</u>	<u>\$ 3,272,385</u>	<u>\$ 2,422,579</u>	<u>\$ 3,025,537</u>
<b>Plan Fiduciary Net Position</b>				
Net investment income	\$ 381,717	\$ 594,493	\$ -	\$ 2,443
Interest			58,024	49,560
Benefit payments	(59,660)	(48,213)	(37,562)	
Administrative expense			(500)	(500)
Net Change in plan fiduciary net position	322,057	546,280	19,962	51,503
Plan fiduciary net position-beginning	3,354,710	2,808,430	2,788,468	2,736,965
Plan fiduciary net position-ending	<u>\$ 3,676,767</u>	<u>\$ 3,354,710</u>	<u>\$ 2,808,430</u>	<u>\$ 2,788,468</u>
Net OPEB Liability (Asset) - ending	\$ (1,873,486)	\$ (82,325)	\$ (385,851)	\$ 237,069
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	203.89%	102.52%	115.93%	92.16%
Covered employee payroll	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404
Net OPEB Liability (Asset) as a percentage of covered-employee payroll	-130.48%	-5.87%	-28.46%	17.41%

**Notes to Schedule:**

The discount rate changed from 2.21% as of June 30, 2020 to 6.00% as of June 30, 2021.

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN FISCAL YEARS\*

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 173,558	\$ 105,518	\$ 354,930	\$ 361,349	\$ 345,240	\$ 231,500
Contributions in relation to the contractually required contribution	<u>(173,558)</u>	<u>(105,518)</u>	<u>(354,930)</u>	<u>(361,349)</u>	<u>(345,240)</u>	<u>(231,500)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567
Contributions as a percentage of covered-employee payroll	12%	8%	26%	27%	27%	20%

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS\*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset) - Local Group	0.0185158395%	0.0181380391%	0.0192113659%	0.0186655583%	0.0190835813%	0.0141831411%	0.0161515486%	0.0151122246%	0.0158916053%
Authority's proportionate share of the net pension liability (asset)	\$ 2,193,479	\$ 2,957,840	\$ 3,461,597	\$ 3,675,155	\$ 4,442,353	\$ 4,200,640	\$ 3,625,699	\$ 2,829,422	\$ 3,037,202
Authority's covered-employee payroll	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567	Not available	Not available	Not available
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	152.77%	210.99%	255.30%	269.95%	348.08%	371.88%	Not available	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	48.62%	48.72%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate remained the same at 7.00% as of June 30, 2020 and June 30, 2021.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS\*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 216,842	\$ 198,422	\$ 186,870	\$ 185,662	\$ 176,789	\$ 126,001	\$ 138,860	\$ 124,583	\$ 119,740
Contributions in relation to the contractually required contribution	(216,842)	(198,422)	(186,870)	(185,662)	(176,789)	(126,001)	(138,860)	(124,583)	(119,740)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,435,835	\$ 1,401,916	\$ 1,355,909	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567	Not available	Not available	Not available
Contributions as a percentage of covered-employee payroll	15.10%	14.15%	13.78%	13.64%	13.85%	11.15%	Not available	Not available	Not available

\*

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION**



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**BALANCE SHEETS – TRUSTEE HELD FUNDS**

	December 31,	
<b>ASSETS</b>	2021	2020
Cash	\$ 2,962,620	\$ -
Investments, Principally U.S. Government Obligations	370,578,433	349,667,277
Accrued Interest Receivable	474,792	468,519
Due from Colleges and Universities	2,270,923	2,345,730
Loans and Leases Receivable	4,730,590,256	4,750,676,076
Total Assets	\$ 5,106,877,024	\$ 5,103,157,602
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 40,016,331	\$ 19,425,791
Accrued Interest Payable	79,206,978	87,797,785
Bonds, Notes, and Leases Payable	4,756,527,756	4,780,581,076
Funds Held in Trust	231,125,959	215,352,950
Total Liabilities	\$ 5,106,877,024	\$ 5,103,157,602

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS**

	Years Ended December 31,	
	2021	2020
Funds Held in Trust - Beginning of Year	\$ 215,352,950	\$ 110,984,369
Additions:		
Proceeds from Sale of Bonds and Issuance of Notes:		
Par Amount	665,197,297	567,808,319
Annual Loan and Rental Requirements	464,136,102	515,901,195
College and University Contributions (Returned)	2,369	(119)
Investment Income	720,478	2,664,158
U.S. Government Debt Service Subsidies	374,075	373,678
Change in Investment Valuation Reserve	758,593	(1,293,657)
Total Additions	1,131,188,914	1,085,453,574
Deductions:		
Debt Service:		
Interest	199,865,636	210,142,370
Principal	275,552,440	298,840,478
Project Costs	332,517,289	275,557,771
Issuance Costs	4,399,526	8,789,241
Administrative Fees	2,447,402	2,403,863
Transfers to Escrow Accounts for Defeasance of Refunded Issues	300,633,612	185,351,270
Total Deductions	1,115,415,905	981,084,993
Increase in Funds Held in Trust	15,773,009	104,368,581
Funds Held in Trust - End of Year	\$ 231,125,959	\$ 215,352,950

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 INTRODUCTION**

Under the terms of the Authority’s enabling legislation, the Authority has the power to issue bonds and notes on behalf of public and private institutions of higher education in the State of New Jersey. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

Because the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. The supplemental financial statements presented herein include information pertaining to funds held by Trustees of the various bond and note issuances of the Authority.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The Trustee Held Funds are presented as fiduciary funds and are held by outside trustees and as such are not intended to present the financial position or results of operations of the Authority. The Trustee Held Funds utilize the accrual basis of accounting.

**NOTE 3 FUNDS HELD IN TRUST**

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2021 and 2020:

	2021	2020
Construction Funds	\$ 203,891,276	\$ 190,265,074
Debt Service Funds	20,336,455	15,974,899
Debt Service Reserve Funds	5,573,534	7,732,251
Renewal and Replacement Accounts	1,324,694	1,380,726
Total Funds Held in Trust	\$ 231,125,959	\$ 215,352,950

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 4 CASH AND INVESTMENTS**

Investments permitted in the Trustee Held Funds are authorized by the respective Bond Resolutions. All funds held by the trustees may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the state of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the state of New Jersey.

Investments held by trustees are carried at fair value and comprise the following:

	2021	2020
Investments:		
Collateralized Investment Agreements	\$ 122,538,249	\$ 82,642,267
U.S. Treasury and Agency Obligations*	248,040,184	267,025,010
Total Investments	\$ 370,578,433	\$ 349,667,277

\* Includes \$179,260,705 and \$150,020,795 of investments in pooled U.S. Treasury funds at December 31, 2021 and 2020, respectively, which are uncategorized.

**NOTE 5 LOANS AND LEASES RECEIVABLE**

Since its inception, the Authority has issued obligations of \$19,071,718,125 as of December 31, 2021, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

The loans and mortgages are secured by revenues produced by the facilities and by other legally available funds of the institutions. For projects under lease agreements, the Authority is the owner of those projects. It is the intention of the Authority to transfer title in the projects at the expiration of the leases. Accordingly, the leases are being accounted for as financing transactions.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 5      LOANS AND LEASES RECEIVABLE (continued)**

	2021	2020
Loans:		
Institute for Advanced Study	\$ 29,200,000	\$ 32,225,000
Princeton University	1,750,680,000	1,631,960,000
Mortgages:		
Bloomfield College	27,092,692	27,919,768
Caldwell University	17,552,825	17,194,649
Saint Elizabeth University	19,925,000	20,157,500
Fairleigh Dickinson University	63,160,000	50,266,099
Georgian Court University	23,492,500	24,647,500
Institute for Defense Analyses	6,175,000	6,755,000
Rider University	41,770,000	69,405,000
Saint Peter's University	17,440,220	19,885,712
Seton Hall University	271,437,500	274,117,500
Stevens Institute of Technology	282,327,500	285,087,500
Leases:		
Kean University	277,487,500	290,272,488
Montclair State University	344,260,000	357,622,500
New Jersey City University	136,365,000	128,032,500
Ramapo College of New Jersey	188,272,500	196,610,000
Rowan University	39,675,000	45,515,000
Thomas Edison State University	5,730,157	6,941,468
The College of New Jersey	351,920,000	351,920,000
Stockton University	204,026,862	211,058,392
The William Paterson University of New Jersey	160,940,000	150,912,500
Higher Education Capital Improvement Fund	302,105,000	356,805,000
Higher Education Facilities Trust Fund	130,305,000	143,355,000
Higher Education Equipment Leasing Fund	13,145,000	19,785,000
Higher Education Technology Infrastructure Fund	22,475,000	25,140,000
Library Grant Program	3,630,000	7,085,000
	\$ 4,730,590,256	\$ 4,750,676,076
Total		

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE**

Bonds, notes, and leases payable comprise the following:

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31, 2021	2020
Bloomfield College 2013 Series A	\$ 32,267,000	5/13/2043	Variable	\$ 27,092,692	\$ 27,919,768
Caldw ell University (formerly Caldw ell College): 2019 Series A	17,000,000	6/1/2044	3.730%	16,042,448	16,479,490
Fairleigh Dickinson University: 2006 Series G	14,505,000	7/1/2028	4.954%	-	7,300,000
2006 Series H	2,147,554	7/1/2027	4.954%	-	463,599
2014 Series B	51,925,000	2/1/2029	3.678%	-	36,515,000
2015 Series B	19,675,000	7/1/2045	3.932%	-	6,370,000
2021 Series A	63,785,000	7/1/2050	2.400%	63,160,000	-
Georgian Court University: 2017 Series G	13,325,000	7/1/2037	3.818%	13,030,000	13,115,000
2017 Series H	14,095,000	7/1/2033	4.196%	11,050,000	12,100,000
Higher Education Capital Improvement Fund: Series 2002 A	194,590,000	9/1/2022	4.599%	1,640,000	1,640,000
Series 2014 A	164,245,000	9/1/2033	3.669%	120,065,000	127,290,000
Series 2014 B	14,345,000	9/1/2033	3.671%	10,485,000	11,115,000
Series 2016 A	252,270,000	9/1/2024	2.841%	50,010,000	91,530,000
Series 2016 B	142,715,000	9/1/2036	4.733%	119,905,000	125,230,000
Higher Education Equipment Leasing Fund: Series 2014 A	82,235,000	6/1/2023	1.894%	11,805,000	17,665,000
Series 2014 B	7,105,000	6/1/2023	1.894%	1,340,000	2,120,000
Higher Education Facilities Trust Fund: Series 2014	199,855,000	6/15/2029	3.246%	130,305,000	143,355,000
Higher Education Technology Infrastructure Fund: Series 2014	38,110,000	6/1/2028	3.039%	22,475,000	25,140,000

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)**

Issue	Original Issue Amount	Final Maturity Date	Effective Interest Rate	Amount Outstanding	
				December 31, 2021	2020
Institute for Advanced Study:					
2006 Series B	\$ 29,600,000	7/1/2031	3.990%	\$ 16,100,000	\$ 17,800,000
2006 Series C	20,000,000	7/1/2036	Variable	13,100,000	13,700,000
2008 Series C	11,255,000	7/1/2021	3.619%	-	725,000
Institute for Defense Analysis:					
2000 Series D	16,695,000	10/1/2030	Variable	6,175,000	6,755,000
Kean University:					
Series 2009 A	179,380,000	9/1/2036	6.404%	-	262,488
Series 2015 H	117,175,000	7/1/2039	3.762%	91,145,000	94,335,000
Series 2017 C	184,230,000	9/1/2036	3.626%	172,365,000	181,615,000
Series 2017 D	15,655,000	9/1/2039	3.310%	15,655,000	15,655,000
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	3,630,000	7,085,000
Montclair State University:					
Series 2006 J	154,110,000	7/1/2034	4.300%	-	4,315,000
Series 2007 A	6,150,000	7/1/2021	4.022%	-	685,000
Series 2014 A	189,365,000	7/1/2044	4.212%	165,125,000	173,290,000
Series 2015 D	73,770,000	7/1/2036	3.757%	69,520,000	69,520,000
Series 2016 B	118,190,000	7/1/2038	2.875%	116,020,000	116,770,000
New Jersey City University:					
Series 2007 F	17,910,000	7/1/2032	4.337%	2,645,000	12,020,000
Series 2008 F	6,175,000	7/1/2036	7.039%	-	6,175,000
Series 2010 F	24,065,000	7/1/2028	3.313%	-	10,975,000
Series 2010 G	18,310,000	7/1/2040	4.062%**	18,310,000	18,310,000
Series 2015 A	35,340,000	7/1/2045	3.932%	35,340,000	35,340,000
Series 2016 D	52,075,000	7/1/2035	2.886%	35,885,000	47,840,000
Series 2021 A	5,640,000	7/1/2036	2.874%	5,640,000	-
Series 2021 B	38,545,000	7/1/2051	4.465%	38,545,000	-

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31,	
				2021	2020
Princeton University:					
2011 Series B	\$ 250,000,000	7/1/2041	4.087%	\$ -	\$ 209,950,000
2014 Series A	200,000,000	7/1/2044	3.773%	182,870,000	186,010,000
2015 Series A	156,790,000	7/1/2035	2.317%	85,460,000	97,305,000
2015 Series D	150,000,000	7/1/2045	3.403%	138,255,000	141,410,000
2016 Series A	109,500,000	7/1/2035	2.525%	97,235,000	101,525,000
2016 Series B	117,820,000	7/1/2027	1.769%	100,335,000	105,270,000
2017 Series B	342,240,000	7/1/2036	2.911%	251,060,000	276,635,000
2017 Series C	141,095,000	7/1/2047	3.505%	135,775,000	138,500,000
2017 Series I	357,105,000	7/1/2040	2.968%	330,425,000	341,355,000
2021 Series B	250,000,000	3/1/2051	1.656%	250,000,000	-
2021 Series C	179,265,000	3/1/2041	2.338%	179,265,000	-
Ramapo College of New Jersey:					
Series 2011 A	19,090,000	7/1/2021	3.325%	-	1,130,000
Series 2012 B	80,670,000	7/1/2042	3.689%	69,695,000	71,440,000
Series 2015 B	45,180,000	7/1/2040	3.585%	36,725,000	38,810,000
Series 2017 A	99,450,000	7/1/2047	3.505%	86,110,000	89,310,000
Rider University:					
2012 Series A	52,020,000	7/1/2037	3.741%	-	28,510,000
2017 Series F	41,770,000	7/1/2047	4.187%	41,770,000	41,770,000
Row an University:					
Series 2011 C	30,045,000	7/1/2025	3.705%	7,015,000	9,850,000
Series 2016 C	45,300,000	7/1/2031	2.129%	35,480,000	38,685,000
Saint Peter's University					
2007 Series G	36,053,465	7/1/2027	4.217%	17,440,220	19,885,712
Seton Hall University:					
2011 Series A	35,470,000	7/1/2026	2.997%	3,925,000	4,615,000
2013 Series D	41,910,000	7/1/2043	2.707%	19,170,000	32,980,000
2015 Series C	22,205,000	7/1/2037	3.819%	18,035,000	18,785,000
2016 Series C	36,265,000	7/1/2046	3.198%	36,265,000	36,265,000
2017 Series D	39,520,000	7/1/2047	3.853%	39,520,000	39,520,000
2017 Series E	31,915,000	7/1/2039	3.914%	31,915,000	31,915,000
2020 Series C	33,205,000	7/1/2050	3.536%	33,205,000	33,205,000
2020 Series D	79,015,000	7/1/2048	3.829%	79,015,000	79,015,000
2021 Series D	11,990,000	7/1/2033	N/A	11,990,000	-



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31, 2021	2020
Stevens Institute of Technology:					
2017 Series A	\$ 119,905,000	7/1/2047	3.976%	\$ 109,425,000	\$ 112,120,000
2020 Series B	174,315,000	7/1/2050	3.382%	174,315,000	174,315,000
The College of New Jersey:					
Series 2015 G	24,950,000	7/1/2043	4.561%	41,185,000	41,185,000
Series 2016 F	114,525,000	7/1/2031	3.301%	49,140,000	49,140,000
Series 2016 G	87,925,000	7/1/2040	2.928%	79,410,000	79,410,000
Series 2020 D	105,255,000	7/1/2034	3.323%	182,185,000	182,185,000
Saint Elizabeth University:					
2016 Series D	21,435,000	7/1/2046	4.566%	20,045,000	20,270,000
Stockton University					
Series 2015 E	18,830,826	7/1/2028	2.830%	10,481,862	11,988,392
Series 2016 A	202,445,000	7/1/2041	3.175%	190,940,000	195,330,000
2020 Series A	5,935,000	7/1/2035	2.171%	5,755,000	5,935,000
Thomas Edison State University					
Series 2011 D	8,000,000	10/1/2031	3.516%	3,394,900	3,815,953
Series 2014 B	7,000,000	12/1/2024	2.500%	2,265,000	2,985,000
The William Paterson University of New Jersey:					
Series 2012 C	33,815,000	7/1/2042	2.955%	27,620,000	29,690,000
Series 2012 D	21,860,000	7/1/2028	2.489%	9,380,000	10,640,000
Series 2015 C	45,695,000	7/1/2040	3.538%	26,450,000	27,810,000
Series 2016 E	60,755,000	7/1/2038	2.877%	53,595,000	56,100,000
Series 2017 B	27,065,000	7/1/2047	3.796%	25,275,000	25,775,000
Series 2019 A	5,070,000	7/1/2038	3.450%	4,625,000	4,860,000
Series 2021 C	17,900,000	7/1/2040	2.642%	17,900,000	-

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31, 2021	2020
<b>Notes Payable</b>					
Princeton University:					
Various Commercial Paper	\$ 120,000,000 *	N/A	Variable	\$ -	\$ 34,000,000
<b>Leases Payable</b>					
Thomas Edison State University	2,700,000	9/28/2022	Variable	70,257	140,515
Caldw ell	3,000,000	N/A	Variable	1,510,377	715,159
				<u>\$ 4,756,527,756</u>	<u>\$ 4,780,581,076</u>

\* Maximum authorized amount.

\*\* Build America Bond

The minimum aggregate principal maturities for each of the following five-year periods are as follows:

<u>Years</u>	<u>Principal Maturities</u>
2022 - 2026	\$ 1,068,242,032
2027 - 2031	1,191,977,106
2032 - 2036	1,074,621,855
2037 - 2041	618,609,428
2042 - 2046	480,737,335
2047 - 2051	322,340,000
Total	<u>\$ 4,756,527,756</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2021 AND 2020**

**NOTE 7 REFUNDED BOND ISSUES**

When conditions have warranted, the Authority has sold various issues of bonds to provide for the refunding of previously issued obligations.

The proceeds received from the sales of the bond issues were used to refund currently the outstanding bond issues or to deposit in an irrevocable escrow fund held by the Escrow Agent, an amount which, when combined with interest earnings thereon, is at least equal to the sum of the outstanding principal amount of the bonds, the interest to accrue thereon to and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Authority's financial statements.

Certain transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues. The debt service savings, together with any accounting gain or loss that will be deferred, accrue to the respective institutions.

Refunded bonds outstanding at December 31, 2021 comprise the following:

Issue	Principal Amount Outstanding December 31, 2021	Refunded Issues		Debt Service Savings	Refunding Issues		
		Principal Amount Refunded	Call Date		Date of Issuance	Issue	Original Amount of Issue
<b>Stevens Institute of Technology</b>							
1998 Series I	\$ 1,880,000	\$ 6,050,000	7/1/2028	N/A*	8/2/2007	2007 Series A	\$ 71,060,000
<b>The College of New Jersey</b>							
Series 2013 A	21,895,000	22,470,000	7/1/2023	154,916	6/18/2020	Series 2020 D	182,185,000
Series 2015 G	53,010,000	61,230,000	7/1/2025	7,580,621	6/18/2020	Series 2020 D	182,185,000
Series 2016 F	35,825,000	37,705,000	7/1/2026	6,473,337	6/18/2020	Series 2020 D	182,185,000
<b>Fairleigh Dickinson University</b>							
2006 Series G	-	7,426,199	2/24/2021		2/24/2021	2021 Series A	63,785,000
2006 Series H	-	459,567	2/24/2021		2/24/2021	2021 Series A	63,785,000
2014 Series B	-	36,179,172	2/24/2021		2/24/2021	2021 Series A	63,785,000
2015 Series B	-	5,979,192	2/24/2021		2/24/2021	2021 Series A	63,785,000
				2,819,303			
<b>Princeton University</b>							
2011 Series B	-	208,378,611	7/1/2021	64,011,802	4/8/2021	Series 2021 C	204,607,322
<b>New Jersey City University</b>							
Series 2007 F	-	9,375,000	5/21/2021		4/21/2021	Series 2021 A & B	44,185,000
Series 2008 F	-	6,175,000	5/21/2021		4/21/2021	Series 2021 A & B	44,185,000
Series 2010 F	-	10,975,000	5/21/2021		4/21/2021	Series 2021 A & B	44,185,000
Series 2016 D	9,745,000	11,955,000	7/1/2025		4/21/2021	Series 2021 A & B	44,185,000
				(330,402)			
<b>Rider University</b>							
2012 Series A	-	28,510,000	5/28/2021	N/A**			
<b>Seton Hall University</b>							
2016 Series D	10,885,000	11,828,286	7/1/2021	1,198,202	9/23/2021	2021 Series D	11,990,000

\* Debt Restructuring

\*\* Not NJEFA Refunding Bonds



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT**

**Management and Members of  
New Jersey Educational Facilities Authority  
Princeton, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary funds of the New Jersey Educational Facilities Authority as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 19, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

PKF O'CONNOR DAVIES, LLP  
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | [www.pkfod.com](http://www.pkfod.com)

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

**Management and Members of  
New Jersey Educational Facilities Authority  
Princeton, New Jersey**

Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
September 19, 2022

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
2022 BUDGET VARIANCE ANALYSIS  
FOR THE EIGHT MONTH'S ENDED AUGUST 31, 2022**

**EXECUTIVE SUMMARY**

**Net Operating Income**

The NJEFA concluded August with year-to-date net operating income in the amount of \$54,706 based on year-to-date revenues of \$1,939,731 and expenses of \$1,885,025.

**Revenues**

Year-to-date revenues were \$484,444 less than projected due to the OPEB trust valuation allowance mark to market adjustment for the recent market downturn.

**Expenses**

Operating expenditures for the first eight months of the year were under budget by \$343,921 primarily due to timing of expenditures.

**Exhibits**

<b><u>Report</u></b>	<b><u>Page</u></b>
Actual vs. Budget Report	1
Operating Account – Vendor Payments	2
Summary of Construction Funds	3

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**ACTUAL vs. BUDGET REPORT**  
**AUGUST 2022**

	Month Ended August 31, 2022			Year Ended August 31, 2022		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b><u>Operating Revenues</u></b>						
Annual Administrative Fees	\$265,079	\$208,600	\$ 56,479	\$ 2,111,180	\$ 2,007,675	\$ 103,505
Initial Fees	-	-	-	276,930	216,500	60,430
Investment Income	6,554	25,000	(18,446)	(448,379)	200,000	(648,379)
	<u>\$ 271,633</u>	<u>\$ 233,600</u>	<u>\$ 38,033</u>	<u>\$ 1,939,731</u>	<u>\$ 2,424,175</u>	<u>\$ (484,444)</u>
<b><u>Operating Expenses</u></b>						
Salaries	\$119,524	\$124,728	\$ 5,204	\$ 1,021,050	\$ 1,060,198	\$ 39,148
Employee Benefits	43,907	58,103	14,196	360,867	464,822	103,955
Provision for Post Ret. Health Benefits	12,500	12,500	-	100,000	100,000	-
Office of The Governor	2,083	2,083	-	16,666	16,668	2
Office of The Attorney General	4,100	12,500	8,400	32,800	100,000	67,200
Sponsored Programs & Meetings	25	938	913	493	7,498	7,005
Telecom & Data	1,747	4,654	2,907	19,196	37,234	18,038
Rent	16,445	16,667	222	126,100	133,332	7,232
Utilities	2,738	3,333	595	22,614	26,668	4,054
Office Supplies & Postage Expense	1,214	1,913	699	7,463	15,298	7,835
Travel & Expense Reimbursement	-	1,317	1,317	826	10,532	9,706
Staff Training & Conferences	895	2,313	1,418	5,235	18,498	13,263
Insurance	4,494	4,917	423	36,551	39,332	2,781
Publications & Public Relations	1,366	1,848	482	13,866	14,783	917
Professional Services	9,944	10,918	974	85,062	136,328	51,266
Dues & Subscriptions	2,776	3,445	669	16,636	27,560	10,924
Maintenance Expense	894	1,067	173	7,936	8,532	596
Depreciation	1,458	1,458	-	11,664	11,663	(1)
Contingency	-	-	-	-	-	-
	<u>226,110</u>	<u>264,702</u>	<u>38,592</u>	<u>1,885,025</u>	<u>2,228,946</u>	<u>343,921</u>
<b>Net Operating Income</b>	<u>\$ 45,523</u>	<u>\$ (31,102)</u>	<u>\$ 76,625</u>	<u>\$ 54,706</u>	<u>\$ 195,229</u>	<u>\$ (140,523)</u>

**NJEFA  
Vendor Payments  
August 2022**

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Amount</u>
Bill Pmt -Check	08/05/2022	EFT	NJSHBP	08/22 Covg	Accounts Payable	22,285.74
Bill Pmt -Check	08/05/2022	EFT	NJSHBP	08/22 Covg	Accounts Payable	3,302.91
Bill Pmt -Check	08/05/2022	EFT	BMO Financial Group	ATT, Comcast	Accounts Payable	99.06
Bill Pmt -Check	08/16/2022	2481	100 & RW CRA, LLC	011273	Accounts Payable	22,977.67
Bill Pmt -Check	08/16/2022	2482	Civil Service Commission	0001746802 FY23 CLIP Learning	Accounts Payable	630.00
Bill Pmt -Check	08/16/2022	2483	DocuSafe InfoStore	155161	Accounts Payable	182.96
Bill Pmt -Check	08/16/2022	2484	EACUBO	831600 2022 Spring Mtg SN, CM	Accounts Payable	1,100.00
Bill Pmt -Check	08/16/2022	2485	Government News Network	95058-G	Accounts Payable	380.00
Bill Pmt -Check	08/16/2022	2486	Hawk Graphics Inc	102172 Annual Report (2021)	Accounts Payable	875.00
Bill Pmt -Check	08/16/2022	2487	Hilltop Securities Inc.	6116 Ann swap services FYE 6/30/22 SPU, I/	Accounts Payable	2,000.00
Bill Pmt -Check	08/16/2022	2488	National Association Of Bond Lawyer	77,735 2022Workshop	Accounts Payable	895.00
Bill Pmt -Check	08/16/2022	2489	NJ Economic Development Authority	2022August	Accounts Payable	1,607.90
Bill Pmt -Check	08/16/2022	2490	Polar Inc.	617347	Accounts Payable	68.35
Bill Pmt -Check	08/16/2022	2491	TGI Office Automation	INV3309531	Accounts Payable	293.90
Bill Pmt -Check	08/16/2022	2493	Treasurer, State of New Jersey - Pinn	073122	Accounts Payable	1,333.60
Bill Pmt -Check	08/16/2022	2494	Treasurer, State Of New Jersey - Tea	FY23 Teamsite	Accounts Payable	491.45
Bill Pmt -Check	08/16/2022	2495	UPS	X302, X322	Accounts Payable	81.13
Bill Pmt -Check	08/16/2022	2496	US Bank (PFM)	13290083D, 13269636	Accounts Payable	1,414.65
Bill Pmt -Check	08/16/2022	2497	Verizon Wireless	9912488998	Accounts Payable	314.50
Bill Pmt -Check	08/16/2022	2498	W.B. Mason Company, Inc.	IS1441338	Accounts Payable	560.51
Bill Pmt -Check	08/16/2022	EFT	Willis of New Jersey	3315845, 3301900, 3301904, 3309182	Accounts Payable	146,322.09
						<b><u>207,216.42</u></b>



**New Jersey Educational Facilities Authority**  
**Summary of Construction Funds**  
**As of August 31, 2022**

<u>Institution</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<b><u>Private</u></b>					
Princeton University	Various Capital Improvements & Renovations	\$ 339,184,241.06	\$ (9,867,440.84)	\$ 329,316,800.22	3%
Seton Hall University	Construction new student housing and athletic facilities	70,000,000.00	(224,312.05)	69,775,687.95	0%
Seton Hall University*	University Center & Boland Hall Renovations	30,000,000.00	(29,150,127.50)	849,872.50	97%
Georgian Court University	Various Capital Improvements & Renovations, Refund 07 D, H	7,874,383.16	(4,116,599.68)	3,757,783.48	52%
Sub Total		<u>\$447,058,624.22</u>	<u>(\$43,358,480.07)</u>	<u>\$403,700,144.15</u>	
<b><u>Public</u></b>					
William Paterson Univeristy	Renovation of buildings, Child Development Center	\$ 20,000,000.00	\$ (14,244,133.88)	\$ 5,755,866.12	71%
Sub Total		<u>\$ 20,000,000.00</u>	<u>\$ (14,244,133.88)</u>	<u>\$ 5,755,866.12</u>	
<b><u>Other Programs</u></b>					
Equipment Leasing Fund	Acquisition and Installation of Equipment	\$ 101,266,893.00	\$ (99,586,715.55)	\$ 1,680,177.45	98%
Technology Infrastructure Fund	Development of Technology Infrastructure	41,313,667.00	(39,735,881.21)	1,577,785.79	96%
Capital Improvement Fund	Capital Improvements	191,905,596.00	(188,677,770.72)	3,227,825.28	98%
Facilities Trust Fund	Construct, Reconstruct, Develop & Improve Facilities	219,977,164.00	(218,186,021.03)	1,791,142.97	99%
Capital Improvement Fund	Capital Improvements	146,700,261.19	(146,365,350.48)	334,910.71	100%
Sub Total		<u>\$ 701,163,581.19</u>	<u>\$ (692,551,738.99)</u>	<u>\$ 8,611,842.20</u>	
<b>Grand Total</b>		<u><u>\$ 1,168,222,205.41</u></u>	<u><u>\$ (750,154,352.94)</u></u>	<u><u>\$ 418,067,852.47</u></u>	

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