

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

August 3, 2011

VIA HAND DELIVERY

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

ATTN: David Reiner, Assistant Counsel
Governor's Authorities Unit

Dear Governor Christie:

Enclosed please find an original and one copy of the minutes of the special meeting of the New Jersey Educational Facilities Authority held on Monday, August 1, 2011.

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

Sincerely,

Sheryl A. Stitt
Assistant Secretary

Enclosures



103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540
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**MINUTES OF THE SPECIAL MEETING OF THE
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY
ON MONDAY, AUGUST 1, 2011**

The meeting was called to order at 1:32 p.m. by Chairman Jacobs. The New Jersey Educational Facilities Authority gave notice of the time, place and date of this meeting via fax and email on July 28, 2011, to The Star Ledger, The Times and the Secretary of State and by posting the notice at the offices of the Authority in Princeton, New Jersey. Pursuant to the New Jersey Open Public Meetings Act, a resolution must be passed by the New Jersey Educational Facilities Authority in order to hold a session from which the public is excluded.

AUTHORITY MEMBERS PRESENT:

Roger B. Jacobs, Esq., Chairman
Ridgeley Hutchinson, Vice Chairman
Joshua Hodes, Treasurer
Andrew P. Sidamon-Eristoff, State Treasurer (represented by Steven Petrecca)
Steven D. Weinstein, Chairman, Comm. on Higher Education (represented by Dr. Glenn Lang)

AUTHORITY MEMBERS ABSENT:

None

STAFF PRESENT:

Katherine Newell, Esq., Director of Risk Management
Marie Mueller, Controller
Sheryl Stitt, Director of Communications
Jennifer Soyka, Esq., Project Manager
Gary Vencius, Senior Accountant
Debra Paterson, Sr. Risk Manager
Jennifer LaMarsh, Project/Communications Assistant
Jamie O'Donnell, Accountant
Denise Carroll, Administrative Assistant
Linda Hazley, Office Manager
Sheila Toles, Exec. Assistant/Human Resources Specialist

ITEMS OF DISCUSSION

1. Approval of the Minutes of the Meeting of June 28, 2011

The minutes of the meeting of June 28, 2011 were hand delivered to Governor Chris Christie under the date of June 29, 2011. Mr. Hutchinson moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Petrecca and passed. Dr. Lang abstained from the vote.

2. Resolution Authorizing the Financing for Thomas Edison State College

Ms. Newell reported that Thomas Edison State College has decided to undertake a project consisting of renovating the Kuser Mansion located at 315 West State Street in Trenton and that the College had requested that the Authority finance the project and related financing costs:

Ms. Newell reported that the resolution authorizes the Authority to issue the bonds in the maximum amount of \$8 million to finance the facility, subject to maximum interest rates, for a term not to exceed 35 years. She reported that the bonds will be sold by direct purchase to a bank or financial institution that will be selected based on responses to an RFP distributed by the Authority. Ms. Newell advised that this financing for Thomas Edison will be the first project for a public college that the Authority has financed through a direct sale of bonds to a purchaser.

Farouk Hassieb, Associate Vice President & Treasurer of Thomas Edison State College, explained that the renovated building will be used for administration of the College.

Mr. Hodes inquired about TAB 8 on the agenda. Ms. Newell explained that the item relates to the selection of bond counsel for the transaction. He asked if the members were voting on bond counsel that had already been selected. Ms. Newell explained that the Attorney General's Office distributed an RFP to all of the firms in the Authority's bond counsel pool and received seven responses with fees ranging from \$20,000 to \$44,500. Two firms were tied at the lowest fee quote and the Attorney General's Office selected one of the two, McManimon & Scotland, LLC as bond counsel for the transaction.

Mr. Hodes asked if there were criteria the Attorney General's Office used to make the selection. Ms. Newell explained that, as discussed at prior meetings, the firms included in the Authority's bond counsel pool had been selected based on their qualifications. The RFP discussed in TAB 8 describes the specifics of the transaction and the responses were based on that specific description. Ms. Newell reported that she did not have direct conversations with anyone in the Attorney General's Office as to why one of the tied firms had been selected; however, James Poole, then Executive Director, had indicated that the Attorney General's Office thought the firm selected was more familiar with the Authority and the specific type of transaction. Mr. Ronese advised that there are Attorney General procedures regarding bond counsel selection but that he could not provide any specific reason for the selection of the firm since he had not been part of the process. Ms. Newell stated that for a period of time over the past few months the Authority had adopted resolutions accepting the designation of bond counsel by the Attorney General's Office and that last month the then Executive Director reported that he had been advised (without specifying by whom) that it was not necessary for the Authority members to accept the Attorney General's selection of bond counsel. Ms. Newell advised that there was a section in the resolution that stated that the Authority accepted the designation but that it was not necessary. Mr. Ronese stated that the selection of counsel was entrusted to the Attorney General as a matter of statute.

Mr. Hodes requested more information as to why one firm had been selected over the other when both firms had bid \$20,000. Ms. Newell explained that McManimon & Scotland had acted as bond counsel for most of the direct purchases that the Authority had done for the private institutions. Mr. Jacobs stated that two firms had bid \$20,000 but the members had no additional information as to what distinguished one firm from the other and that he would appreciate some explanation from the Attorney General's Office of why the selection had been made. Mr. Hutchinson stated that he thought Mr. Jacobs' request was fair and that he thought it might be a simple matter of how the bid was prepared or perhaps one firm's experience over the other and that he was sure there was a simple explanation. Dr. Lang agreed with Mr. Jacobs. Mr. Jacobs asked if the Attorney General's Office could give an explanation to the board members and Mr. Roness stated that all he could do was make an inquiry.

Mr. Jacobs stated that he thought that until a few meetings ago that the members had made bond counsel selection but Mr. Roness stated that they had not and that the most the members could have done was to make a recommendation.

Ms. Soyka stated that former Executive Director James Poole had stated to her that he thought the members should accept the bond counsel selected by the Attorney General because the members were asking for more information regarding the appointments that were taking place but that ultimately, the Attorney General's Office had concluded that acceptance of bond counsel by the members was not necessary because the appointment was technically made by the Attorney General. Mr. Jacobs stated that his request did not mean that the members disagreed with the process but that they would like to have an opinion that the process the Authority is following is correct. Mr. Roness advised that part of the Attorney General procedures on bond counsel selection is consulting with the Authority prior to making a selection but that by statute, the Attorney General's Office makes the selection and any consultation with the Authority about the Thomas Edison transaction would have been with the former Executive Director. Mr. Jacobs again asked Mr. Roness for an opinion, in writing, and the name of the person in the Attorney General's office with whom he should meet. Mr. Jacobs also stated that going forward, the Authority should probably have an individual in place for such consultations.

Mr. Hassieb asked for the outcome of the resolution and Mr. Jacobs explained that the members had a discussion out of turn and that they would now vote on the resolution for the Thomas Edison financing. Mr. Hodes then asked if the members would still vote even though they did not know the selection process for bond counsel. Mr. Jacobs suggested modifying the resolution to remove Section 2.1 with respect to bond counsel selection and Mr. Roness explained that an amended resolution would not be needed if the motion was clear that the members were approving the resolution with the exclusion of Section 2.1. Mr. Jacobs entertained a motion that would move the financing for Thomas Edison State College and to modify the resolution by deleting Section 2.1 and all other references to Section 2.1.

Mr. Hodes moved the adoption of the resolution entitled: "RESOLUTION AUTHORIZING THE FINANCING FOR THOMAS EDISON STATE COLLEGE" in the form attached as Exhibit I, modified by deleting Section 2.1 and all references thereto.

The motion was seconded by Dr. Lang and passed unanimously. Accordingly, the Resolution was passed as so modified.

3. **Resolution Modifying the Project Scope for the Authority's Revenue Bonds, Kean University Issue, Series 2005 B**

Ms. Newell reported that in December 2005, the members approved the financing of various capital projects on behalf of Kean University including the renovation of the Wilkins Theater. She reported that the University originally intended to use the renovated Theater both for academic purposes and as a theater providing entertainment for the community. However, based on information about the finances of other area theaters, Kean has informed the Authority that it intends to scale back the renovation and use the Theater solely for academic purpose providing approximately \$8,900,000 of proceeds of the bonds for other uses.

In response to a question from Mr. Hodes, Mr. Connelly advised that Kean intends to use these available bond proceeds for various academic purposes to expand the amount of floor space in order to attract and serve more students. The University has determined that it is necessary to increase the number of students in order to keep tuition stable.

Mr. Jacobs asked Mr. Ronces if it was permissible for the Authority to sanction utilization of the funds for a different project. Mr. Ronces replied that it was permissible as long as an opinion of bond counsel is obtained.

In response to a question from Mr. Hodes, Mr. Connelly explained that Kean has a Master Facilities Plan for 1999 through 2009 and that the anticipated uses of the bond proceeds are included in this Plan. Mr. Connelly also reported that the University is in the process of updating its Master Facilities Plan and at the request of Mr. Hodes, agreed to provide to the Members, copies of the 1999 through 2009 Plan and a copy of the update Plan when developed. In response to a question from Mr. Hodes, Ms. Newell confirmed that the members had approved a project change for bonds issued by the Authority in 2007 to finance projects for Kean. Mr. Hodes then asked if it were common for the Authority to modify projects and Ms. Newell responded that from time to time, the colleges asked the Authority to modify a project and that the Authority has approved such requests on a number of occasions. Mr. Hodes asked for a comprehensive list of the institutions that had made changes and Ms. Newell assured him that staff would put together a list.

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

RESOLUTION MODIFYING THE PROJECT SCOPE FOR THE AUTHORITY'S
REVENUE BONDS, KEAN UNIVERSITY ISSUE, SERIES 2005 B

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

The adopted resolution is appended as Exhibit II.

4. **Resolution Amending the Authority's Trustee Pool**

Ms. Mueller reported that when the RFQ was distributed for trustee services in April 2010, Deutsche Bank and Wells Fargo Bank submitted responses which did not clearly establish that they satisfied the minimum qualifications set forth in the RFQ. She reported that since that time the banks have modified their reporting procedures in order to meet the specified qualifications and that Authority staff recommends, based upon review of the Banks' responses and the additional information submitted, that they be added to the Pool.

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

RESOLUTION AMENDING THE AUTHORITY'S TRUSTEE POOL

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

The adopted resolution is appended as Exhibit III.

5. **Resolution Designating an Interim Executive Director and Interim Secretary of the Authority**

Mr. Jacobs introduced a resolution that would appoint an Interim Executive Director for a period of 30 days to allow time to select an Acting Executive Director from the Authority's staff. He advised that following today's meeting there would be a posting to ensure that the Authority had an open and transparent process for the selection. He advised that the person appointed would serve until an Executive Director was selected pursuant to a separate open and transparent process. Mr. Jacobs reported that on Friday, July 22nd at 5:00 pm he had been given a copy of a letter of resignation sent to Governor Christie from Executive Director James Poole. He noted that he had not received any prior communication from Mr. Pool. Mr. Jacobs reported that he had contacted the staff and met with them the following Monday and requested from Mr. Reiner the Authority's ability to have someone appointed as soon as possible. Mr. Jacobs explained that the person would serve up to 30 days and that simultaneously the members would begin to solicit resumes. He explained that a job posting would be displayed in the Authority's Office today and that staff would have five days to respond and that a screening and interview process would be followed by a further report to the members. Mr. Reiner commented that the Governor's Office had only asked for an open process and that he believed it would now occur. Mr. Jacobs requested a motion and Mr. Ronces advised that Mr. Jacobs needed to state the name of the person being appointed. Mr. Hutchinson moved that Sheryl Stitt be designated to the position of Interim Executive Director and Interim Secretary of the Authority.

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY DESIGNATING AN INTERIM EXECUTIVE DIRECTOR AND INTERIM SECRETARY OF THE AUTHORITY

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

Mr. Jacobs advised that Ms. Stitt had served as Acting Executive Director of the Authority in the past and that she was currently Director of Communications. He stated that the designation of Interim Executive Director and Interim Secretary would be for a period no longer than 30 days.

Ms. Stitt thanked the members for their confidence.

The adopted resolution is appended as Exhibit IV.

6. **Report on Operating Statements**

Ms. Mueller reviewed the Results of Operations and Budget Variance for June 30, 2011.

Mr. Jacobs inquired about the Authority's vehicle and Ms. Mueller explained that the Authority no longer had the vehicle which resulted in a reduced insurance premium but that the Authority still required auto insurance for staff that use their own vehicles for Authority business.

Mr. Petrecca moved that the reports be accepted as presented; the motion was seconded by Dr. Lang and passed unanimously.

The reports are appended as Exhibit V.

7. Informational Only

Mr. Jacobs decided to move onto the description of completed transactions, since the item under TAB 8, i.e. the selection of bond counsel for the Thomas Edison State College transaction had already been discussed in connection with the member's consideration of the resolution approving the new transaction for the College's financing.

Ms. Newell reported that the Authority distributed an RFP for the \$948,000 equipment lease for Thomas Edison State College which closed in July. She reported that the Authority received three responses and selected the lowest interest rate which was 2.427% submitted by TD Equipment Finance, Inc. The other bidders were JP Morgan Chase Bank, N.A. and Banc of America Public Capital Corporation.

Ms. Soyka reported that the Authority priced the 2011 Series B bonds on behalf of Princeton University in the amount of \$250,000,000 on June 15, 2011. She reported that it had been a competitive sale with a total of ten bids received and that the successful bidder was Citigroup Global Markets at a true interest cost of 4.08%. The issue closed on July 6, 2011.

Ms. Mueller reviewed the summary of construction funds.

The summaries are appended as Exhibit VI.

8. Discussion of Middle States Accreditation

Dr. Lang gave a report on the Middle States Commission on Higher Education which is one of eight regional organizations that is approved by the US Department of Education to monitor and issue accreditation with colleges and universities. During the report, Dr. Lang advised that the "Warnings" issued by the Commission to Kean University and Essex County College were for failing to meet only 2 of the 14 criteria utilized by the Association.

Dr. Lang explained the different categories the Commission may ascribe to an institution are: 1) everything is sufficient and reaffirm the accreditation; 2) reaffirm the accreditation but request a progress report; 3) the institution did not meet one or two of the criteria but Middle States feels the institutions can meet the requirements, they would give the institution a "Warning"; 4) an institution did not meet some of the criteria and the opinion of Middle States is that they are completely off target, they would be placed on "Probation"; and 5) an institution did not meet multiple criteria or are never able to clean up the criteria they were put on probation for, Middle States would put the institution on a "Show Cause". Dr. Lang explained that a Warning status is not as serious as Probation or Show Cause statuses because a "Warning means Middle States believes the institution has the capability to address the weakness at their institution and that Middle States is going to give them some time to do it. Dr. Lang reported that Kean University and Essex County College have until March 2012 to submit documentation to the Middle States Commission advising that they are taking steps to implement an institution assessment and a deeper assessment into student learning. Dr. Lang assured the members that were no public institutions in New Jersey that had lost their accreditation even when they had been put on Warning or Probation status.

On another note, Dr. Lang advised that Governor Christie had filed a Reorganization Plan for Higher Education that would eliminate the current Commission on Higher Education and

move forward with the Office of the Secretary of Higher Education. Dr. Lang anticipated the changes would occur on August 28th or 29th of this year.

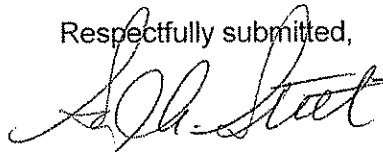
9. **Next Meeting Date**

Mr. Jacobs reminded Mr. Roncs of his requests from the Attorney General's Office. He stated that he had met with Authority staff earlier in the week and discussed continuity and that he had every confidence, especially now with Ms. Stitt's assistance, that things would run smoothly at the Authority. He reminded everyone that following the meeting there would be a posting for the Acting Executive Director position at the Authority and asked that a copy of the posting be sent to the members.

Mr. Jacobs announced that the next meeting would be on Tuesday, August 23, 2011 at the Authority's office and requested a motion to adjourn.

Mr. Petrecca moved that the meeting be adjourned at 2:29 p.m.; the motion was seconded by Mr. Hodes and passed unanimously.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Sheryl A. Stitt".

Sheryl A. Stitt
Assistant Secretary

**RESOLUTION AUTHORIZING THE FINANCING FOR
THOMAS EDISON STATE COLLEGE**

WHEREAS, the New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, N.J.S.A. 18A:72A-1 *et seq.* (the "Act"); and

WHEREAS, Thomas Edison State College (the "College") has determined to undertake a project (the "Project") consisting of renovating the Kuser Mansion located at 315 West State Street, Trenton, New Jersey and has requested the Authority to finance the Project and related financing costs; and

WHEREAS, the Authority, has determined that it is necessary and in keeping with its authorized purposes to issue revenue bonds for the purchase of providing funds to finance the Project, and has further determined to sell the Bonds directly to a financial institution that will act as purchaser and escrow agent with respect to the Bonds (collectively, the "Purchaser") selected based on responses to a Request for Proposal (the "RFP") to be distributed by the Authority; and

WHEREAS, in connection with the issuance of the Bonds it will also be necessary for the Authority to enter into an agreement or agreements with, or by and among, the Purchaser and the College; and

WHEREAS, the Authority desires to distribute the RFP to be used in connection with the selection of the Purchaser; and

NOW, THEREFORE, BE IT RESOLVED:

ARTICLE 1

AUTHORIZATION OF FINANCING; APPROVAL OF DOCUMENTS

1.1 Purpose of Financing.

The Authority hereby declares the Project to be an authorized undertaking of the Authority and authorizes and directs the Chair, Vice-Chair, Executive Director, Deputy Executive Director, Director of Project Management, Secretary or any Assistant Secretary of the Authority, and/or any other person authorized by resolution of the Authority, and any of such officers designated as "acting" or "interim" (each an "Authorized Officer"), to execute and deliver all documents necessary to enable the Authority, as permitted by the Act, to finance, on behalf of the College, all or part of the costs of the Project and related financing costs including capitalized interest, if any.

1.2 Authorization of the Authority Obligations.

(a) The Authority hereby authorizes the issuance of the Bonds in the aggregate principal amount of not to exceed \$8,000,000, in order to finance, on behalf of the College, all or part of the costs of the Project and related financing costs including capitalized interest. The Bonds shall be designated as "New Jersey Educational Facilities Authority Revenue Bonds, Thomas Edison State College Issue, Series 2011 D" or such other alternative or additional designation as may be determined by an Authorized Officer of the Authority and shall be issued with the services of Bond Counsel and acknowledged by the Authority pursuant to Section 2.1 hereof. The Bonds are authorized to be sold to a financial institution selected based on responses to the RFP, bearing either a fixed interest rate or a variable rate as determined by the College, and having a term not to exceed 35 years. The fixed interest rate on the Bonds shall not exceed 6.00% and the initial variable initial interest rate on the Bonds shall not exceed 4.00%. Redemption premium shall not exceed 5%. The Bonds shall be dated, shall bear interest at such rates of interest, and shall be payable as to principal, interest and premium, if any, all as is specified in the Bonds. 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 Bond Agreement by and between the Authority and the Purchaser (the "Bond Agreement").

(b) The Bonds shall be special and limited obligations of the Authority, payable solely out of the moneys derived pursuant to the Bond 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 Bond 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 debts or liabilities of the State or any political subdivision other than the Authority, whether legal, moral or otherwise.

(c) The Authorized Officers are hereby authorized and directed to distribute and/or advertise the RFP in substantially the form presented at this meeting (with such changes

as the Authorized Officer, with the consent of the College, determines to be appropriate and advisable, distribution of the RFP to be conclusive evidence of the approval of the Authorized Officer distributing the same). The Authorized Officers are hereby authorized and directed to accept, with the consent of the College, the proposal offering the most favorable terms, as determined by the Authorized Officer and the College. Any Authorized Officer is hereby authorized to execute and deliver on behalf of the Authority, the Bond Agreement in substantially the form presented at this meeting with such changes as shall be approved by any Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State (such approval to be evidenced conclusively by such Authorized Officer's execution thereof). A copy of the Bond Agreement as executed shall be filed with the records of the Authority.

(d) The Bonds are hereby authorized to be sold to the selected Purchaser in accordance with the terms of the Bond Agreement and the response of the selected Purchaser.

(e) The Authorized Officers are hereby authorized to execute and deliver a Lease and Agreement between the Authority, as lessor, and the College, as lessee (the "Lease"), in substantially the form presented at this meeting (with such changes as the Authorized Officer determines to be appropriate and advisable, with the advice of Bond Counsel and the Attorney General of the State), in order to effectuate the financing described herein. Any Authorized Officer is hereby authorized and directed to acknowledge and deliver and to affix and attest the official common seal of the Authority to the Lease. A copy of the Lease shall be filed with the records of the Authority.

ARTICLE 2

MISCELLANEOUS

2.1 Acceptance of the Designation of Bond Counsel by the Attorney General.

The Authority hereby acknowledges and accepts the designation by the Attorney General, in consultation with the Authority, of McManimon & Scotland, L.L.C. to act as Bond Counsel in connection with the financing.

2.2 Incidental Action.

The Authorized Officers are hereby authorized and directed to execute and deliver such other documents, certificates, agreements, directions and notices, and to take such other action as may be necessary or appropriate in order to: (i) effectuate the execution and delivery of the Bond Agreement and the issuance of the Bonds; and (ii) maintain the tax-exempt status of the interest on the Bonds (including the preparation and filing of any information reports or other documents with respect to such Bonds as may at any time be required under Section 149 of the Code, and any regulations thereunder).

2.3 Prior Actions Ratified.

All actions previously undertaken by the Authorized Officers in implementing the financing of the Project authorized by this Resolution are hereby ratified and confirmed.

2.4 Resolutions.

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

2.5 Effective Date.

This Resolution shall take effect in accordance with the Act.

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

AYE: Roger B. Jacobs
Ridgeley Hutchinson
Joshua Hodes
Andrew Sidamon-Eristoff (represented by Steven Petrecca)
Steven D. Weinstein (represented by Glenn Lang)

NAY: None

ABSTAIN: None

ABSENT: None

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

REQUESTS FOR PROPOSAL

For

SERVICES AS LESSOR

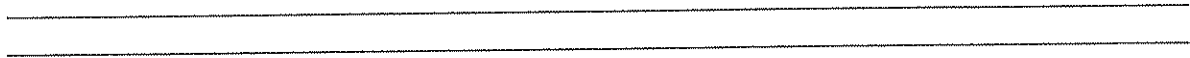
For The

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

ISSUED: _____, 2011

ELECTRONIC NOTICE OF INTENT TO PARTICIPATE DUE
NO LATER THAN: _____, 2011 BY 12:00 NOON

SUBMISSION OF PROPOSAL DUE
NO LATER THAN: _____, 2011 BY 12:00 NOON



BOND AGREEMENT

between

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

[PURCHASER]

Dated: [CLOSING DATE]



LEASE AND AGREEMENT
BY AND BETWEEN
NEW-JERSEY EDUCATIONAL FACILITIES AUTHORITY
AND
THOMAS EDISON STATE COLLEGE
DATED AS OF

[] 1, 2011

Relating to the Series 2011 D Project

**RESOLUTION MODIFYING THE PROJECT SCOPE FOR THE
AUTHORITY'S REVENUE BONDS, KEAN UNIVERSITY ISSUE,
SERIES 2005 B**

Adopted: August 1, 2011

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, *N.J.S.A. 18A:72A-1 et seq.* (the "Act"); and
- WHEREAS:** On December 12, 2005, the Authority issued its Revenue Bonds, Kean University Issue, Series 2005 B Bonds (the Bonds for the purpose of financing, *inter alia* a project (the "Project") including (i) the acquisition of certain real property and the construction and equipping of a science and technology building thereon; (ii) the construction of an access road to connect the East Campus with the Main Campus; (iii) the renovation of the President's house; (iv) the renovation and remodeling of the East Campus; (v) the replacement of two guest cottages on the East Campus; and (vi) the renovation of the Wilkins Theater; and
- WHEREAS:** The University entered into a Lease and Agreement dated as of December 1, 2005 with the Authority to secure repayment of the Bonds (the "2005 B Lease"); and
- WHEREAS:** The definition of the Project provides: "The specific projects that comprise the Series 2005 B Project may be revised upon the request of the University, with the approval of the Authority and the Bond Insurer, in consultation with Bond Counsel"; and
- WHEREAS:** Pursuant to the 2005 B Lease, the scope of the Project may be increased or modified, upon the mutual agreement of the Authority and the University; and
- WHEREAS:** The University originally intended that the renovated Wilkins Theater would be used both for academic purposes and as a theater providing entertainment for the community; however, the University has determined that the latter use is not financially viable; and
- WHEREAS:** As a result, the University has revised its goals and now intends to use the renovated Wilkins Theater solely for academic purposes leaving approximately \$8,900,000 of proceeds of the Bonds to be applied to other purposes; and
- WHEREAS:** The University has requested the Authority to modify the Project to permit the use of such proceeds of the Bonds for a portion of the cost of an academic building (the "Project Modification"); and
- WHEREAS:** The University has advised the Authority that the Project Modification will further the implementation of the University's Strategic Plan for 2007 through 2012 and benefit the University and its students; and

WHEREAS: The University has requested that the Authority agree to the Project Modification and the Authority has determined that it is necessary and advisable to do so; and

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Authorization of Project Modification; Amendment of 2005 B Bond Resolution. The Authority hereby approves the Project Modification and hereby amends the 2005 B Bond Resolution by adding the Project Modification to the definition of Series 2005 B Project therein; provided that the foregoing authorization and amendment is conditioned upon receipt by the Authority of written consents of any and all parties whose consent is required under the applicable documents including, without limitation, the Bond Insurer and is advised by Bond Counsel that such modification is permitted and does not adversely affect the tax-exempt status of the Series 2005 B Bonds.

Section 2. Authorization of Action by Officers. The Authority hereby authorizes the Chair, Vice Chair, Executive Director, Deputy Executive Director, Director of Project Management of the Authority, Secretary and any Assistant Secretary (each an "Authorized Officer") to: (a) execute and attest and deliver any necessary amendments to the Series 2005 B Lease and any and all other documents and instruments necessary to effect the Project Modification, each in the form approved by the Authorized Officer or Authorized Officers executing such amendments and other documents and instruments, in each case such execution to be conclusive evidence of the approval thereof under the official common seal of the Authority to reflect the Project Modification, and (b) take any and all such other actions as may be necessary or appropriate in connection with the Project Modification.

Section 3. Effective Date. This Resolution shall take effect in accordance with the Act.

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

AYE: Roger B. Jacobs
Ridgeley Hutchinson
Joshua Hodes
Andrew Sidamon-Eristoff (represented by Steven Petrecca)
Steven D. Weinstein (represented by Glenn Lang)

NAY: None

ABSTAIN: None

ABSENT: None

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

RESOLUTION AMENDING THE AUTHORITY'S TRUSTEE POOL

WHEREAS: By Resolution duly adopted on April 27, 2010, the New Jersey Educational Facilities Authority (the "Authority"), established a pool of trustees (the "Trustee Pool") from which to select a firm qualified to serve as trustee; and

WHEREAS: Members of the Trustee Pool were selected from financial institutions that submitted proposals in response to the Authority's Request for Qualifications for Trustee Services dated April 15, 2010 (the "RFQ"); and

WHEREAS: Deutsche Bank and Wells Fargo Bank, N.A. (the "Banks") submitted responses to the RFQ which did not clearly establish that the Banks satisfied the minimum qualifications set forth in the RFQ; and

WHEREAS: Subsequent to the establishment of the Trustee Pool, the Banks modified their reporting procedures in order to meet the qualifications set forth in RFQ; and

WHEREAS: The staff of the Authority recommends that the addition of the Banks to the Trustee Pool will serve the interests of the Authority and its clients; and

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

Deutsche Bank and Wells Fargo Bank, N.A. are hereby added to the list of financial institutions included in the Trustee Pool from which the Authority may select firms to provide services as a trustee.

____Mr. Hutchinson____ moved that the foregoing resolution be adopted as introduced and read, which motion was seconded by ____Mr. Petrecca____ and upon roll call the following members voted:

AYE: Roger B. Jacobs
Ridgeley Hutchinson
Joshua Hodes
Andrew Sidamon-Eristoff (represented by Steven Petrecca)
Steven D. Weinstein (represented by Glenn Lang)

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
DESIGNATING AN INTERIM EXECUTIVE DIRECTOR AND INTERIM SECRETARY OF THE
AUTHORITY**

- WHEREAS: The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, P.L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and 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 Executive Director and Secretary of the Authority, James S. Poole, resigned those positions effective July 22, 2011 leaving those positions vacant; and
- WHEREAS: The Members have determined to conduct an open and transparent process to select an individual to fill the positions of Executive Director and Secretary; and
- WHEREAS: The Members have determined that during the period necessary to conduct that selection process, it will be necessary to appoint an Acting Executive Director and Acting Secretary to carry on the day-to-day activities of the Authority; and
- WHEREAS: The Members have determined to conduct an open and transparent selection process from among the Authority's staff to select an Acting Executive Director and Acting Secretary; and
- WHEREAS: The Members have also determined that it is necessary, on an emergency basis, to appoint an interim Executive Director ("Interim Executive Director") and interim Secretary ("Interim Secretary") to serve during the process of selecting an Acting Executive Director and Acting Secretary in order to avoid unnecessary disruption to the conduct of the Authority's business; and
- WHEREAS: The Members have determined that Sheryl A. Stitt has the qualifications to serve as the Interim Executive Director and Interim Secretary for a period of up to 30 days while an Acting Executive Director and Acting Secretary is selected pursuant to the aforementioned selection process.

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

- SECTION 1.** The Members hereby appoint Sheryl A. Stitt Interim Executive Director and Interim Secretary effective immediately to perform the functions of those offices with all duties, responsibilities and authority granted to those offices pursuant to the Act, the By-Laws, resolutions of the Members and other applicable law and regulations to serve for a period of up to 30 days while the process of selecting an Acting Executive Director and Acting Secretary is conducted.

- SECTION 2.** The Members hereby resolve to conduct an open and transparent process to select an Acting Executive Director and Acting Secretary from among the staff of the Authority.
- SECTION 3.** The Members hereby resolve to conduct an open and transparent process to select an Executive Director and Secretary and hereby authorize and direct the Interim Executive Director to take all action necessary to implement the process of selecting an Executive Director and Secretary.
- SECTION 4.** This Resolution shall take effect in accordance with the Act and shall remain in effect for a period until the earlier of the expiration of 30 days from the date this Resolution becomes effective under the Act or action of the Members to appoint an Acting Executive Director and Acting Secretary becomes effective.

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

AYE: Roger B. Jacobs
Ridgeley Hutchinson
Joshua Hodes
Andrew Sidamon-Eristoff (represented by Steven Petrecca)
Steven D. Weinstein (represented by Glenn Lang)

NAY: None

ABSTAIN: None

ABSENT: None

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

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
2011 BUDGET VARIANCE ANALYSIS
FOR SIX MONTHS ENDED JUNE 30, 2011**

Executive Summary

The NJEFA concluded the first six months of 2011 with net operating income in the amount of \$488,092, based on revenues of \$1,896,183 and expenses of \$1,408,091. As a result, net operating income is higher than budgeted by \$289,426. This difference is a result of greater than expected revenues in the amount of \$52,389 and less than budgeted expenses in the amount of \$237,037.

Revenues

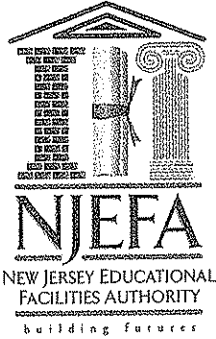
Revenues were above budget for the first six months of the year primarily due to higher than expected Initial Fee Income.

Expenses

Operating expenditures for the first six months of the year were favorable as compared to budget by \$237,037. Most of the line items display positive deviations and are primarily the result of timing.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ACTUAL vs. BUDGET REPORT
JUNE 2011

	Month Ended June 30, 2011			Six Months Ended June 30, 2011		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<u>Operating Revenues</u>						
Annual Administrative Fees	\$279,924	\$279,924	\$ -	\$ 1,679,544	\$ 1,679,544	\$ -
Initial Fees	94,940	26,250	68,690	208,210	157,500	50,710
Investment Income	607	1,125	(518)	8,429	6,750	1,679
	<u>\$ 375,471</u>	<u>\$ 307,299</u>	<u>\$ 68,172</u>	<u>\$ 1,896,183</u>	<u>\$ 1,843,794</u>	<u>\$ 52,389</u>
<u>Operating Expenses</u>						
Salaries	\$ 84,973	\$ 112,464	\$ 27,491	\$ 617,285	\$ 728,066	\$ 110,781
Employee Benefits	26,032	33,963	7,931	325,154	356,516	31,362
Provision for Post Ret. Health Benefits	12,500	12,500	-	75,000	75,000	-
Office of The Governor	1,500	1,500	-	9,000	9,000	-
Office of The Attorney General	4,667	4,667	-	28,002	28,002	-
Sponsored Programs	-	1,250	1,250	-	7,500	7,500
Telephone	2,913	2,208	(705)	-9,374	13,248	3,874
Gasoline & Auto Maintenance	-	1,555	1,555	656	8,175	7,519
Rent	18,697	19,667	970	110,645	118,002	7,357
Utilities	1,686	1,792	106	10,119	10,752	633
Postage	408	527	119	1,407	2,835	1,428
Office Supplies & Expenses	1,018	3,864	2,846	12,407	19,820	7,413
Travel & Official Receptions	539	2,209	1,670	4,613	11,245	6,632
Staff Training & Tuition Reimbursement	-	2,345	2,345	3,461	11,925	8,464
Insurance	2,873	2,873	-	15,501	17,238	1,737
Annual Report & Newsletters	-	2,417	2,417	3,330	14,502	11,172
Public Relations	-	750	750	-	4,500	4,500
Professional Services	281	400	119	73,363	99,300	25,937
Dues & Subscriptions	12,551	13,667	1,116	43,111	41,502	(1,609)
Data Processing	3,500	4,000	500	17,500	20,000	2,500
Maintenance of Equipment	13,223	3,667	(9,556)	22,165	22,002	(163)
Depreciation	4,333	4,333	-	25,998	25,998	-
Contingency	-	-	-	-	-	-
	<u>\$ 191,694</u>	<u>\$ 232,618</u>	<u>\$ 40,924</u>	<u>\$ 1,408,091</u>	<u>\$ 1,645,128</u>	<u>\$ 237,037</u>
Net Operating Income	<u>\$ 183,777</u>	<u>\$ 74,681</u>	<u>\$ 109,096</u>	<u>\$ 488,092</u>	<u>\$ 198,666</u>	<u>\$ 289,426</u>



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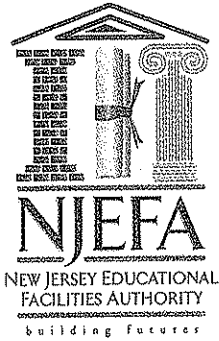
INFORMATIONAL PURPOSES ONLY

DESIGNATION OF BOND COUNSEL FOR THOMAS EDISON STATE COLLEGE - KUSER MANSION RENOVATION

July 26, 2011

The Attorney General's Office in consultation with the Authority after a competitive RFP process has engaged McManimon & Scotland for this transaction at a \$20,000 fee cap.

Firm	Fees
McManimon & Scotland, LLC	\$20,000
Windels Marx Lane & Mittendorf, LLP	\$20,000
McCarter & English, LLP	\$22,900
Gluck Walrath LLP	\$27,500
Gibbons, PC	\$37,500
Obermayer Rebmann Maxwell & Hippel LLP	\$40,000
Hawkins Delafield & Wood LLP	\$44,500



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TRANSACTION SUMMARY

Borrower: Thomas Edison State College, Trenton, New Jersey

Issue: 2011 Tax-Exempt Equipment Lease Transaction

Amount: \$948,000

Purpose: To finance: (i) the replacement of the current shelving system on Level 1 of the State Library and the acquisition and installation of equipment, including certain technology hardware.

Structure: Fixed Rate, Tax-Exempt Equipment Leasing Program

Lease Term: July 1, 2019

Interest Rate: 2.427%

Successful Bidder: TD Equipment Finance, Inc.

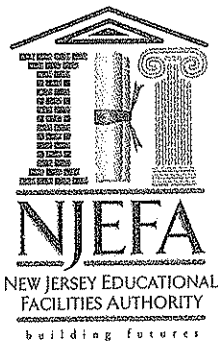
Other Bidders and Interest Rate %:

JPMorgan Chase Bank, N.A.	2.560%
Banc of America-Public Capital Corp.	2.850%

Closing: July 7, 2011

Professionals on the Transaction:

Special Counsel:	McCarter & English, LLP
Authority's Counsel:	Attorney General of the State of New Jersey
Lessor:	TD Equipment Finance, Inc.
Acquisition Fund Custodian:	TD Bank, N.A.
Lessor's Counsel:	Parker McCay, P.A.



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BOND SALE SUMMARY

Borrower: Princeton University, Princeton, New Jersey

Issue: 2011 Series B

Amount: \$250,000,000

Purpose: To provide funds to finance the acquisition, construction, renovation, major maintenance and installation of certain capital assets consisting of: (i) the renovation and major maintenance of various University buildings and other facilities, including computer infrastructure wiring, reconstruction, utility systems, roads, grounds, athletic fields and parking; (ii) the purchase of capital equipment for academic departments and administrative and supporting units; (iii) the acquisition of land; (iv) the renovation of residential properties contiguous to campus; (v) the undertaking of several new construction projects, which may include demolition of existing facilities owned by the University; and (vi) the payment of certain costs of issuance

Structure: Competitive Sale, Fixed Rate Bonds

Final Maturity: July 1, 2041

True Interest Cost: 4.087554%

Successful Bidder: Citigroup Global Markets, Inc.

**Other Bidders
and TIC %:**

RBC Capital Markets	4.117840%
Banc of America Merrill Lynch	4.119080%
Wells Fargo Bank, National Association	4.127104%
J.P. Morgan Securities LLC	4.140171%
Goldman, Sachs & Co.	4.143125%
Barclays Capital, Inc.	4.149750%
Morgan Stanley & Co, Inc.	4.175942%
Jefferies & Company, Inc.	4.209529%

Bond Ratings:

Aaa - Moody's Investors Service
AAA - Standard and Poor's Rating Services

Pricing:

June 15, 2011

Closing:

July 6, 2011

Professionals on the Transaction:

Bond Counsel:	McCarter & English, LLP
Authority's Counsel:	Attorney General of the State of New Jersey
University's Counsel:	Princeton University, Office of General Counsel
University's Financial Advisor:	The Yuba Group
Trustee:	The Bank of New York Mellon
Trustee's Counsel:	McManimon & Scotland, LLC

New Jersey Educational Facilities Authority
Summary of Construction Funds
As of June 30, 2011

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<u>Private</u>						
Institute for Advanced Study	2006 Series C	Biology Bldg., & Renovations	\$ 19,939,000.00	\$ (18,028,422.91)	\$ 1,910,577.09	90%
Saint Peter's College	2008 Series H	Various Construction & Renovations	5,075,000.00	(4,640,440.92)	434,559.08	91%
Princeton University	2010 Series B	Various Construction & Renovations	261,506,999.13	(223,450,811.44)	38,056,187.69	85%
Princeton Theological Seminary	2010 Series A	New Housing- West Windsor Campus	75,316,239.56	(39,332,768.51)	35,983,471.05	52%
Sub Total			\$ 361,837,238.69	\$ (285,452,443.78)	\$ 76,384,794.91	
<u>Public</u>						
Kean University	Series 2005 B	Various Projects & Renovations	\$ 91,383,145.08	\$ (78,788,125.44)	\$ 12,595,019.64	86%
Montclair State University	Series 2006 A	Rec. Center, Parking & Renovations	99,691,116.44	(89,974,519.15)	9,716,597.29	90%
Rowan University	Series 2006 G	Various Renovations	46,527,357.07	(41,599,354.14)	4,928,002.93	89%
Rowan University	Series 2006 H	Property Acquisition, Renovations	19,797,386.13	(17,579,567.85)	2,217,818.28	89%
Kean University	Series 2007 D	2 Residence Halls, Dining, Parking	124,287,050.02	(95,230,914.85)	29,056,135.17	77%
Richard Stockton College of New Jersey	Series 2007 G	Housing V, Various Upgrades & Renov	40,242,421.65	(23,324,009.65)	16,918,412.00	58%
William Paterson University	Series 2008 C	Science Hall Expansion & Renovation	83,907,460.92	(59,493,939.52)	24,413,521.40	71%
Richard Stockton College of New Jersey	Series 2008 A	Campus Ctr, Science Ctr, College Walk	105,482,763.92	(84,350,683.89)	21,132,080.03	80%
Montclair State University	Series 2008 J	New Student Housing Facility	27,157,619.62	(26,516,379.22)	641,240.40	98%
The College of New Jersey	Series 2010 A&B	Construct School of Education	44,293,116.12	(15,056,474.10)	29,236,642.02	34%
New Jersey City University	Series 2010 F	Various Capital Improvements	14,717,070.83	(684,441.86)	14,032,628.97	5%
New Jersey City University	Series 2010 G	Various Capital Improvements	18,201,075.23	(3,695,153.44)	14,505,921.79	20%
New Jersey Institute of Technology	Series 2010 I	Acqu., Renov., & Equip Former H.S.	20,336,331.08	(9,704,720.52)	10,631,610.56	48%
Passaic County Community College	Series 2010 C	Construct & Equip. 3-Story Bldg.	13,312,936.20	(1,129,961.89)	12,182,974.31	8%
Ramapo College of New Jersey	Series 2011 A	Renovation of Student Center	8,165,446.46	(1,381,370.25)	6,784,076.21	17%
Sub Total			\$ 757,502,296.77	\$ (548,509,615.77)	\$ 208,992,681.00	
<u>Other Programs</u>						
Public Library Grant Program	Series 2002 A	Library Grants	\$ 45,380,714.58	\$ (45,308,109.58)	\$ 72,605.00	> 99%
Sub Total			\$ 45,380,714.58	\$ (45,308,109.58)	\$ 72,605.00	
Grand Total			\$ 1,164,720,250.04	\$ (879,270,169.13)	\$ 285,450,080.91	

* This issue has reached a completion rate of 95% or higher and will no longer appear on future reports.



Everything Jersey

Kean University, Essex County College issued warnings after failing reviews

Published: Tuesday, July 05, 2011, 9:19 PM Updated: Wednesday, July 06, 2011, 7:30 AM



By **Kelly Heyboer/ The Star-Ledger**

Two of New Jersey's largest public colleges — Kean University and Essex County College — could lose their accreditation for failing to measure student progress or their own institution's effectiveness.

The schools were issued warnings last month after they failed a review by the Middle States Commission on Higher Education, the group that accredits colleges and universities in New Jersey and other mid-Atlantic states.

Kean and Essex County College were both cited for not having adequate systems to assess whether students and the school are meeting goals. Essex County College was also cited for failing to have plans to manage enrollment or to assess whether students are computer literate.

Both schools have until March 1 to submit reports proving they corrected the problems. Then, a team of Middle States assessors will visit the campuses for another inspection.

"When the commission warns an institution, it believes that, although the institution is out of compliance, the institution has the capacity both to make appropriate improvements within a reasonable period and to sustain itself in the long term," Middle States officials said in the warning letters.

In the meantime, both schools will keep their accreditation.

Losing accreditation is one of the most serious sanctions a college or university can face. Students at schools without accreditation may not be able to get financial aid, transfer their credits to other colleges or use their degrees to attend graduate school.



John O'Boyle/The Star-Ledger

Essex County College, along with Kean University, were warned the schools could lose accreditation.

Kean officials said Middle States issued new rules about measuring student progress and institutional effectiveness in 2006. But the university, located in Union Township, only started its Office of Accreditation and Assessment in 2009, so it didn't have the five years of data the assessors requested during their last review.

"We anticipated a warning as a possible outcome," said Kenneth Sanders, Kean's associate vice president of academic affairs and co-chair of the university's Middle States team.

Kean, which has 16,000 students, has already made many of the changes the commission requested, Sanders said.

James Castiglione, president of the Kean Federation of Teachers, said the faculty union has been warned for years the administration was not being transparent and accreditation may be in jeopardy.

"This is a big deal," said Castiglione, an associate professor of physics. "It's a fairly serious action that they are taking here."

The professors will work with the administration to meet the Middle States requirements, Castiglione said.

At Essex County College in Newark, officials also said they are in the middle of creating new systems to assess the institution and the progress of its 13,400 students.

"We are confident that we can complete the additional requirements as stated by the Middle States Commission on Higher Education, not only for complete reaffirmation of our accreditation and the betterment of the institution, but also to best meet the educational needs of our students and our community," said Marsha McCarthy, an Essex County College spokeswoman.

Middle States re-accredits its nearly 500 colleges and universities every five years and does an intensive on-campus review every decade. Kean and Essex County College were among nine colleges issued warnings by the commission last month.

Four more schools — Baltimore City Community College in Maryland, Caribbean University in Puerto Rico, Luzerne County Community College in Pennsylvania, and Richmond, the American International University in London — were put on probation for serious violations of the commission's standards. One culinary college, Baltimore International College in Maryland, was stripped of its accreditation after several years of failed reviews.

Related coverage:

- **Essex County College faculty issues no-confidence vote, lists pages of complaints against president**