



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

ROGER L. ANDERSON
Executive Director

December 16, 2008

VIA HAND DELIVERY

Honorable Jon S. Corzine
Governor
State House
125 West State Street
P.O. Box 001
Trenton, New Jersey 08625

ATTN: Sonia Frontera, Assistant Counsel
Governor's Authorities Unit

Dear Governor Corzine:

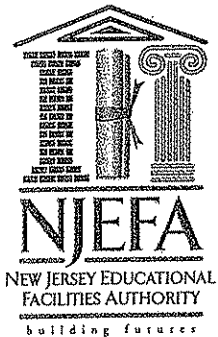
Enclosed please find an original and one copy of the minutes of the meeting of the New Jersey Educational Facilities Authority held on Friday, December 12, 2008.

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

Sincerely,

Roger L. Anderson
Secretary

Enclosures



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Executive Director

**MINUTES OF THE MEETING OF THE
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY
ON FRIDAY, DECEMBER 12, 2008**

The meeting was called to order at 11:19 a.m. by Chair Altman. The New Jersey Educational Facilities Authority gave notice of the time, place and date of this meeting via fax and email on November 17, 2008, 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:

Vivian Altman, Chair
Felice K. Vazquez, Esq.
Roger B. Jacobs, Esq.
R. David Rousseau, State Treasurer (represented by Nancy Style)
Laurence M. Downes, Chair, Comm. on Higher Education (represented by Kurt Landgraf)

AUTHORITY MEMBERS ABSENT:

None

STAFF PRESENT:

Roger L. Anderson, Executive Director
Barbara L. Cannon, Deputy Executive Director
Marie Mueller, Controller
Sheryl Stitt, Director of Communications
Katherine Newell, Esq., Senior Advisor
Kristen Middleton, Assistant Controller
Vito Galluccio, Project Manager
Debra Paterson, Project Manager
Gary Vencius, Senior Accountant
Jamie O'Donnell, Accountant
Nichole Doxey, Communications Specialist
Jennifer Zoccali, Project/Communications Assistant
Linda Hazley, Office Manager
Sheila Toles, Exec. Assistant/Human Resources Specialist

ALSO PRESENT:

Amanda Modjeska, Raymond James & Associates, Inc.
Anthony Inverso, Phoenix Advisors, LLC

Benjamin Wolfe, retired
Brian Bradley, RBC Capital Markets
Brian Burke, RBC Capital Markets
Charles Visconsi, Morgan Stanley & Co., Inc.
Craig Hrinkevich, Wachovia Securities
Daniel Froehlich, George K. Baum & Company
Dennis Santo, Roosevelt & Cross, Inc.
Diana Hoadley, J.P. Morgan Securities, Inc.
Donald Uyhazi, retired NJEFA Controller
Dustin McNichol, retired
Eddie Chin, Loop Capital Markets, LLC
Edward Bambach, retired NJEFA Executive Director
Erin Gore, Bank of America
Frank Gallagher, Bank of New York
Gary Deuscher, Esq., McCarter & English, LLP
Gregory Anderson, Raymond James & Associates, Inc.
Howard Eichenbaum, Esq., Gluck Walrath, LLP
Jacqueline Pruitt, Office of Management and Budget
James Fagan, NW Capital
James Ness, Powell Capital Markets, Inc.
John Cavaliere, Esq., McManimon & Scotland, LLC
John Draikiwicz, Esq., Gibbons P.C.
John Lisica, BB&T Capital Markets
John Nelson, Moody's Investors Service
John J. Scally, Jr., Esq., Drinker, Biddle & Reath, LLP
Jonathan White, Siebert Brandford Shank & Co., LLC
Joseph Bosch, George K. Baum & Company
Joseph Mate, Bank of New York
Julie Ellers, Powell Capital Markets, Inc.
Katherine Clupper, Public Financial Management, Inc.
Kavin Mistry, Esq., Deputy Attorney General
Kevin Quinn, McCarter & English, LLP
Kimberly White, Wachovia Bank, N.A.
Kirwan Elliott, Public Financial Management, Inc.
Linda Fan, Prager, Sealy & Co., LLC
Maria Tylek, Bank of New York
Mary DiMartino, J.P. Morgan Securities, Inc.
Noreen White, Acacia Financial Group, Inc.
Rachel Benaroya, Loop Capital Markets, LLC
Rafael Perez, Esq., Cozen O'Connor
Rebecca Delia, PNC Capital Markets, Inc.
Reginald Scantlebury, Jackson Securities
Richard Kwon, Barclays Capital, Inc.
Rochelle Powell, Prager, Sealy & Co., LLC
Ronni Velardo, Wachovia Bank, N.A.
Scott Wentnick, TD Securities (USA) LLC
Sonia Frontera, Esq., Governor's Authorities Unit
Susan Schmelzer, DEPFA First Albany
Thomas Holt, Bank of America
Thomas Mead, Ramirez & Company, Inc.
Timothy Egan, Citigroup Global Markets, Inc.

ITEMS OF DISCUSSION

1. Approval of the Minutes of the Meeting of October 22, 2008

The minutes of the meeting of October 22, 2008 were delivered via United Parcel Service to Governor Jon S. Corzine under the date of October 24, 2008. Mr. Landgraf moved that the minutes of the meeting be approved as presented; the motion was seconded by Ms. Style and passed unanimously.

2. Approval of the Minutes of the Special Meeting of November 10, 2008

The minutes of the special meeting of November 10, 2008 were hand delivered to Governor Jon S. Corzine under the date of November 10, 2008. Mr. Jacobs moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Landgraf and passed unanimously.

3. Report on Pending Projects

Ms. Paterson, Project Manager, reported that there are several projects for which various colleges and universities have requested Authority financing. Ms. Paterson briefly described the projects and reported that the projects are under review and at various stages of development.

A summary of the projects to be financed, together with estimated financing amounts and proposed sale dates, is appended as Exhibit I.

4. Market Update – Phoenix Advisors, LLC

Mr. Inverso provided the members with a market update report that included commentary on current market conditions.

5. Report on the Sale of NJEFA Revenue Bonds, Princeton University Issue, 2008 Series K, In the Amount of \$208,805,000

Mr. Anderson reported that on October 28, 2008, the Authority priced the 2008 Series K bonds on behalf of Princeton University and described the various components of the transaction. The proceeds are being used for the current refunding of all of the Authority's outstanding 2001 Series B, 2002 Series B and 2003 Series F bonds issued on behalf of the University; and certain costs of issuance.

The transaction was structured as a fixed rate, negotiated transaction with ratings of Aaa from Moody's Investors Service and AAA from Standard and Poor's Rating Services, with a true interest cost of 4.356% and a final maturity of July 1, 2023. The issue successfully closed on November 5, 2008.

Ms. Hoadley of J.P. Morgan Securities, Inc., Senior Manager, commented on the transaction.

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

6. **Report on the Sale of NJEFA Revenue Bonds, Seton Hall University Issues, 2008 Series D and 2008 Series E, In the Aggregate Amount of \$74,100,000**

Mr. Anderson reported that on December 2, 2008, the Authority priced the 2008 Series D and the 2008 Series E bonds on behalf of Seton Hall University and described the various components of the transaction. The proceeds of the 2008 Series D bonds are being used for the current refunding of a portion of the Authority's outstanding 2005 Series C bonds issued on behalf of the University; the current refunding of all of the Authority's outstanding 2006 Series A bonds issued on behalf of the University; and certain costs of issuance relating to the 2008 Series D bonds.

The proceeds of the 2008 Series E bonds will be used for the current refunding of the remaining portion of the Authority's outstanding 2005 Series C bonds issued on behalf of the University; the funding of a debt service reserve fund for the 2008 Series E bonds; and certain costs of issuance relating to the 2008 Series E bonds.

The 2008 Series D bonds are structured as a negotiated transaction with an initial 6-month maturity, and an initial interest rate of 1.375% and will be converted to variable rate demand obligations (weekly mode) in six months (June 2, 2009). They are rated Aaa/VMIG1 from Moody's Investors Service and AAA/A-1 from Standard and Poor's Rating Services based on a letter of credit from Allied Irish Banks, plc.

The 2008 Series E bonds are structured as a fixed rate negotiated transaction with ratings of A3 from Moody's Investors Service and A from Standard and Poor's Rating Services. Both series have a final maturity of July 1, 2037. The issue successfully closed on December 11, 2008.

Mr. Egan of Citigroup Global Markets, Inc., Senior Manager, thanked the Authority and working group and commented on the transaction.

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

7. **Approval of Resolution Implementing Modifications to Certain Projects Financed by NJEFA Revenue Bonds, Ramapo College of New Jersey Issue, Series 2006 D**

Ms. Newell reported that the Series 2006 D bonds issued on behalf of Ramapo College of New Jersey were used to finance various capital projects, including the renovation of athletic fields at the College. Ms. Newell advised that the College has determined a need to acquire athletic equipment for use in connection with the renovated fields and has requested modification of the project to include the acquisition of the equipment.

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

RESOLUTION IMPLEMENTING MODIFICATIONS TO CERTAIN PROJECTS
FINANCED BY THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS, RAMAPO COLLEGE OF NEW JERSEY ISSUE, SERIES
2006 D

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

The adopted resolution is appended as Exhibit IV.

8. **Approval of Resolution Authorizing Exercise by NJEFA of Remedies Upon Occurrence of Defaults or Other Specified Events Under Certain Investment Agreements**

Mr. Anderson reported that the current economic turmoil has caused some of the providers of certain investment agreements or their guarantors to be downgraded, become insolvent, cease operations or combine with other firms. He explained that these events may be defaults or other events for which the Authority and/or the applicable Institution may need to exercise remedies, including without limitation, termination of the investment agreement quickly in order to afford the maximum benefit. Accordingly, Mr. Anderson requested approval of the resolution granting broader authority to restructure existing investment agreements and advised that future investment agreements will include restructuring authority into the initial authorizing resolution.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY AUTHORIZING EXERCISE BY THE AUTHORITY OF
REMEDIES UPON OCCURRENCE OF DEFAULTS OR OTHER SPECIFIED
EVENTS UNDER CERTAIN INVESTMENT AGREEMENTS

The motion was seconded by Ms. Style and passed unanimously.

The adopted resolution and list of Investment Agreements are appended as Exhibit V.

9. **Approval of Resolution Adopting a Paid Family Leave Plan Pursuant to the New Jersey Paid Family Leave Act**

Mr. Anderson reported that the State of New Jersey recently adopted a Paid Family Leave Act that requires New Jersey employers to provide paid leave to employees for care of certain family members. The Act also permits an employer to adopt and fund its own paid family leave plan, either through insurance or self-insurance, if the plan provides benefits at least as generous as the State's plan. Mr. Anderson requested approval of a resolution to amend the Authority's Employee Policy Manual to provide benefits consistent with the Act. The existing policy provides certain sick leave for individual employees and would be expanded to include family leave to take care of a family member.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ADOPTING A PAID FAMILY LEAVE PLAN PURSUANT TO THE NEW JERSEY PAID
FAMILY LEAVE ACT

The motion was seconded by Ms. Style and passed unanimously.

The adopted resolution and NJEFA Paid Family Leave Plan are appended as Exhibit VI.

10. **Report on Selection of Underwriter Pool and Approval of Resolution Authorizing the Appointment of a Pool of Underwriters**

Mr. Anderson reported that on July 24, 2008 the Authority distributed a Request for Proposals to more than 78 Underwriters, published a notice of availability in *The Bond Buyer* and posted the RFP on the Authority's website and received 46 responses.

After review of the quality of the proposals, performance of the underwriters on NJEFA transactions and the diverse underwriting needs of the Authority, a list of Senior Managers, Placement Agents (subgroup of Senior Managers) and Co-Managers was developed. Mr. Anderson reviewed the list of firms with the Board and recommended the Members' approval of the resolution authorizing the appointment of an underwriting pool for a 2-year period commencing immediately.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
AUTHORIZING THE APPOINTMENT OF A POOL OF UNDERWRITERS TO SERVE
AS SENIOR MANAGERS AND CO-MANAGERS

The motion was seconded by Ms. Style and passed. Ms. Altman recused herself from the vote.

The adopted resolution and the list of underwriters are appended as Exhibit VII.

11. **Resolution Approving the Operating and Capital Budgets for Calendar Year 2009**

Ms. Altman reported that a Budget Committee consisting of Ms. Vazquez, Mr. Anderson, Ms. Mueller and herself met on December 3, 2008 to review the proposed operating and capital budgets for calendar year 2009. Mr. Anderson summarized the proposed budgets and recommended the budgets be approved as presented.

Ms. Vazquez moved the adoption of the following entitled resolution:

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ADOPTING THE OPERATING AND CAPITAL BUDGETS FOR CALENDAR YEAR
2009

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

The adopted resolution and 2009 NJEFA budget are appended as Exhibit VIII.

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

Ms. Mueller, Controller, reviewed the Results of Operations and Budget Variance Analysis and reported on the status of construction funds and related investments for October and November 2008.

Ms. Style moved that the reports be accepted as presented; the motion was seconded by Mr. Jacobs and passed unanimously.

The reports are appended as Exhibit IX.

13. **Legislative Update**

Ms. Stitt reported on S-1609 (A-3245) sponsored by Senator Lesniak. The bill would amend the Authority's statute to allow the Authority to finance privatized student housing and other revenue producing projects through an affiliate of a college or university and working capital loans.

Ms. Stitt also reported on A-2650, sponsored by Assemblymen Schaer and Scalera, which requires that any business receiving grant, loan or other financial assistance totaling \$50 million or more for a redevelopment, remediation, or environmental infrastructure project pursuant to a contract with a public entity, file annual audits with the public entity and the State Treasurer. The bill also requires that the business spend a minimum of \$1 for every \$5 received from public funds on any project cited in the contract; and the State Comptroller is authorized to audit the use of the public funds. Ms. Stitt reported that the sponsors had agreed to amend the bill to exclude private colleges in connection with Authority financings.

14. **Directors' Update**

Mr. Anderson reported that, when the Institute of Advanced Study issued its weekly variable rate demand bonds, it entered into a swap agreement with Lehman Brothers to fix its liabilities. He advised that, as a result of Lehman's bankruptcy, last week the Institute conducted an auction to replace Lehman as swap counterparty. He reported that JP Morgan was the original winner, but there was a disagreement over terms, so the swap is now with Wells Fargo.

15. **Moody's Investor's Service Presentation on the General Economic Environment**

John Nelson, Managing Director of Public Finance for Moody's Investor's Service, provided the Authority with an informative Powerpoint presentation on the outlook for the Higher Education Industry nationally and in New Jersey over the next few years.

16. **Next Meeting Date**

Chair Altman welcomed Edward Bambach, retired Executive Director of the Authority, and reminded everyone that the next meeting will be on Wednesday, January 28, 2009 at the Authority's office and requested a motion to adjourn.

Mr. Jacobs moved that the meeting be adjourned at 12:48 p.m.; the motion was seconded by Ms. Style and passed unanimously.

Respectfully submitted,



Roger L. Anderson
Secretary

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REPORT ON PENDING PROJECTS
December 12, 2008**

<u>Institution</u>	<u>Project</u>	<u>Estimated Size of Issue</u>	<u>Estimated Pricing Date</u>
<u>Private Institutions</u>			
<u>Public Institutions</u>			
Montclair State University	Construction of a New Student Housing Facility	\$28 Million	January 2009
Kean University	Debt Restructuring	\$200 Million	1st Q 2009
University of Medicine and Dentistry of New Jersey	Refinancing / Restructuring of Certain Existing Indebtedness	\$550 Million	1st Q 2009
Passaic County Community College	Construction of a New Academic Building	TBD	TBD
<u>Programs</u>			
Tax-Exempt Leasing Program	Equipment Leasing for Public/Private Colleges/Universities in New Jersey	Varies	Varies



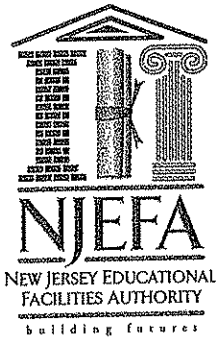
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BOND SALE SUMMARY

Borrower:	Princeton University, Princeton, New Jersey
Issue:	2008 Series K
Amount:	\$208,805,000
Purpose:	To provide funds to finance: (i) the current refunding of all of the Authority's outstanding 2001 Series B, 2002 Series B and 2003 Series F Bonds issued on behalf of the University; and (ii) the payment of certain costs of issuance.
Structure:	Negotiated Sale, Fixed Rate Bonds
Final Maturity:	July 1, 2023
True Interest Cost:	4.356%
Bond Ratings:	Aaa - Moody's Investors Service AAA - Standard and Poor's Rating Services
Pricing:	October 28, 2008
Closing:	November 5, 2008

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
Financial Advisor:	Public Financial Management, Inc.
University's Financial Advisor:	Government Finance Associates, Inc.
Senior Manager:	JP Morgan Securities
Co-Managers:	Banc of America Securities LLC
	Merrill Lynch & Co., Inc.
	Morgan Stanley & Co., Inc.
Underwriters' Counsel:	Ballard Spahr Andrews & Ingersoll, LLP
Trustee/Escrow Agent:	The Bank of New York Mellon
Trustee/Escrow Agent's Counsel:	McManimon & Scotland, LLC
Verification Agent:	Causey Demgen & Moore, Inc.



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BOND SALE SUMMARY

Borrower:	Seton Hall University, South Orange, New Jersey
Issues:	2008 Series D and 2008 Series E
Amount:	
2008 Series D	\$49,760,000
2008 Series E	\$24,340,000
Purpose:	
2008 Series D	To provide funds to finance: (i) the current refunding of a portion of the Authority's outstanding 2005 Series C Bonds issued on behalf of the University; (ii) the current refunding of all of the Authority's outstanding 2006 Series A Bonds issued on behalf of the University; and (iii) the payment of certain costs of issuance relating to the 2008 Series D Bonds.
2008 Series E	To provide funds to finance: (i) the current refunding of the remaining portion of the Authority's outstanding 2005 Series C Bonds issued on behalf of the University; (ii) the funding of a debt service reserve fund for the 2008 Series E Bonds; and (iii) the payment of certain costs of issuance relating to the 2008 Series E Bonds.
Structure:	
2008 Series D	Negotiated Sale, 6-month Put Bonds to be Converted to Variable Rate Demand Obligations (Weekly Mode) on June 2, 2009
2008 Series E	Negotiated Sale, Fixed Rate Bonds
Final Maturity:	July 1, 2037

Initial

Interest Rate (08D): 1.375%

True

Interest Cost (08E): 6.127%

Credit

Enhancement (08D): Allied Irish Banks, plc (Direct Pay Letter of Credit)

Bond Ratings:

2008 Series D Aaa / VMIG1 / A3 - Moody's Investors Service
AAA / A-1 / A - Standard and Poor's Rating Services

2008 Series E A3 – Moody's Investors Service
A – Standard and Poor's Rating Services

Pricing: December 2, 2008

Closing: December 11, 2008

Professionals on the Transaction:

Bond Counsel:	Wilentz, Goldman & Spitzer, P.A.
Authority's Counsel:	Attorney General of the State of New Jersey
University's Counsel:	Connell Foley LLP
Financial Advisor:	Acacia Financial Group, Inc.
Senior Manager:	Citigroup Global Markets, Inc.
Co-Manager:	RBC Capital Markets
Underwriters' Counsel:	Archer & Greiner, P.C.
Trustee/Escrow Agent:	The Bank of New York Mellon
Trustee/Escrow Agent's Counsel:	McManimon & Scotland, LLC
Letter of Credit Provider:	Allied Irish Banks, plc
LOC Provider's Counsel:	Drinker, Biddle & Reath, LLP
Remarketing Agent:	Citigroup Global Markets, Inc.
Verification Agent:	Causey Demgen & Moore, Inc.
Swap Advisor:	PFM Asset Management LLC

RESOLUTION IMPLEMENTING MODIFICATIONS TO CERTAIN PROJECTS FINANCED BY THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, RAMAPO COLLEGE OF NEW JERSEY ISSUE, SERIES 2006 D

WHEREAS, pursuant to a Bond Resolution adopted on January 25, 2006 and a Trust Indenture dated as of March 1, 2006 (the "Indenture") by and between the New Jersey Educational Facilities Authority (the "Authority") and U.S. Bank, National Association (the "Trustee"), the Authority issued the New Jersey Educational Facilities Authority Revenue Bonds, Ramapo College of New Jersey Issue, Series 2006 D (the "Bonds"); and

WHEREAS, the Bonds financed a project (the "Project") consisting of: (i) various capital projects, including the construction of the Science, Education and Technology Building; completion of the Phase VIII Housing, Phase IX Housing and Parking Garage; construction of the Sustainability Education Center; and various renovation projects consisting of utility infrastructure, improvements to roadways, paths and parking lots, deferred maintenance in academic buildings, renovation of athletic fields and site improvements; (ii) the payment of capitalized interest, if any, on all or a portion of the Series 2006 D Bonds; and (iii) the payment of costs of issuance of the Bonds all as presented, submitted and approved by the Board of Trustees of Ramapo College of New Jersey (the "College"); and

WHEREAS, in connection with the renovation of athletic fields, the College has determined a need to acquire athletic equipment for use in connection with the renovated fields; and

WHEREAS, the Project is subject to the Lease and Agreement dated as of March 1, 2006 (the "Agreement") by and between the Authority and the College relating to the Bonds; and

WHEREAS, pursuant to Section 5.08 of the Agreement, the Project may be modified upon the mutual agreement of the Authority and the College as set forth therein; and

WHEREAS, the College has asked the Authority to modify the Project to include the acquisition of athletic equipment with an estimated cost of \$110,000 to be used in connection with the renovated athletic fields (the "Modification"); and

WHEREAS, the Authority has determined that it is advisable and appropriate to agree to the Modification; and

WHEREAS, the Project may be modified pursuant to Section 12.05 of the Agreement and Section 8.01 of the Indenture without the consent of bondholders or of the bond insurer;

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

Section 1. Agreement to Modification. The Authority hereby agrees pursuant to Section 5.08 of the Agreement to the addition of the Modification to the Project.

Section 2. Authorization of Action by Officers. The Authority hereby authorizes the Chair, Vice Chair, Executive Director, Deputy Executive Director, Director of Project Management, Secretary and any Assistant Secretary (each an "Authorized Officer") to take any

and all such other actions as may be necessary or appropriate in connection with implementing the Modification including, without limitation, executing and delivering any documents, including, but not limited to, any amendments to the Agreement, and obtaining any legal opinions which may be required by applicable bond documents.

Section 3. Effective Date. This Resolution shall take effect in accordance with the provisions of *N.J.S.A. 18A:72A-4(i)*.

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

AYE: Vivian Altman
Felice Vazquez
Roger B. Jacobs
R. David Rousseau (represented by Nancy Style)
Laurence M. Downes (represented by Kurt Landgraf)

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 AUTHORIZING EXERCISE BY THE AUTHORITY OF
REMEDIES UPON OCCURRENCE OF DEFAULTS OR OTHER
SPECIFIED EVENTS UNDER CERTAIN INVESTMENT AGREEMENTS**

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

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds on behalf of public and private institutions of higher education in New Jersey (the "Institutions") to finance and refinance educational facilities located on the campuses of such Institutions; and

WHEREAS, the Authority has invested proceeds of certain series of bonds in the investment agreements identified in Exhibit A (each an "Investment Agreement" and collectively, the "Investment Agreements"); and

WHEREAS, as a result of the economic turmoil arising from the global financial crisis, some of the providers of the Investment Agreements or their guarantors have been or may be downgraded, become insolvent, cease operations or combine with other firms; and

WHEREAS, pursuant to the Investment Agreements, certain of the aforementioned occurrences may be events of default or other events for which the Authority and/or the applicable Institution may exercise remedies including without limitation, termination of the Investment Agreement; and

WHEREAS, it may be necessary to exercise available remedies quickly in order to afford the maximum benefit available from such remedies, the members of the Authority have determined that it is necessary and advisable to authorize the Authorized Officers (as defined below) to exercise such remedies under the terms and conditions set forth herein;

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

Section 1. Authorization of Exercise of Remedies.

The Authority hereby authorizes and directs the Chair, Vice Chair, Executive Director, Deputy Executive Director, Director of Project Management, Secretary or any Assistant Secretary of the Authority (each an "Authorized Officer") to exercise any and all remedies afforded under any and all Investment Agreements, including without limitation, termination of such Investment Agreements, if the Authorized Officer exercising such remedy has determined that it is prudent and beneficial to exercise such remedy and acts with the written consent of, or at the written direction of, the applicable Institution. In connection with the termination of any Investment Agreement, the Authorized Officer shall obtain an opinion from an independent financial advisor that any termination amount to be paid to or by the Institution is fair and reasonable. The Authorized Officers are further authorized to send any notices, execute and deliver such documents or instruments necessary to effect and evidence such termination in the form or forms approved by the

Authorized Officer executing same with the advice of bond counsel, if necessary, and the Attorney General of the State, such execution and delivery to be deemed conclusive evidence of the approval thereof.

Section 2. All Other Necessary Action Authorized.

The Authorized Officers, are each hereby authorized and directed to undertake any and all actions necessary to effect execution, delivery and performance of any necessary agreements, documents, certificates, directions, amendments and notices as may be necessary, advisable, or appropriate to effect action and the taking of any such action, and the execution and delivery of each such consent, agreement, documents, certificates, directions and notices shall be conclusive evidence of the approval thereof by the Authorized Officer taking such action and of its necessity, advisability or appropriateness.

Section 3. Effective Date.

This Resolution shall take effect in accordance with the provisions of the Act.

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

AYE: Vivian Altman
Felice Vazquez
Roger B. Jacobs
R. David Rousseau (represented by Nancy Style)
Laurence M. Downes (represented by Kurt Landgraf)

NAY: None

ABSTAIN: None

ABSENT: None

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

<u>Issue</u>	<u>Account/Fund</u>	<u>Counterparty</u>	<u>Termination Date</u>
Felician College, 1997 Series D	Reserve Fund	Lehman Brothers	11/1/2022
Rowan University, Series 2002 K	Reserve Fund	Wachovia Bank	7/1/2033
Kean University, Series 2003 D	Reserve Fund	Merrill Lynch	7/1/2033
Montclair State University, Series 2003 L	Reserve Fund	Merrill Lynch	7/1/2034
The William Paterson University of NJ,	Reserve Fund	Wachovia Bank	7/1/2028
Rider University, 2004 Series A	Reserve Fund	Wachovia Bank	6/30/2034
New Jersey Institute of Technology,	Reserve Fund	Credit Suisse	7/1/2024
Rowan University, Series 2004 C	Reserve Fund	Merrill Lynch	7/1/2034
Princeton University, 2007 Series E	Construction Fund	Citigroup	10/1/2009

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY ADOPTING A PAID FAMILY LEAVE PLAN
PURSUANT TO THE NEW JERSEY PAID FAMILY LEAVE ACT**

WHEREAS, the New Jersey Educational Facilities Authority (the "Authority") is 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"); and

WHEREAS, New Jersey Paid Family Leave Act, P.L. 2008, c. 17 (the "Paid Family Leave Act") requires New Jersey employers to provide paid leave to employees for care of certain family members under the State paid family leave plan created thereunder (the "State Paid Family Leave Plan"); and

WHEREAS, the Paid Family Leave Act permits an employer to adopt the employer's own paid family leave plan and fund such plan either through insurance or self-insurance if the plan provides benefits not less than those provided under the State Paid Family Leave Plan; and

WHEREAS, the Paid Family Leave Act extends the benefits of paid leave provided to employees for the employees' own disability under the Temporary Disability Benefits Law, N.J.S.A. 43:21-5 et seq. (the "Temporary Disability Benefits Law"); and

WHEREAS, the Authority has implemented its own self-insured Short-Term Disability Plan which provides an eligible employee with paid leave benefits for medical leave on account of the eligible employee's own disability which is not less than those provided under the State Temporary Disability Plan created under Temporary Disability Benefits Law; and

WHEREAS, the Authority has determined that it is appropriate and beneficial to adopt and self-insure the New Jersey Educational Facilities Authority Paid Family Leave Plan (the "Authority's Plan") and to provide benefits not less than those provided under the State Paid Family Leave Plan; and

WHEREAS, the terms of the Authority's Plan are summarized in Exhibit A hereto; and

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

Section 1. Adoption of Authority's Plan.

The Authority hereby adopts the Authority's Plan substantially with the terms summarized on Exhibit A and hereby authorizes and directs the Chair, Vice Chair, Executive Director, Deputy Executive Director, Director of Project Management, Secretary or any Assistant Secretary of the Authority (each an "Authorized Officer") to take all necessary action to implement the Authority's Plan including without limitation submitting the Authority's Plan to the New Jersey Department of Labor and Workforce Development for approval to assure that the Authority's Plan provides benefits not less than those provided under the State

Paid Family Leave Plan and to make any modifications changes to the Authority's Plan to assure that it can be properly implemented in accordance with Paid Family Leave Act.

Section 2. Prior Actions Ratified; All Other Necessary Action Authorized.

Any and all prior actions taken by the Authority in connection with the adoption and implementation of the Authority's Plan are hereby ratified and confirmed. The Authorized Officers, are each hereby authorized and directed to undertake any and all actions necessary to effect execution, delivery and performance of any necessary agreements, documents, certificates, directions, amendments and notices as may be necessary, advisable, or appropriate to implement the Authority's Plan and the taking of any such action, and the execution and delivery of each such consent, agreement, documents, certificates, directions and notices shall be conclusive evidence of the approval thereof by the Authorized Officer taking such action and of its necessity, advisability or appropriateness.

Section 3. Effective Date.

This Resolution shall take effect in accordance with the provisions of the Act.

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

AYE: Vivian Altman
Felice Vazquez
Roger B. Jacobs
R. David Rousseau (represented by Nancy Style)
Laurence M. Downes (represented by Kurt Landgraf)

NAY: None

ABSTAIN: None

ABSENT: None

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

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

PAID FAMILY LEAVE PLAN

Adopted pursuant to the New Jersey Paid Family Leave Act P.L. 2008, c. 17,

Purpose of the Authority's Paid Family Plan

The New Jersey Educational Facilities Authority (the "Authority") is providing this Paid Family Leave Plan (the "Plan") pursuant to the New Jersey Paid Family Leave Act, P.L. 2008, c. 17 (the "Act"). The Plan provides paid leave to an Eligible Employee who is caring for the employee's family members. This Plan supplements the Authority's existing Short-Term Disability Plan which provides paid leave for an Eligible Employee's own serious health conditions.

Effective Date

Eligible Employees will be able to take paid family leave benefits on and after July 1, 2009.

Eligible Employees

All full- and part-time employees are eligible for paid family leave based on the amount of wages paid to the employee over a period of "base weeks" as defined in the Act. The amount of wages required to be earned is determined by a formula set forth in the Act. The information set forth in this summary of the Plan is based on the assumption that the employee works only for the Authority. If an employee works for the Authority and another employer wages earned from each employer will be determined as set forth in the Act. For 2009, an eligible employee qualifies for benefits under the Plan if the Eligible Employee earns either:

- 1) \$143 or more per week for 20 consecutive weeks, or
- 2) \$7,200 or more over the previous 52 calendar weeks.

The Authority also provides unpaid Family Leave and Medical Leave. These unpaid leave provisions will be coordinated with paid family leave as provided in the Act.

Paid Family Leave Benefits

An Eligible Employee generally will be paid 2/3 of the employee's weekly wages for 6 weeks each year up to a permitted maximum. If an employee works for the Authority and another employer, the Act

provides for calculation of wages paid by each employer in order to determine the amount of benefits available under the Plan. In addition, if paid leave is taken intermittently, the Act may provide a different maximum paid family leave period. The maximum amount is determined by formula prescribed in the Act. As an example, based on applying the formula set forth in the Act for 2008, the maximum paid family leave benefit would be \$524 per week. The maximum for 2009 and each subsequent year will be determined using the formula in the Act. The determination of amounts payable and periods of payment and eligibility will be determined under the Authority's Plan in accordance with the Act.

Paid leave may be taken to care for a newborn or adopted child or to care for a seriously ill family member. An Eligible Employee must take at least 2 weeks of paid sick, vacation or other paid leave in connection with paid family leave benefits. Eligible Employees may be able to take paid family leave on an intermittent basis. No employee may receive paid family leave benefits and simultaneously receive long-term disability or unemployment compensation benefits.

The Plan does not require the Authority to hold the Eligible Employee's position open.

Eligible Employees will not be required to make any contribution to the Plan.

Family members included in the Plan consist of the following: biological, adopted or foster children less than 19 years of age; a child over 19 years of age that is incapable of self care; a spouse; "domestic partners"; "civil union partners"; biological, foster, adopted parents or stepparents; or a legal guardian of the Eligible Employee when the Eligible Employee was a child.

"Serious health condition" is defined as an illness, injury, impairment or physical or mental condition that requires: inpatient care in a hospital, hospice, or residential medical care facility; or continuing medical treatment or continuing supervision by a healthcare provider.

"Health care provider" is defined as any person licensed under federal, state or local law, or the laws of a foreign nation, to provide healthcare services; or any other person who has been authorized to provide healthcare by a licensed healthcare provider.

Use of Paid Time Off in Connection with Paid Family Leave

—Paid Family Leave in Connection with the Birth or Adoption of a Child—

Eligible Employees may take paid family leave at any time within one year of the birth or adoption of a child. The six weeks of leave must be taken consecutively in connection with the birth or adoption of a child unless the Authority and the Eligible Employees mutually agree on a plan that allows the employee to take the leave during nonconsecutive weeks. The Eligible Employees must provide 30 days notice to the Authority prior to taking paid family leave for this purpose. If the Eligible Employees does not provide the 30 days advance notice, the Eligible Employees is are required to forfeit two weeks of the paid family leave, unless the failure to provide notice was for unforeseeable reasons.

—Paid Family Leave in Connection with a "Serious Health Condition" —

Eligible Employees taking paid family leave for six weeks consecutively in connection with a family

member's "serious health condition" are required to provide the Authority with prior notice in a "reasonable and practicable manner," unless an emergency or other unforeseen circumstance precludes prior notice. The Eligible Employees must also provide the Authority with a medical certification of the necessity for the paid family leave.

— *Intermittent Paid Family Leave in Connection with a "Serious Health Condition"* —

Eligible Employees taking paid family leave in connection with a family member's "serious health condition" may take the leave "intermittently" or consecutively. The Act defines intermittent leave as 42 separate days of leave. For example, an Eligible Employees that works five days a week would receive a maximum of 30 days of paid family leave if the Eligible Employees took the paid family leave consecutively. The same Eligible Employees will receive 42 days of paid family leave if the employee takes the leave intermittently. Intermittent paid family leave may be taken in half-day increments under the Authority's Plan.

An Eligible Employees seeking to take intermittent paid family leave for a family member's "serious health condition" is required to provide the Authority with 15 days notice unless: (1) an emergency or other unforeseen circumstance precludes prior notice and (2) the employee makes a reasonable attempt to schedule the leave in a nondisruptive manner. Additionally, the employee may provide the Authority with a regular schedule of days for intermittent paid family leave.

— *Healthcare Provider Certification* —

Employees seeking to take paid family leave for the "serious health condition" of a family member must complete a form for benefits, which includes a certification from a healthcare provider. This certification must include: (1) the date the "serious health condition" commenced, (2) the probable duration of the condition, (3) the medical facts within the knowledge of the provider of the certification, (4) a statement concerning the need for the employee to provide care for the individual, (5) an estimate of the time the employee will need to provide care, (6) a statement of the medical necessity for any intermittent paid family leave, and (7) dates of any future intermittent treatment.

— *Authority Requirements* —

If you wish to request paid family leave, you must submit an application form. The form may be obtained from, and should be submitted to, the Director for Human Resources. The form must be completed by the Eligible Employees within nine days of the commencement of the paid family leave period. The form will include: (1) the name, address and Social Security number of the employee; (2) the wages paid to the Eligible Employees, including any sick or vacation time paid to the employee at the beginning of the period of paid family leave; and (3) the name, address and State identity number of the employer.

A notice with information about the Authority's Paid Family Leave Plan is posted in the Authority's office. In addition, the Authority will provide a copy of the notice to any employee upon request, within 30 days of its first availability, at the time an employee is hired and whenever the employee is requesting time off for a qualifying reason.

Notwithstanding anything to the contrary in this summary of the Plan, the Authority will

provide benefits in the minimum amount required by the Act. Notwithstanding anything to the contrary in this summary of the Plan, if any inconsistencies exist between the provisions of the Authority's Plan and the provisions of the Act, the provisions of the Act shall control.

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
AUTHORIZING THE APPOINTMENT OF A POOL OF UNDERWRITERS TO SERVE AS
SENIOR MANAGERS AND CO- MANAGERS**

- 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") for the purpose of issuing its obligations to obtain funds to finance eligible educational facilities as such may be required for the purposes of public and private institutions of higher education, private colleges and public libraries, and to sell such obligations at public or private sale at a price or prices and in a manner as the Authority shall determine; and
- WHEREAS:** The Underwriters provide, *inter alia*, assistance to the Authority in preparing financing estimates and cash flows, reviewing calculations for escrow funds and yield amounts, and making recommendations for plans of financing that will result in the issuance of obligations under terms most advantageous to the Authority and its clients; and
- WHEREAS:** The Authority, from time to time, requires the assistance of placement agents (the "Placement Agents") in connection with its transactions and some firms which provide underwriting services are also qualified to provide services as Placement Agents; and
- WHEREAS:** The policies and procedures of the Authority with regard to the selection of professionals 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:** The Authority believes that it is more efficient to form a pool of qualified Underwriters from which to select one or more Underwriters or Placement Agents for a particular transaction than to request proposals from all qualified Underwriters for each transaction; and
- WHEREAS:** The Authority, by resolution on August 3, 2005, appointed a pool of Underwriters for a term expiring August 31, 2008 (the "Prior Pool"); and
- WHEREAS:** The Authority formed an Evaluation Committee consisting of the Authority's Executive Director and Director of Project Management in accordance with Paragraph 13 of EO 37; and

- WHEREAS:** In accordance with the terms and provisions of the EO 26 and EO 37, the Authority developed a Request for Qualifications (the "RFQ", included as Exhibit A) for the selection of Underwriters for the Authority. The Authority, on July 24, 2008, distributed the RFQ to a list of 78 Underwriters and also published a notice of availability of the RFQ in The Bond Buyer and posted the RFQ on the Authority's website, which resulted in 6 additional requests. The Authority received a total of 46 responses (the "Initial Proposals"); and
- WHEREAS:** The worsening economic turmoil in the financial markets resulting from the sub-prime mortgage crisis has led to changes in ownership, operation and personnel at a number of firms which submitted Proposals; and
- WHEREAS:** Accordingly, on September 30, 2008, the Authority distributed a request for additional submissions from firms submitting Initial Proposals necessary to update information contained in the Initial Proposals; and
- WHEREAS:** The Authority received a total of 20 additional proposals (the "Additional Proposals"); and
- WHEREAS:** The Evaluation Committee has reviewed each Initial Proposal and each related Additional Proposal (collectively, the "Proposals") and has determined, based upon the criteria set forth in the RFQ and in conformity with the EO 26 and EO 37, that it would be in the best interests of the Authority to accept the Proposals of the Underwriters listed on the attached Exhibit B (the "Pool"), under terms and conditions set forth in this resolution and the RFQ. The Authority desires to authorize the Pool of Underwriters (including firms qualified to act as Placement Agents) for a 2 year period commencing immediately in accordance with the Act;

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

- SECTION 1.** The Authority hereby authorizes and establishes a Pool of Underwriters to serve as senior managers (including certain firms authorized to serve as Placement Agents) and co-managers for Authority transactions for a 2 year period commencing immediately in accordance with the Act and expiring on September 30, 2010, with an extension of 1 year at the election of the Authority but in any event until such time as a successor pool is approved.
- SECTION 2.** The Authority hereby designates each firm listed in Exhibit B as a member of its Pool of Underwriters in the respective category listed (including within the category of senior manager, those firms authorized to serve as Placement Agents). Those firms designated to serve as senior manager may also serve as co-manager.
- SECTION 3.** The Authority hereby authorizes the Executive Director, Deputy Executive Director or Director of Project Management to take and do any and all acts and things as may be necessary or desirable in connection with the appointment of

Underwriters from the Pool for Authority transactions in compliance with the provisions of this resolution and the Executive Order.

SECTION 4. Appointments of Underwriters from the Prior Pool to specific transactions may, at the discretion of the Executive Director, remain in effect.

SECTION 5. This resolution shall take effect immediately in accordance with the Act.

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

AYE: Felice Vazquez
Roger B. Jacobs
R. David Rousseau (represented by Nancy Style)
Laurence M. Downes (represented by Kurt Landgraf)

NAY: None

ABSTAIN: Vivian Altman

ABSENT: None

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



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**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
 REQUEST FOR QUALIFICATIONS
 FOR UNDERWRITER SERVICES**

July 24, 2008

Introduction

The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to Chapter 271 of the Laws of 1967, *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 to construct facilities through the financial resources of a public authority empowered to sell taxable and tax-exempt bonds, notes and other obligations. The Authority also, from time to time, issues bonds for various purposes that 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 Authority finances and refinances various types of educational facilities projects for public and private colleges and universities, including but not limited to, the acquisition and construction of residential, academic and auxiliary service facilities, renovation and rehabilitation of existing educational facilities and capital equipment and utilities-related projects. The Authority is also authorized to provide financing for capital improvements at qualified public libraries.

This Request for Qualifications ("RFQ") solicitation requests that interested parties submit a statement of qualifications to provide underwriter services for inclusion in the Authority's Underwriting Pool (the "Pool") for transactions that may be sold on a negotiated basis.

The Authority will make selections from the Pool for stand-alone transactions, Authority pooled financing programs or other new programs that may be initiated. Appointment to the Pool does not guarantee that a qualified firm will be assigned to a transaction, and the Authority further reserves the right to change firms on a particular transaction at any time during the term of the Pool.

All firms qualified by the Authority to provide services to the Authority are responsible for immediately notifying the Authority of any changes in ownership, organization and key personnel as well as any real or potential conflicts.

PLEASE NOTE: Underwriters selected for inclusion in the Pool are not being qualified to serve as Underwriters on any bond transaction that is secured by a contract with the State Treasurer.

Underwriter Pool

A. Criteria for Inclusion in the Pool

The Authority will establish a Pool for transactions that may be sold on a negotiated basis.

Firms will be qualified for the following categories:

1. Senior Managers
2. Co-Managers

In accordance with the Executive Order No. 26 (Whitman 1994) ("Executive Order No. 26") and the policies and procedures adopted by the Authority, a RFQ for senior managers and co-managers is being distributed to firms to provide services to the Authority for the contemplated two-year period.

The responses to the RFQ will be reviewed by the Authority and recommendations for inclusion in the Authority's Pool will be made to the Authority's Board. Selection criteria will include, but are not limited to, expertise, capacity, financial stability and personnel dedicated to the contemplated transaction in accordance with Executive Order No. 26 and may include some or all of the following criteria:

- Firm must hold and maintain all necessary licenses required by the NASD, MSRB, SEC or any other regulatory agency necessary to perform the services required by the State.
- Overall Underwriting Experience and Experience with Higher Education Issuing Authorities and College and University Clients
- Development of Innovative Ideas
- Capital Adequacy and Underwriting Commitment
- Analytical Capabilities, Including Sophisticated Cash Flow Analysis
- Experience and Availability of Professionals working on Authority transactions
- New Jersey Presence
- Demonstrated Ability to Distribute Authority Securities
- Overall Response to RFQ

Fees will be established according to market conditions prevailing at the time of sale and will be based on the credit, complexity and particulars of each transaction. Fees will be paid upon successful closing of each such transaction.

Those firms that qualify for the senior manager role will automatically be qualified for the co-manager role. Qualification in a certain category will not guarantee an appointment for the firms so qualified.

The Authority reserves the right to review and revise the Pool during the term of the Pool in accordance with Executive Order No. 26 as deemed necessary.

B. Response to Request for Qualifications

Responses to the RFQ should be completed in the most concise manner possible, while providing all of the information requested.

In responding to this RFQ, please address the following areas:

1. Please include the addresses, telephone and facsimile numbers, and email addresses, for those individuals who will be directly responsible for serving the Authority on a day-to-day basis and the individual who will lead the transactions if selected. Please also provide brief resumes including relevant experience for those individuals.
2. Please indicate the category or categories for which you would like to be considered.
3. Briefly describe your firm's qualifications, knowledge and experience as senior manager, co-manager and placement agent with conduit issuers similar to the Authority. Please provide a list of transactions completed and references from current and past clients since January 1, 2005 as Appendix A to your firm's response.
4. Describe your firm's qualifications, knowledge and experience with college and university clients, specifically addressing any experience your firm may have with challenged credits. Include examples of your experience with refundings, and with the application of derivatives, and in particular in connection with issues which are not eligible to be advanced refunded, and any other unique or innovative structure you have utilized for higher education clients as Appendix B to your firm's response.
5. Describe your firm's experience with variable rate debt and with the application of derivatives in connection with such variable rate debt.
 - a. Describe your experience with auction rate and variable rate transactions (including your experience as remarketing agent, where applicable) and indicate any products used by the firm and describe any particular nuances of the product. Please provide examples of

your performance as broker-dealer and remarketing agent over the past three (3) years and your ability to act as a remarketing agent in the future.

- b. Describe your activity with respect to auction rate and variable rate demand obligations affected by downgrades and potential downgrades of insurers from November 2007 to the present. In particular, please describe:
 - i. Advice you provided to issuers with outstanding
 1. auction rate securities or other variable rate products issued without liquidity (collectively referred to herein as "auction rate" securities)
 2. insured variable rate securities with liquidity relating to possible restructuring of such securities.
 - ii. How many auctions or remarketings of "auction rate" securities for which you were broker-dealer or remarketing agent failed, if any.
 - iii. If there were failures, what percentage of total "auction rate" securities for which you were responsible failed and at what level?
 - iv. If there were failures, how did you respond?
 - v. Whether or not your firm has experienced failures, describe how the recent market dislocations have affected your ability or commitment to provide services to clients or to commit capital to the market.
 - c. Please provide as Appendix C to your firm's response, a list of your firm's variable rate transactions as Appendix C to your firm's response, along with credit and liquidity providers for these issues and your firm's role with respect to these transactions.
6. Describe your firm's experience with derivatives. Please specify the types and uses of the derivative products you have provided for clients.
 7. Please describe your outlook on
 - a. Credit enhancement
 - b. Variable rate debt (and in particular, auction rate debt) and Derivatives in the municipal market
 8. Describe your firm's ability to develop financing estimates, schedules, and cash flows and identify programs, databases and sources used by

your firm to provide this information.

9. Describe your firm's municipal sales efforts to retail and institutional buyers as well as your distribution capabilities in relation to your firm's ability to distribute New Jersey and higher education securities. In addition, please describe and quantify your firm's secondary market activity for Authority bonds since January 1, 2005.
10. Describe your firm's capital structure, including its total capital, equity capital and excess net capital as of the close of your firm's most recent quarter. Provide one copy of your firm's most recent annual report and audited financial statements. Please describe the capital commitment process at your firm. Please also include a description of your firm's long-term ratings history, including current ratings and outlooks from each of the rating agencies that rate your firm.
11. Discuss your firm's experience and presence within the State of New Jersey and indicate any offices in the State as well as the number of employees in the State.
12. Describe your firm's policy relative to the prohibition of discriminatory employment practices.
13. Discuss any innovative ideas for new financing programs or outstanding Authority debt that may be beneficial to the Authority's clients.
14. Describe any material agreements, relationships, retainers or other employment that your firm or any employee of your firm has with any other investment banking firm, financial advisory firm, law firm, institutions of higher education or 501(c)(3) organizations or other person or entity that may create a conflict of interest or the appearance of a conflict of interest. In addition, describe any existing or threatened litigation and/or investigations, including administrative proceedings, which your firm or members of your firm were or are currently involved with since January 1, 2005. Please describe any existing potential conflict that may affect your service to the Authority and express your agreement to provide information to the Authority in the future should conflicts or potential conflicts arise.
15. Indicate the location by country where the services will be performed.
16. Describe all licenses held and maintained by your firm.
17. Please provide copies of the firm's most recent filing of G-37/38 Reports pursuant to Rules G-37 and G-38 of the Municipal Securities Rulemaking Board.

Proposal Submission

An original and six (6) copies of your proposal must be received by the Authority no later than 12:00 p.m. on Friday, August 8, 2008 at the office of:

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
103 College Road East
Princeton, New Jersey 08540-6612

Attention: Roger L. Anderson, Executive Director

Responses received after this time and date will not be considered. E-mailed and/or faxed proposals will not be accepted under any circumstances.

NOTE: In compliance with Executive Order No. 129 (McGreevey 2004) and P.L. 2005, c. 92, each firm submitting a response to this RFQ is required to indicate in their proposal the location by country where the services under the contract will be performed.

FURTHER NOTE: P.L. 2005, c. 51, enacted March 22, 2005, limits the ability of State agencies and independent authorities, such as the Authority, to enter into contracts with business entities that have made certain political contributions. Please refer to "Attachment 1" which explains the requirements of P.L. 2005, c. 51.

If your firm has not previously submitted the certification forms(s) and disclosure form(s) pursuant to P.L. 2005, c. 51, which forms are attached to this RFQ as "Appendices 1, 2 and 3" of "Attachment 1", or your firm has questions concerning the requirements of P.L. 2005, c. 51, please contact Mary Jane Darby, the Authority's Director of Project Management at (609) 987-0880.

IF YOUR FIRM HAS PREVIOUSLY SUBMITTED THE CERTIFICATION FORMS AND DISCLOSURE FORMS PURSUANT TO P.L. 2005, C. 51, YOU ARE REQUIRED ONLY TO SUBMIT THE P.L. 2005, C. 51 CERTIFICATION OF NO CHANGE, "EXHIBIT A" ATTACHED HERETO, WITH YOUR RESPONSE TO THIS RFQ.

Failure to submit the required certification form(s) and disclosure form(s) pursuant to P.L. 2005, c. 51 shall be cause for automatic rejection of your proposal.

FURTHER NOTE: Pursuant to P.L. 2005, c. 271, at least ten (10) days prior to entering into any agreement or contract with a value of over \$17,500 with the Authority, business entities (as defined in P.L. 2005, c. 271 attached hereto as "Exhibit B" and also described in the "Public Law 2005 C. 271 Vendor Certification and Political Contribution Disclosure Form" attached hereto as "Exhibit C") are required to submit a disclosure of certain political contributions.

FURTHER NOTE: Firms are also advised of their responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC) pursuant to *N.J.S.A. 19:44A-20.13* (P.L. 2005, c.271, section 3) if the firm receives contracts with public entities, such as the Authority, in excess of \$50,000 or more in the aggregate from public entities, such as the Authority, in a calendar year. It is the firm's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

FINAL NOTE: Pursuant to *N.J.S.A 52:32-44*, entities providing goods or services to the Authority must be registered with the New Jersey Department of the Treasury, Division of Revenue. Effective September 1, 2004, pursuant to an amendment to *N.J.S.A 52:32-44*, State and local entities (including the Authority) are prohibited from entering into a contract with an entity unless the firm has provided a copy of its business registration certification (or interim registration) as part of its response. If the firm is not already registered with the New Jersey Division of Revenue, the form should be completed, online, at the Division of Revenue website at: www.state.nj.us/treasury/revenue/index.html.

Communications with representatives of the Authority concerning this RFQ, except as expressly set forth above, by you or on your behalf are not permitted during the submission process.

No telephone inquiries will be accepted, except as expressly set forth above concerning Executive Order No. 134. All other inquiries concerning this RFQ should be directed in writing to Roger L. Anderson, Executive Director, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, New Jersey, 08540-6612.

The Authority reserves the right to request additional information if necessary or to request an interview with firm(s) or to reject any and all proposals with or without cause, and waive any irregularities or informalities in the proposals submitted. The Authority further reserves the right to make such investigations as it deems necessary as to the qualifications of any and all firms submitting proposals. The Authority also reserves the right to reject any and all submitted proposals. In the event that all proposals are rejected, the Authority reserves the right to resolicit proposals.

The Authority will not be responsible for any expenses in the preparation and/or presentation of the proposals and oral interviews, if any, or for the disclosure of any information or material received in connection with the solicitation, whether by negligence or otherwise.

All information submitted in response to this RFQ will become the property of the Authority and may be open to inspection by members of the public pursuant to the Open Public Records Act and Executive Order No. 26 (Whitman 1994).

"ATTACHMENT 1"

1.0 Requirements of P.L. 2005, c. 51

In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, P.L. 2005, c. 51 was enacted, codifying the requirements of Executive Order 134 (McGreevey 2004). Pursuant to the requirements of P.L. 2005, c. 51, the terms and conditions set forth in this section are material terms of any contract resulting from this RFQ.

2.0 Definitions

For the purpose of this RFQ, the following shall be defined as follows:

- a) Contributions – means a contribution reportable as a recipient under “The New Jersey Campaign Contributions and Expenditures Reporting Act.” P.L. 1973, c. 83 (C.10:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-7 and N.J.A.C. 19:25-10.1 et seq. Currently, contributions in excess of \$400 during a reporting period are deemed “reportable” under these laws. As of January 1, 2005, that threshold was reduced to contributions in excess of \$300.
- b) Business Entity – means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. It also includes (i) all principals who own or control more than 10 percent of the profits or assets of a business entity or 10 percent of the stock in the case of a business entity that is a corporation for profit, as appropriate; (ii) any subsidiaries directly or indirectly controlled by the business entity; (iii) any political organization organized under 26 U.S.C.A. 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (iv) if a business entity is a natural person, that person’s spouse or child, residing in the same household.
- c) State – means the State of New Jersey and independent State authorities, such as the New Jersey Educational Facilities Authority.

3.0 Breach of Terms of P.L. 2005, c. 51 Deemed Breach of Contract

It shall be a breach of the terms of the contract for the Business Entity to (i) make or solicit a Contribution in violation of P.L. 2005, c. 51, (ii) knowingly conceal or misrepresent a Contribution given or received; (iii) make or solicit Contributions through intermediaries for the purpose of concealing or misrepresenting the source of the Contribution; (iv) make or solicit any Contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate of holder of the public office of Governor, or to any State or county party committee; (v) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any Contribution, which if made or solicited by the Business Entity itself, would subject that Business Entity to

the restrictions of P.L. 2005, c. 51; (vi) fund Contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) engage in any exchange of Contributions to circumvent the intent of P.L. 2005, c. 51; or (viii) directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of P.L. 2005, c. 51.

4.0 Certification and Disclosure Requirements

a) The State shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any Contribution or pledge of Contribution, including in-kind Contributions to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor, or to any State or county political party committee during certain specified time periods. Accordingly, the Business Entity shall submit with its Proposal, Executive Order 134 Certification(s) in the form set forth in **Appendix 1** attached hereto, certifying that no Contributions prohibited by Executive Order 134, as now codified by P.L. 2005, c. 51, have been made by the Business Entity. A separate Certification is required for each person or organization defined above as a Business Entity. Failure to submit the Certification(s) with the Proposal shall be cause for automatic rejections of the Proposal.

b) Prior to being selected to be in the pool, the Business Entity shall report all Contributions the Business Entity made during the preceding four years to any political organization organized under 26 U.S.C. 527 of the Internal Revenue Code that also meets the definition of a "continuing political committee" within the mean of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7, in the form of the Disclosure attached hereto as **Appendix 2**. A separate Disclosure is required for each person or organization defined above as a Business Entity. Failure to submit the Disclosure(s) with the Proposal shall be cause for automatic rejection of the Proposal.

c) Further, the Business Entity is required, on a continuing basis, to report any Contributions it makes during the term of the pool, and any extension(s) thereof, at the time any such Contribution is made. A copy of the Continuing Disclosure of Political Contributions is attached hereto as **Appendix 3**. A separate disclosure is required for each person or organization defined above as a Business Entity.

5.0 State Treasurer Review

The State Treasurer or his designee shall review the Disclosures submitted pursuant to this section, as well as any other pertinent information concerning the Contributions or reports thereof by the intended awardee, prior to inclusion in the Pool, or during the term of the Pool, by the contractor. If the State Treasurer determines that any Contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest in the selection of the firm for inclusion in the Pool or during the term of the Pool, the State Treasurer shall disqualify the Business Entity from being included in the Pool.

“APPENDIX 1”

Public Law 2005, Chapter 51

Instructions

Instructions for Completing "Contractor Certification and Disclosure of Political Contributions" Forms

Who Should Sign and Submit Certification and Disclosure Forms

Public Law 2005, Chapter 51 requires submission of a Certification and Disclosure form from each Bidder with which the State intends to contract, as well as other related individuals or entities, depending upon the Bidder's organizational structure. The following provides a summary of the most common requirements:

Where the Bidder is a corporation or other business organization

Submit separate Certification and Disclosure forms for each of the following:

- The Bidder, certified by an officer or other authorized representative; AND
- All "Principals" of the Bidder's Business Entity; namely, any individual or entity owning or controlling more than 10% of the Bidder's Business Entity; AND
- Any subsidiary controlled by the Bidder's Business Entity; AND
- Any Political Organization (as defined above, under "Business Entity") controlled by the Bidder's Business Entity.

Ownership Disclosure Forms

In order to determine whether all required "Principals" of the Bidder have submitted the necessary forms, the Bidder must submit a copy of an Ownership Disclosure form. This disclosure is required by statute – see N.J.S.A. 52:25-24.2. Generally, the contracting agency will provide the appropriate form to use for this purpose. Otherwise, please use the Ownership Disclosure form available at the Division of Purchase and Property's website, at: <http://www.state.nj.us/treasury/purchase/forms/pbodf.pdf>.

ONE FORM may be used to submit compliance documentation on behalf of the Bidder and as a Principal (more than 10% owner) of the Bidder, as long as appropriate representatives have signed both in the space provided for signature on behalf of the company, as an officer or other authorized representative, and in the space provided for individual signature.

Where the Bidder is an individual (including a sole proprietor), not a corporation or other business organization

Unless separate Certification and Disclosure forms are submitted, one Certification and Disclosure will be deemed to encompass all of the following persons or organizations:

- The Bidder; AND
- Any spouse or children of legal age, residing in the same household; AND
- Any Political Organization (as defined above) controlled by the Bidder's Business Entity.

Instructions

Contractor Certification and Disclosure of Political Contributions

Examples

Scenario One: Two individuals each own 50% of the Bidder. Three signatures are required – one on behalf of the Bidder and one by each individual owner of more than 10% of the Bidder. **NOTE:** If one of the Principals (owners) signs on behalf of the Bidder, that Principal may also sign the same form, in his or her individual capacity. However, the other Principal must sign and submit a separate Certification and Disclosure form. Accordingly, either two or three separate Certification and Disclosure forms will be submitted.

Scenario Two: An individual owns 100% of a Bidder. Two signatures are required: the individual owner can submit one Certification and Disclosure form, provided he or she has signed in the space provided for signature on behalf of the Bidder ("ARROW #2" - "Certification on behalf of a company or organization") and in the space provided for individual signature ("ARROW #3" - "Certification by an individual...").

Scenario Three: Four individuals and one corporation each own 20% of the Bidder. six signatures are required – one by each individual and corporate owner of more than 10% of the Bidder, and one on behalf of the Bidder. **NOTE:** As in Scenario One, above, if one of the Principals (owners) signs on behalf of the Bidder, that Principal may also sign the same form, in his or her individual capacity.

Scenario Three: The Bidder is an individual conducting business in his or her own name, or as a sole proprietorship; certification and disclosure by the Bidder applies to that person's spouse and/or legal age child living in the same household, unless separate certification and disclosure forms are submitted.

Additional scenarios are the subject of some of the Questions and Answers posted on the Division of Purchase and Property's website. Please refer to that site at <http://www.state.nj.us/treasury/purchase/execorder/134.htm> for additional information, or to submit questions regarding the completion of Political Contribution Compliance (PCO 134) forms.

Continuing Disclosure Obligation

Pursuant to Public Law 2005, Chapter 51, all business entities which have been awarded a State contract on or after October 15, 2004, in an amount in excess of \$17,500, have a continuing obligation to disclose all Contributions made during the term of such contract.

Such disclosures are to be submitted by the business entity to the Agency or Agencies which awarded the applicable contract(s). The disclosures are to be made using the standard Certification and Disclosure form, which may be downloaded from the Division of Purchase and Property's website.

Public Law 2005, Chapter 51
Formerly: 

Instructions

Contractor Certification and Disclosure of Political Contributions

Agency Submission of Forms

The agency should submit the completed and signed Contractor Political Contribution Compliance (EO 134) and Ownership Disclosure forms, with an Executive Summary of Transaction form (available online at: http://www.state.nj.us/treasury/purchase/forms/eo134/dpp_134_esp.pdf), **completed by the agency**, to:

EO 134 Review Unit
P.O. Box 039
33 West State Street, 4th Floor
Trenton, New Jersey 08625

The agency should keep the original forms in its file, and submit copies to the EO 134 Review Unit.

Questions & Answers

Questions regarding the interpretation or application of **Public Law 2005, Chapter 51** (N.J.S.A. 19:44A-20.13-20.25, superseding Executive Order 134) (2004)) may be submitted electronically through the website of the Department of the Treasury, Division of Purchase and Property, <http://www.state.nj.us/treasury/purchase/execorder134.htm>. Responses to questions are posted at the website, as are additional reference materials and forms.

Definitions:

"Chapter 51" -- means Public Law 2005, Chapter 51 (N.J.S.A. 19:44A-20.13-20.25, superseding Executive Order 134 (2004)).

"Business Entity" -- means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. It also includes (i) all principals who own or control more than 10 percent of the profits or assets of a business entity or 10 percent of the stock in the case of a business entity that is a corporation for profit, as appropriate; (ii) any subsidiaries directly or indirectly controlled by the business entity; (iii) any political organization organized under 26 U.S.C.A. § 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (iv) if a business entity is a natural person, that person's spouse or child, residing in the same household.

"Contribution" -- means a contribution reportable by the recipient under the "New Jersey Campaign Contributions and Expenditures Reporting Act," P.L. 1973, c.83 (C.19:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-10.1 et seq. Contributions made prior to January 1, 2005 in an amount in excess of \$400 during a reporting period are deemed "reportable" under these laws. As of January 1, 2005, contributions in excess of \$300 are deemed "reportable."

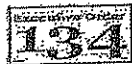
References to **"Bidder"** include, but are not limited to, all entities which contemplate entering into a contractual relationship with the State, including vendors, potential vendors, contractors, consultants, sellers.

"APPENDIX 2"

Public Law 2005, Chapter 51
Certification and Disclosure

Public Law 2005, Chapter 51

Formerly:



Contractor Certification and Disclosure
of Political Contributions

Solicitation No.: _____ Bidder: _____

The Bidder (Vendor) should complete the required Certification and Disclosure forms and submit them, together with a completed Ownership Disclosure form, **to the using agency, department or the Purchase Bureau**. Instructions for completing this form are at <http://www.state.nj.us/treasury/purchase/forms.htm#eo134>.

Part I: Certification

I hereby certify as follows:

1. On or after October 15, 2004, the below-named person or entity has not solicited or made any Contribution of money, pledge of Contribution, including in-kind Contributions, company or organization Contributions, as set forth below that would bar the award of a contract to the Bidder, pursuant to the terms of Public Law 2005, Chapter 51 (N.J.S.A. 19:44A-20.13-20.25, superseding Executive Order 134 (2004)).
 - a) Within the 18 months immediately preceding the Solicitation (exclusive of any contributions made prior to October 15, 2004), the below-named person or organization has not made a Contribution to
 - (i) Any candidate committee and/or election fund of any candidate for or holder of the public office of Governor; or
 - (ii) Any State or county political party committee.
 - b) During the term of office of the current Governor (exclusive of any Contributions made prior to October 15, 2004), the below-named person or organization has not made a Contribution to
 - (i) Any candidate committee and/or election fund of the governor; or
 - (ii) Any State or county political party committee nominating such Governor in the election preceding the commencement of said Governor's term.
 - c) Within the 18 months immediately prior to the first day of the term of office of the Governor (exclusive of any Contributions made prior to October 15, 2004), the below-named person or organization has not made a Contribution to
 - (i) Any candidate committee and/or election fund of the Governor; or
 - (ii) Any State or County political party committee of the political party nominating the successful gubernatorial candidate in the last gubernatorial election.
2. If the Bidder is awarded a contract pursuant to the solicitation for this bid proposal, the below-named person or organization will, on a continuing basis, continue to report any Contributions it makes during the term of the contract, and any extension(s) thereof.

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Bidder: _____

Part II: Disclosure

Following is the required disclosure of all Contributions made from October 15, 2004, through the date of signing of this Certification and Disclosure to: (i) any entity designated and organized as a "political organization" under 26 U.S.C.A. § 527 that is also defined as "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1 or (ii) any candidate committee and/or election fund of any candidate for or current holder of the public office of Governor; and any State or county political party committee. Such an entity is identified in the following chart as a "Committee."

#1

Name and Address of Committee	Date of Contribution	Amount of Contribution	Type of Contribution i.e. Currency, Check, Loan, In Kind	Donor
Indicate "none" if no Contributions were made. Attach additional pages if necessary.				

Certification on behalf of a COMPANY or organization:

I certify as an officer or authorized representative of the Company or Organization identified below that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

#2

Name of Company or Organization: _____
Signed: _____ Title: _____
Print Name: _____ Date: _____

(check one) (A) The Company or Organization is the Bidder, or (B) The Company or Organization is a Principal (more than 10% ownership or control) of the Bidder, a Subsidiary controlled by the Bidder, or a Political Organization (eg, PAC) controlled by the Bidder.

Certification by an individual – for use by the individual Bidder, or as a Principal (more than 10% ownership or control) of the Bidder, or as the spouse or child of the Bidder:

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

#3

Signed: _____
Print Name: _____ Date: _____

Note: A person may certify BOTH as an officer or authorized representative of the Bidder, AND in his or her individual capacity, as a Principal of the Bidder.

“APPENDIX 3”

Public Law 2005, Chapter 51

Ownership Disclosure Form

OWNERSHIP DISCLOSURE FORM

PAGE

NUMBER :
 OPEN DATE :
 T-NUMBER :
 BIDDER :

INSTRUCTIONS: Provide below the names, home addresses, dates of birth, offices held and any ownership interest of all officers of the firm named above. If additional space is necessary, provide on an attached sheet.

NAME	HOME ADDRESS	DATE OF BIRTH	OFFICE HELD	OWNERSHIP INTEREST (Shares Owned or % of Partnership)

INSTRUCTIONS: Provide below the names, home addresses, dates of birth, and ownership interest of all individuals not listed above, and any partnerships, corporations and any other owner having a 10% or greater interest in the firm named above. If a listed owner is a corporation or partnership, provide below the same information for the holders of 10% or more interest in that corporation or partnership. If additional space is necessary, provide that information on an attached sheet. If there are no owners with 10% or more interest in your firm, enter "None" below. Complete the certification at the bottom of this form. If this form has previously been submitted to the Purchase Bureau in connection with another bid, indicate changes, if any, where appropriate, and complete the certification below.

NAME	HOME ADDRESS	DATE OF BIRTH	OFFICE HELD	OWNERSHIP INTEREST (Shares Owned or % of Partnership)

COMPLETE ALL QUESTIONS BELOW

YES NO

1. Within the past five years has another company or corporation had a 10% or greater interest in the firm identified above? *(If yes, complete and attach a separate disclosure form reflecting previous ownership interests.)* _____
2. Has any person or entity listed in this form or its attachments ever been arrested, charged, indicted or convicted in a criminal or disorderly persons matter by the State of New Jersey, any other state or the U.S. Government? *(If yes, attach a detailed explanation for each instance.)* _____
3. Has any person or entity listed in this form or its attachments ever been suspended, debarred or otherwise declared ineligible by any agency of government from bidding or contracting to provide services, labor, material or supplies? *(If yes, attach a detailed explanation for each instance.)* _____
4. Are there now any criminal matters or debarment proceedings pending in which the firm and/or its officers and/or managers are involved? *(If yes, attach a detailed explanation for each instance.)* _____
5. Has any federal, state or local license, permit or other similar authorization, necessary to perform the work applied for herein and held or applied for by any person or entity listed in this form, been suspended or revoked, or been the subject of any pending proceedings specifically seeking or litigating the issue of suspension or revocation? *(If yes to any part of this question, attach a detailed explanation for each instance.)* _____

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers or information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option, may declare any contract(s) resulting from this certification void and unenforceable.

I, being duly authorized, certify that the information supplied above, including all attached pages, is complete and correct to the best of my knowledge. I certify that all of the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

COMPANY NAME: _____ (Signature)

ADDRESS: _____ PRINT OR TYPE { _____ (Name)

_____ (Title)

FEIN/SSN#: _____ Date: _____

“EXHIBIT A”

Public Law 2005, Chapter 51 Certification of No Change

(To be completed only if your firm has previously submitted the certification form(s) and disclosure form(s) pursuant to P.L. 2005, c. 51.)

P.L. 2005, c. 51 CERTIFICATION OF NO CHANGE

I, _____ the _____ of _____ (the "Underwriter") in connection with the Request for Qualifications for Underwriter Services dated July 24, 2008 (the "RFQ") issued by the New Jersey Educational Facilities Authority (the "Authority") does hereby certify that all information, certifications and disclosure statements previously provided in connection with P.L. 2005, c. 51, are true and correct as of the date hereof and that all such statements have been made with full knowledge that the Authority and the State of New Jersey shall rely upon the truth of the statements contained therein and herein in connection with the RFQ.

IN WITNESS WHEREOF, we have executed this certificate as of this _____ day of _____ 2008.

[NAME OF UNDERWRITER]

By: _____
Name:
Title:

“EXHIBIT B”

Public Law 2005, Chapter 271

P.L. 2005, c.271

(Unofficial version, Assembly Committee Substitute to A-3013, First Reprint*)

AN ACT authorizing units of local government to impose limits on political contributions by contractors and supplementing Title 40A of the New Jersey Statutes and Title 19 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

40A:11-51 1. a. A county, municipality, independent authority, board of education, or fire district is hereby authorized to establish by ordinance, resolution or regulation, as may be appropriate, measures limiting the awarding of public contracts therefrom to business entities that have made a contribution pursuant to P.L.1973, c.83 (C.19:44A-1 et seq.) and limiting the contributions that the holders of a contract can make during the term of a contract, notwithstanding the provisions and parameters of sections 1 through 12 of P.L.2004, c.19 (C.19:44A-20.2 et al.) and section 22 of P.L.1973, c.83 (C.19:44A-22).

b. The provisions of P.L.2004, c.19 shall not be construed to supersede or preempt any ordinance, resolution or regulation of a unit of local government that limits political contributions by business entities performing or seeking to perform government contracts. Any ordinance, resolution or regulation in effect on the effective date of P.L.2004, c.19 shall remain in effect and those adopted after that effective date shall be valid and enforceable.

c. An ordinance, resolution or regulation adopted or promulgated as provided in this section shall be filed with the Secretary of State.

52:34-25 2. a. Not later than 10 days prior to entering into any contract having an anticipated value in excess of \$17,500, except for a contract that is required by law to be publicly advertised for bids, a State agency, county, municipality, independent authority, board of education, or fire district shall require any business entity bidding thereon or negotiating therefor, to submit along with its bid or price quote, a list of political contributions as set forth in this subsection that are reportable by the recipient pursuant to the provisions of P.L.1973, c.83 (C.19:44A-1 et seq.) and that were made by the business entity during the preceding 12 month period, along with the date and amount of each contribution and the name of the recipient of each contribution. A business entity contracting with a State agency shall disclose contributions to any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or any continuing political committee. A business entity contracting with a county, municipality, independent authority, other than an independent authority that is a State agency, board of education, or fire district shall disclose contributions to: any State, county, or municipal committee of a political party; any legislative leadership committee; or any candidate committee of a candidate for, or holder of, an elective office of that public entity, of that county in which that public entity is located, of another public entity within that county, or of a legislative district in which that public

* Note: *Bold italicized* statutory references of new sections are anticipated and not final as of the time this document was prepared. Statutory compilations of N.J.S.A. 18A:18A-51 is anticipated to show a reference to N.J.S.A. 40A:11-51 and to N.J.S.A. 52:34-25.

entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county, or any continuing political committee.

The provisions of this section shall not apply to a contract when a public emergency requires the immediate delivery of goods or services.

b. When a business entity is a natural person, a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

c. As used in this section:

"business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction;

"interest" means the ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate; and

"State agency" means any of the principal departments in the Executive Branch of the State Government, and any division, board, bureau, office, commission or other instrumentality within or created by such department, the Legislature of the State and any office, board, bureau or commission within or created by the Legislative Branch, and any independent State authority, commission, instrumentality or agency.

d. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

19:44A-20.13 3. a. Any business entity making a contribution of money or any other thing of value, including an in-kind contribution, or pledge to make a contribution of any kind to a candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, or to a political party committee, legislative leadership committee, political committee or continuing political committee, which has received in any calendar year \$50,000 or more in the aggregate through agreements or contracts with a public entity, shall file an annual disclosure statement with the New Jersey Election Law Enforcement Commission, established pursuant to section 5 of P.L.1973, c.83 (C.19:44A-5), setting forth all such contributions made by the business entity during the 12 months prior to the reporting deadline.

b. The commission shall prescribe forms and procedures for the reporting required in subsection a. of this section which shall include, but not be limited to:

(1) the name and mailing address of the business entity making the contribution, and the amount contributed during the 12 months prior to the reporting deadline;

(2) the name of the candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, candidate committee, joint candidates committee, political party committee, legislative leadership committee, political committee or continuing political committee receiving the contribution; and

(3) the amount of money the business entity received from the public entity through contract or agreement, the dates, and information identifying each contract or agreement and describing the goods, services or equipment provided or property sold.

c. The commission shall maintain a list of such reports for public inspection both at its office and through its Internet site.

d. When a business entity is a natural person, a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity, or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

As used in this section:

"business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction; and

"interest" means the ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate.

e. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

4. This act shall take effect immediately.

“EXHIBIT C”

Public Law 2005, Chapter 271

Vendor Certification and Political Contribution Disclosure Form

**PUBLIC LAW 2005, C. 271
VENDOR CERTIFICATION AND POLITICAL CONTRIBUTION DISCLOSURE FORM**

Contract Reference No:

Vendor:

At least ten (10) days prior to entering into the above-referenced contract, the Vendor must complete this Certification and Disclosure Form, in accordance with the directions below and submit it to the State contact for such contract. **Please note that the disclosure requirements under Public Law 2005, Chapter 271 are separate and different from the disclosure requirements under Public Law 2005, Chapter 51 (formerly Executive Order 134). Although no vendor will be precluded from entering into a contract by any information submitted on this form, a vendor's failure to fully, accurately and truthfully complete this form and submit it to the appropriate State agency may result in the imposition of fines by the New Jersey Election Law Enforcement Commission.**

Disclosure

Following is the required Vendor disclosure of all Reportable Contributions made in the twelve (12) months prior to and including the date of signing of this Certification and Disclosure to: (i) any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or (ii) any entity that is also defined as a "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.

The Vendor is required to disclose Reportable Contributions by: the Vendor itself; all persons or other business entities owning or controlling more than 10% of the profits of the Vendor or more than 10% of the stock of the Vendor, if the Vendor is a corporation for profit; a spouse or child living with a natural person that is a Vendor; all of the principals, partners, officers or directors of the Vendor and all of their spouses; any subsidiaries directly or indirectly controlled by the Vendor; and any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Vendor, other than a candidate committee, election fund, or political party committee.

"Reportable Contributions" are those contributions that are required to be reported by the recipient under the "New Jersey Campaign Contributions and Expenditures Reporting Act," P.L. 1973, c.83 (C.19:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-10.1 et seq. As of January 1, 2005, contributions in excess of \$300 during a reporting period are deemed "reportable."

Name and Address of Committee to Which Contribution Was Made	Date of Contribution	Amount of Contribution	Contributor's Name
Indicate "none" if no Reportable Contributions were made. Attach Additional Pages As Needed			

Certification:

I certify as an officer or authorized representative of the Vendor that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Name of Vendor: _____

Signed: _____

Title: _____

Print Name: _____

Senior Managers

Banc of America Securities LLC
Barclays Capital, Inc.
Citigroup Global Markets Inc.
Depfa First Albany Securities LLC
J.P. Morgan Securities Inc.
Merrill Lynch & Co.
Morgan Stanley & Co., Inc.
PNC Capital Markets LLC
Ramirez & Co., Inc.
RBC Capital Markets
Wachovia Bank, National Association

Co-Managers

BB&T Capital Markets
Cabrera Capital Markets, LLC
Fidelity Capital Markets Services
Goldman, Sachs & Co.
Jackson Securities LLC
Lebenthal & Co., LLC
Loop Capital Markets, LLC
NW Capital Markets Inc.
Piper Jaffray & Co.
Powell Capital Markets, Inc.
Raymond James & Associates
Rice Financial Products Company
Roosevelt & Cross, Inc.
Siebert Brandford Shank & Co., LLC

Placement Agent

(subgroup of Senior Managers)

George K. Baum & Company
Prager, Sealy & Co., LLC
Shattuck Hammond Partners,
a division of Morgan Keegan & Company, Inc.

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ADOPTING THE OPERATING AND CAPITAL BUDGETS FOR
CALENDAR YEAR 2009

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

WHEREAS: The Authority's Finance Committee has reviewed the proposed Operating and Capital Budgets for calendar year 2009 (the "2009 Budget"); and

WHEREAS: The proposed 2009 Budget was provided to the Authority members for their review and consideration; and

WHEREAS: The Authority desires to approve and adopt the 2009 Budget as recommended by the Finance Committee.

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

SECTION 1. The Authority hereby approves and adopts the 2009 Budget as attached hereto.

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

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

AYE: Vivian Altman
Felice Vazquez
Roger B. Jacobs
R. David Rousseau (represented by Nancy Style)
Laurence M. Downes (represented by Kurt Landgraf)

NAY: None

ABSTAIN: None

ABSENT: None

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

**New Jersey Educational Facilities Authority
2009 Budget Proposal
Operating Fund**

	<u>2007 Actual</u>	<u>2008 Budget</u>	<u>2008 Projected</u>	<u>2009 Proposed</u>
Revenues:				
Annual Administrative Fees	\$ 3,010,279	\$ 3,214,616	\$ 3,108,104	\$ 3,168,942
Initial Fees	813,922	520,000	239,530	244,000
Interest Income	446,565	240,000	240,000	87,000
Total Revenues	<u>\$ 4,270,766</u>	<u>\$ 3,974,616</u>	<u>\$ 3,587,634</u>	<u>\$ 3,499,942</u>
Expenses:				
Salaries	\$1,241,641	\$1,436,732	\$1,382,463	\$1,521,132
Employee Benefits	323,467	412,177	405,295	438,740
Provision for Post Ret. Health Benefits	155,570	0	(254,231)	(14,059)
Office of The Governor	16,147	28,000	19,000	21,000
Office of The Attorney General	87,014	195,865	90,000	201,857
Sponsored Programs	16,250	25,000	12,000	25,000
Telephone	21,887	27,000	23,000	27,000
Gasoline and Auto Maintenance	9,993	12,000	12,000	14,000
Rent	302,554	310,000	291,243	310,000
Utilities	15,602	20,244	20,240	21,050
Postage	5,907	6,500	6,500	7,000
Office Supplies and Expenses	44,525	44,000	43,000	45,000
Travel and Official Receptions	25,550	36,000	25,000	30,000
Staff Training and Tuition Reimb.	20,759	27,000	20,000	27,000
Insurance	59,528	57,000	50,000	51,000
Annual Report and Newsletters	32,255	50,000	41,000	50,000
Public Relations	0	5,000	1,000	5,000
Electronic Communication Program	0	20,000	20,000	15,000
Professional Services	137,891	355,000	183,000	300,000
Dues and Subscriptions	63,157	77,000	83,300	99,000
Depreciation	84,004	86,000	78,207	72,000
Maintenance of Equipment	29,241	40,000	38,000	48,000
Contingency	-	50,000	-	50,000
Total Expenditures	<u>\$ 2,692,942</u>	<u>\$ 3,320,518</u>	<u>\$ 2,590,017</u>	<u>\$ 3,364,720</u>
Surplus, Revenues Over Expenses	<u>\$ 1,577,824</u>	<u>\$ 654,098</u>	<u>\$ 997,617</u>	<u>\$ 135,222</u>

**New Jersey Educational Facilities Authority
Proposed 2009 Capital Budget**

	<u>2007 Actual</u>	<u>2008 Budget</u>	<u>2008 Projected</u>	<u>2009 Proposed</u>
Data Processing Equipment	\$ 28,419	\$ 50,000	\$ 27,513	\$ 27,000
Office Furniture and Equipment	29,749	10,000	9,840	12,000
Leasehold Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total Capital Budget	<u>\$ 58,168</u>	<u>\$ 60,000</u>	<u>\$ 37,353</u>	<u>\$ 44,000</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
2008 BUDGET VARIANCE ANALYSIS
FOR ELEVEN MONTHS ENDED NOVEMBER 30, 2008**

Executive Summary

The NJEFA concluded eleven months of 2008 with net operating income in the amount of \$859,656, based on revenues of \$3,416,120 and expenses of \$2,556,464. As a result, net operating income is higher than budgeted by \$56,299. This difference is attributable to less than anticipated expenses in the amount of \$273,184 partially offset by less than expected revenues in the amount of \$216,885.

Revenues

Revenues were \$216,885 below projected amounts for eleven months of the year primarily due to lower than expected initial fee income.

Expenses

Operating expenditures through November were favorable as compared to budget by \$273,184. Attorney General Fees were \$91,542 less than budgeted because actual billings were less than those anticipated in the Legal Services Cost Projection Agreement. Most of the remaining line items display favorable deviations.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ACTUAL vs. BUDGET REPORT
OCTOBER - NOVEMBER 2008

	2 Months Ended November 30, 2008			Eleven Months Ended November 30, 2008		
	<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	\$520,498	\$520,498	\$ -	\$2,954,365	\$2,954,365	\$ -
Initial Fees	-	130,000	(130,000)	239,530	455,000	(215,470)
Investment Income	<u>22,967</u>	<u>32,728</u>	<u>(9,761)</u>	<u>222,225</u>	<u>223,640</u>	<u>(1,415)</u>
	<u>\$ 543,465</u>	<u>\$ 683,226</u>	<u>\$ (139,761)</u>	<u>\$ 3,416,120</u>	<u>\$ 3,633,005</u>	<u>\$ (216,885)</u>
<u>Operating Expenses</u>						
Salaries	\$256,737	\$258,900	\$ 2,163	\$1,279,617	\$1,292,448	\$ 12,831
Employee Benefits	59,358	63,427	4,069	378,320	385,349	7,029
Office of The Governor	4,666	4,666	-	25,663	25,663	-
Office of The Attorney General	4,000	32,644	28,644	88,000	179,542	91,542
Sponsored Programs	1,795	6,250	4,455	1,795	21,875	20,080
Telephone	3,685	4,782	1,097	20,368	24,610	4,242
Gasoline & Auto Maintenance	2,112	2,090	(22)	8,464	10,950	2,486
Rent	48,196	52,816	4,620	267,145	283,588	16,443
Utilities	3,373	3,374	1	18,553	18,557	4
Postage	388	1,082	694	5,222	5,951	729
Office Supplies & Expenses	5,465	7,638	2,173	29,905	40,190	10,285
Travel & Official Receptions	3,787	6,276	2,489	16,976	32,864	15,888
Staff Training & Tuition Reimbursement	2,982	4,818	1,836	13,101	24,590	11,489
Insurance	7,726	9,812	2,086	46,075	51,290	5,215
Annual Report & Newsletters	15,714	11,750	(3,964)	33,461	44,125	10,664
Public Relations	-	1,000	1,000	-	4,500	4,500
Electronic Communication Program	-	3,636	3,636	1,677	18,180	16,503
Professional Services	27,097	60,000	32,903	152,875	183,800	30,925
Dues & Subscriptions	8,277	8,200	(77)	63,772	66,550	2,778
Maintenance of Equipment	5,161	7,600	2,439	28,410	36,200	7,790
Depreciation	14,000	14,332	332	77,065	78,826	1,761
Contingency	-	-	-	-	-	-
	<u>474,519</u>	<u>565,093</u>	<u>90,574</u>	<u>2,556,464</u>	<u>2,829,648</u>	<u>273,184</u>
Net Operating Income	<u>\$ 68,946</u>	<u>\$ 118,133</u>	<u>\$ (49,187)</u>	<u>\$ 859,656</u>	<u>\$ 803,357</u>	<u>\$ 56,299</u>

New Jersey Education Facilities Authority
Summary of Construction Funds
As of November 30, 2008

<u>Private</u>	<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
	Stevens Institute of Technology	2004 Series B	Student Residence Conversion	\$ 12,281,959.45	\$ (11,256,718.41)	\$ 1,025,241.04	92%
	Institute for Advanced Study	2006 Series C	Biology Bldg. & Renovations	19,939,000.00	(13,573,389.57)	6,365,610.43	68%
	* Princeton University	2006 Series D	Renovations/Capital Equipment	75,000,000.00	(74,999,993.42)	6.58	100%
	Rider University	2007 Series C	Student Housing, Parking & Improv.	21,013,907.29	(17,076,687.95)	3,937,219.34	81%
	Drew University	2007 Series D	Student Housing & Renovations	25,314,969.30	(16,758,405.65)	8,556,563.65	66%
	Princeton University	2007 Series E	Construction & Major Maintenance	329,363,288.30	(243,154,042.41)	86,209,245.89	74%
	College of Saint Elizabeth	2008 Series F	2006 Perf. Arts Center, Renovations	1,111,345.11	(340,040.36)	771,304.75	31%
	Saint Peter's College	2008 Series H	Various Construction & Renovations	5,075,000.00	(2,214,658.11)	2,860,341.89	44%
	Princeton University	2008 Series J	Construction & Capital Equipment	253,753,780.55	(33,940,484.50)	219,813,296.05	13%
	Sub Total			\$ 742,853,250.00	\$ (413,314,420.38)	\$ 329,538,829.62	

Public

Rowan University	Series 2004 C	Academic Building, Various Projects	\$ 57,850,090.45	\$ (51,731,570.64)	\$ 6,118,519.81	89%
Kean University	Series 2005 B	Various Projects & Renovations	91,383,145.08	(30,648,423.40)	60,734,721.68	34%
Montclair State University	Series 2006 A	Rec. Center, Parking & Renovations	99,691,116.44	(28,456,607.65)	71,234,508.79	29%
Richard Stockton College of New Jersey	Series 2006 F	Housing V, Various Projects	50,675,855.72	(43,065,939.06)	7,609,916.66	85%
Rowan University	Series 2006 G	Various Renovations	46,527,357.07	(21,879,975.45)	24,647,381.62	47%
Rowan University	Series 2006 H	Property Acquisition, Renovations	19,797,386.13	(2,204,965.23)	17,592,420.90	11%
Kean University	Series 2007 D	2 Residence Halls, Dining, Parking	124,287,050.02	(19,580,903.97)	104,706,146.05	16%
Richard Stockton College of New Jersey	Series 2007 G	Housing V, Various Upgrades & Renov	40,242,421.65	(7,399,835.97)	32,842,585.68	18%
The College of New Jersey	Series 2008 D	1999 A and 2002 D Projects	54,933,452.51	(14,400,601.03)	40,532,851.48	26%
William Paterson University	Series 2008 C	Science Hall Expansion & Renovation	83,907,460.92	468,195.96	84,375,656.88	-1%
Richard Stockton College of New Jersey	Series 2008 A	Campus Ctr, Science Ctr, College Walk,	105,482,763.92	(6,843,037.13)	98,639,726.79	6%
Sub Total			\$ 774,778,099.91	\$ (225,743,663.57)	\$ 549,034,436.34	

Other Programs

Public Library Grant Program	Series 2002 A	Library Grants	\$ 45,380,714.58	\$ (44,946,396.98)	\$ 434,317.60	99%
Capital Improvement Fund	Series 2002 A	Capital Improvements	195,287,675.00	(191,509,541.01)	3,778,133.99	98%
Sub Total			\$ 240,668,389.58	\$ (236,455,937.99)	\$ 4,212,451.59	
Grand Total			\$ 1,758,299,739.49	\$ (875,514,021.94)	\$ 882,785,717.55	

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

**New Jersey Educational Facilities Authority
Comments on Senate Bill No. 1609 and
Proposed Senate Education Committee Amendments**

Bill Section	Summary of Bill Language	Proposed Amendments	NJEFA Comments/Recommendations
Section 6.a. (New Sec.)	Requires the governing Board of a public university or college to retain an independent outside auditor who is a certified CPA to conduct annual audits of the institution's financial accounts in accordance with standards established by the commission.	<p>An amendment renumbered Section 6a. to Section 5a.</p> <p>An amendment provides for the selection of the independent auditor by a majority vote of the members of the board present as opposed to the full membership of the board.</p> <p>An amendment added new language that requires the governing board to ensure the independence of the auditor.</p>	<p>NJEFA recommends changing the language [in accordance with standards established by the commission] to "<u>in accordance with Generally Accepted Accounting Practices (GAAP)</u>."</p> <ul style="list-style-type: none"> • The Securities and Exchange Commission (SEC) and the Government Finance Officers Association (GFOA) do not support attempts by individual states and governmental entities to create their own accounting standards. This state-specific trend, which is proposed in Section 5a of S-1609, can lead to deliberate non-compliance with specific GASB rules with which such governmental entities disagree or which could make their financial condition appear weaker. This could result in qualified audit opinions. • In order to promote full, fair and complete disclosure, the SEC has recommended to Congress and to municipal market participants that uniform accounting standards for financial reporting be applicable to all governmental borrowers. See attached, "Disclosure and Accounting Practices in the Municipal Securities Market" (the "White Paper"). • Imposing state-specific auditing standards (designed by the CHE) that New Jersey's public institutions must follow will adversely affect the ability of those institutions to provide disclosure to investors which complies with federal securities laws and will increase costs and administrative burdens without producing a beneficial effect.

**New Jersey Educational Facilities Authority
 Comments on Senate Bill No. 1609 and
 Proposed Senate Education Committee Amendments**

Bill Section	Summary of Bill Language	Proposed Amendments	NJEFA Comments/Recommendations
			<ul style="list-style-type: none"> • Standards established by the CHE will constitute a state specific standard which is different from generally accepted standards currently applied by auditors of those institutions. • After conducting a number of recent actions against governmental borrowers for violations of federal securities laws, the SEC has attributed material inadequacies in financial disclosure to a lack of uniformly applicable accounting standards. See White Paper. • At present, although the SEC has regulatory authority to prescribe accounting standards for public companies and has designated "FASB" standards, it lacks such authority for governmental bodies. The SEC has recommended that legislation providing this authority be adopted by Congress and that the Governmental Accounting Standards Board (GASB) be given additional financial support and be placed under SEC oversight so that its standards can be the uniform standards for governmental bodies. See the White Paper. • The state of Texas has adopted a statute requiring the state and allowing local governments, not to follow GASB 45 in reporting 'other post retirement benefit liabilities'. The White Paper provides this as an example of a situation where an otherwise compliant government either must use a weaker standard or may use a weaker standard where it

**New Jersey Educational Facilities Authority
Comments on Senate Bill No. 1609 and
Proposed Senate Education Committee Amendments**

Bill Section	Summary of Bill Language	Proposed Amendments	NJEDA Comments/Recommendations
			<p>improves the appearance of the government's financial condition. See White Paper, Footnote 33 and accompanying text.</p> <ul style="list-style-type: none"> • Requiring New Jersey's public institutions to use the CHE standard would complicate rather than clarify disclosure. It would also increase the risk of litigation against the Authority and our public colleges by investors alleging violation of securities laws. • Moreover, these institutions could not follow only the CHE standard. The public institutions with debt outstanding have agreed by contract to provide annual audited financials and other information in order to fulfill SEC continuing disclosure requirements. These contracts obligate the institution to provide financials prepared in accordance with Generally Accepted Accounting Practices (GAAP) (i.e., Generally accepted auditing practices as in effect from time to time in the U.S. consistently applied) and/or Generally Accepted Auditing Standards (GAAS) (i.e., generally accepted auditing standards as in effect from time to time in the US consistently applied) and/or GASB (i.e., those accounting principles applicable in the preparing of financial statements of institutions of higher learning, as promulgated by the GASB or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body). • Public institutions seeking to borrow in the future through the public financial markets will need to provide audited

**New Jersey Educational Facilities Authority
Comments on Senate Bill No. 1609 and
Proposed Senate Education Committee Amendments**

Bill Section	Summary of Bill Language	Proposed Amendments	NJEA Comments/Recommendations
			<p>financials prepared in accordance with GAAP, GAAS and GASB in order to provide information recognized by investors and recommended by the SEC in order to provide adequate financial disclosure. Such institutions will also find it necessary to provide potential investors with both the audit prepared in accordance with CHE standards and explain those standards and any differences in reporting. The education process will be burdensome and may adversely affect investor interest.</p> <ul style="list-style-type: none"> • The need to provide audited financials prepared in accordance with both standards will result in increased costs and administrative with the negative effects on disclosure cited by the SEC. • Since the CHE and its current staff does not have expertise in accounting practices and standards, it will be necessary for the CHE to either hire additional staff and obtain necessary resources or provide significant education and training for existing staff. In either case, additional costs and administrative burdens will be imposed on the CHE and the State without, as noted above, providing any additional benefit or clarity to those parties which rely on the audited financials of public institutions. • The language regarding any limitation or conditions imposed by the Commission in S-1609 should either be deleted or specified in the statute by providing a definition of "independence."

**New Jersey Educational Facilities Authority
Comments on Senate Bill No. 1609 and
Proposed Senate Education Committee Amendments**

Bill Section	Summary of Bill Language	Proposed Amendments	NJFEFA Comments/Recommendations
Section 24 (New Sec.)	This section applies the prevailing wage requirements to affiliates that participate with the Authority in a financing and/or construction of a project.	An amendment renumbered Section 24 to Section 22.	We recommend deleting this section. Since 2004, all projects financed through the Authority are subject to prevailing wage pursuant to N.J.S.A. 18A: 72A-5.1 through 5.4
Section 25 (New Sec.)	Requires that an affiliate shall comply with the procurement and contracting requirements of the State College Contracts Law and the County College Contracts Law.	An amendment renumbered Section 25 to Section 23.	We recommend deleting this section. This language imposes compliance requirements on affiliates for all procurement activity not just public/private partnership projects financed through the Authority and creates barriers to taking full advantage of these structures. For example, physician medical practice plans with university research or hospital settings could be considered an affiliate of an institution of higher education and therefore, subject to the State College Contract Law for procurement purposes.
Section 36	Working Capital Definition This is a new definition that allows the Authority to finance working capital. "Working capital" means, with respect to any public institution of higher education or private college situated within the State, funds to		We recommend amending S-1609 to clarify that working capital loans must be paid and borrowed within the same budget year and therefore, comply with the strict IRS limitations on such loans. This amendment was made to A-2386 in the Assembly Higher Education Committee. The suggested amendment is : " <u>...which are borrowed and repaid within the same budget year.</u> "

**New Jersey Educational Facilities Authority
Comments on Senate Bill No. 1609 and
Proposed Senate Education Committee Amendments**

Bill Section	Summary of Bill Language	Proposed Amendments	NJEDA Comments/Recommendations
Section 37 (1)	<p>be used in, or reserved for, the operation of the institution. (cf: P.L.2000, c.56, s.10)</p> <p>This section sets forth the process of delivering minutes of the meetings of the Authority to the Governor as well as gubernatorial veto authority over all actions of the Authority.</p>		<p>We recommend taking out the following language: [Notwithstanding the foregoing provisions of this subsection (1), with regard to the sale of bonds of the authority, the authority shall furnish to the Governor a certified copy of the minutes of the meeting at which the bonds are sold and the Governor shall indicate approval or disapproval of the action prior to the issuance of the bonds]</p> <p>There is strict language in this section that sets forth the Governor's veto authority, including delivery of a certified copy of the minutes and under what circumstances the actions of the members are deemed approved by the Governor or null and void. The language cited above is redundant and technically incorrect since bonds are not sold at a meeting. Therefore, as a housekeeping change to correct a redundancy and a technical error, we recommend deleting the above referenced language in this section of S-1609.</p> <p>Deleting this language in no way compromises the Governor's veto authority over all actions of the Authority's Members.</p>

**New Jersey Educational Facilities Authority
Comments on Senate Bill No. 1609 and
Proposed Senate Education Committee Amendments**

<p>Sections referring to state backed bonds – Namely</p>		<p>NJEFA recommends amending S-1609 to add the following language in each of the state-backed bond program sections noted to the left:</p> <p><u>“ ...except that all administrative costs associated with the approval process and the issuance of bonds shall not be included within the total aggregate principal amount of bonds issued.”</u></p> <p>This amendment would allow the Authority the flexibility to issue bonds under State-backed programs in a de minimis amount over the statutory cap to pay for administrative costs, if necessary.</p> <p>This would mean that the entire legislatively approved amount under these programs could be available to fund projects and the Authority and the State would have the flexibility to structure the most cost efficient transaction given market conditions at the time of the bond sale. There would be no loss of oversight. Approval from the State Treasurer is required for all sales of State-contract bonds. The Dormitory Safety Trust fund Program already includes this language in N.J.S. 18A:72A-12.8a.</p>
<p>18A:72A-11.11 (Refinancing Loans)</p>		
<p>18A:72A-12.4 (County Colleges)</p>		
<p>18A:72A-42 (ELF)</p>		
<p>18A:72A-57 (HEFT)</p>		
<p>18A:72A-65 (Technology Infrastructure)</p>		
<p>18A:72A-78 (CIF)</p>		
<p>18A: 74-28 (Public Library)</p>		

**New Jersey Educational Facilities Authority
Comments on Senate Bill No. 1609 and
Proposed Senate Education Committee Amendments**

Disclosure and Accounting Practices in the Municipal Securities Market

Introduction

Many critically important aspects of American life, from airports to sewers and schools to hospitals, depend on the municipal securities market for financing. All bonds, notes and other debt securities issued by states and local governments and their respective agencies and instrumentalities are “municipal securities.” They are issued by such government entities to pay for a variety of public projects, cash flow and other governmental needs and, by acting as a conduit on behalf of private organizations who wish to obtain tax-exempt interest rates, to fund non-governmental private projects.¹ Maintaining the health of this key component of our capital markets is important to every resident of the United States not least to the millions of individuals who invest in municipal bonds. To this end, staff of the Divisions of Corporation Finance, Enforcement and Market Regulation and of the Office of Chief Accountant of the Securities and Exchange Commission would like to bring to your attention some of our ongoing concerns about investor access to full and accurate information regarding municipal issuers and their securities.

A number of Commission enforcement actions have highlighted continued disclosure weaknesses, raised concerns about governmental accounting, and suggested the need for improvements to disclosure practices. These enforcement actions involved allegations that in disclosure documents used in offerings or other information provided to investors:

- the City of San Diego, California failed to disclose the gravity of its enormous pension and retiree health liabilities or that those liabilities had placed the City in serious financial jeopardy;²
- the City of Miami, Florida failed to disclose an unprecedented cash flow shortage which it had eased, in part, by spending the proceeds of bonds issued for other purposes for operating costs;³
- Maricopa County, Arizona failed to disclose a material decline in its financial condition and operating cash flow, the substantial deficit in its general fund, and increased deficit in another fund;⁴
- the City of Syracuse, New York falsely claimed a surplus for its general and debt service funds, materially overstated its ending fund balances in those funds, and misled investors by describing certain financial information as audited;⁵

¹ The Internal Revenue Code delineates the purposes for which tax-exempt municipal bonds may be issued for the benefit of organizations other than states and local governments, i.e., conduit borrowers.

² *In the Matter of the City of San Diego*, SEC Release No. 34-54745 (November 14, 2006).

³ Opinion of the Commission *In the Matter of the City of Miami, Florida*, SEC Release No. 34-47552 (March 21, 2003).

⁴ *In re Maricopa County*, SEC Release No. 33-7354, 34- 37779 (October 3, 1996).

⁵ *In re City of Syracuse, New York, Warren D. Simpson, and Edward D. Polgreen*, SEC Release No. 34-39149 (September 30, 1997).

- Orange County, California made misleading statements and failed to disclose material information about the County's high risk investment pool and financial condition that brought into question the County's ability to repay its securities – facts about which members of its Board of Supervisors were aware, but failed to take appropriate steps to assure were disclosed;⁶
- A lawyer serving as bond counsel was responsible for misrepresentations and omissions in an official statement and in his legal opinions, which failed to provide investors with full information concerning the substantial risk that the IRS would find a municipal securities issue to be taxable;⁷ and
- A group of 15 broker-dealer firms engaged in a variety of violative practices in the auction rate securities market and in certain other practices that were not adequately disclosed to investors in auction rate securities, some of which had the effect of favoring certain customers over others, and some of which had the effect of favoring the issuer of the securities over customers, or vice versa.⁸

The Commission has taken many other enforcement actions involving municipal securities.⁹ According to press accounts, these may not be the only instances in which important information was not disclosed to investors in municipal securities.¹⁰

Section 15B(b) of the Exchange Act established a self regulatory organization, the Municipal Securities Rulemaking Board (MSRB), to set rules for brokers, dealers and municipal securities dealers who engage in municipal securities transactions, subject to

⁶ *Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors*, SEC Release No. 34-36761 (January 24, 1996).

⁷ *Weiss v. SEC*, 468 F.3d 849 (D.C.C. 2006) (upholding the Commission's decision *In the Matter of Ira Weiss*, SEC Release No.34- 52875 (December 2, 2005)).

⁸ *In the Matter of Bear, Stearns & Co. Inc.; Citigroup Global Markets, Inc.; Goldman, Sachs & Co.; J.P. Morgan Securities, Inc.; Lehman Brothers Inc.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Morgan Stanley & Co. Incorporated and Morgan Stanley DW Inc.; RBC Dain Rauscher Inc.; Banc of America Securities LLC; A.G. Edwards & Sons, Inc.; Morgan Keegan & Company, Inc.; Piper Jaffray & Co.; SunTrust Capital Markets Inc.; and Wachovia Capital Markets, LLC*, SEC Release No. 34-53888. (May 31, 2006).

⁹ Other enforcement actions involving the municipal securities market include *In the Matter of the Dauphin County General Authority*, SEC Release No.33-8415 (April 26, 2004); *Mount Sinai Medical Center of Florida, Inc., M. Brooks Turkel and Harvey W. Smith*, Sec Release No. 34-51797 (June 7, 2005); *In the Matter of Neshannock Township School District*, SEC Release No. 34-49600 (April 22, 2004); *SEC v. Manoucher Sarbaz, et al*, Civ. Action No. CV 03-881 CJC (C.D. Cal.), Litigation Release No. 18898 (September 24, 2004); *SEC v. Robert Kasirer, et al.*, Civ. Action No. 04-CV-04340 (N.D. Ill.), Litigation Release No. 19131 (March 11, 2005); *SEC v. David Fitzgerald and Pacific Genesis Group, Inc.*, Litigation Release No. 17432 (March 22, 2002). A compendium of such actions is available on the SEC's web site. <http://www.sec.gov/info/municipal.shtml>

¹⁰ See, e.g., John Connor, "IRS Muni Cop Criticizes Muni Market Attitudes, Practices," *Dow Jones Newswires*, November 30, 2006; William Selway, Martin Z. Braun and David Dietz, "Broken Promises," *Bloomberg Markets*, November 1, 2006; Joe Mysak, "San Diego Isn't the Only City with Pension Troubles," *Bloomberg News*, November 17, 2006.

Commission oversight.¹¹ However, because the MSRB's authority is limited only to brokers, dealers and municipal securities dealers, its rules cannot address the problems exposed by SEC enforcement actions which involve issuer disclosure or the activities of other market participants.¹²

The Commission's statutory authority to regulate issuers and many other participants in the municipal securities market is also closely circumscribed. Municipal securities are exempt securities under both the Securities Act and the Exchange Act and, therefore, are not subject to the Securities Act registration requirements or the Exchange Act periodic disclosure obligations applicable to public companies.¹³ Although the Commission is authorized to take enforcement actions against any person or entity, including issuers of municipal securities, who violate the antifraud provisions of the federal securities laws, its statutory authority is limited with regard to securities offerings and other actions of many municipal market participants, including issuers, issuer officials, conduit borrowers,¹⁴ independent municipal financial advisors, and bond lawyers. The Exchange Act does, however, give the Commission regulatory authority over brokers and dealers who underwrite issuances or otherwise engage in municipal securities transactions.¹⁵ However, the Commission's authority over issuers of municipal securities is specifically limited by Section 15B(d) of the Exchange Act (commonly called the Tower Amendment).¹⁶

The Commission has used its existing limited authority to address concerns about disclosure in the municipal securities market through enforcement actions, adopting a regulation applicable to brokers and dealers, and issuing interpretative releases. In an effort to improve the transparency of the municipal securities market, the Commission adopted Rule 15c2-12, which, among other things, established a system for the dissemination of certain important information – final official statements, annual reports

¹¹ The MSRB does not enforce the rules it sets. Instead, the NASD, the Commission and, in some cases, other appropriate regulatory agencies, enforce the MSRB's rules. Commission enforcement actions taken against brokers and dealers in municipal securities often include alleged violations of the MSRB's rules.

¹² Both the Commission's and MSRB's authority is limited by Section 15B(d) of the Exchange Act which provides as follows: "(1) Neither the Commission nor the Board is authorized under this title, by rule or regulation, to require any issuer of municipal securities, directly or indirectly through a purchaser or prospective purchaser of securities from the issuer [i.e., an underwriter of an offering of municipal securities], to file with the Commission or the Board prior to the sale of such securities by the issuer any application, report, or document in connection with the issuance, sale, or distribution of such securities. (2) The Board is not authorized under this title to require any issuer of municipal securities, directly or indirectly through a municipal securities broker or municipal securities dealer or otherwise, to furnish to the Board or to a purchaser or a prospective purchaser of such securities any application, report, document, or information with respect to such issuer..." [emphasis added]

¹³ Securities Act section 3(a)(2); Exchange Act section 3(a)(12)(A).

¹⁴ The Commission does, of course, have statutory authority, in addition to antifraud authority, over securities offerings involving conduit borrowers, whether a public reporting company or a private entity, where the exemption from the registration requirements of the federal securities laws is unavailable to the conduit borrower due to the type of securities offering involved.

¹⁵ In particular, section 15(c)(2)(D) of the Exchange Act grants authority to the Commission, "by rules and regulations, to define, and prescribe means reasonably designed to prevent," fraudulent, deceptive, or manipulative acts and practices and fictitious quotations by brokers and dealers.

¹⁶ *Supra*, at note 12.

containing certain financial and other information prepared by municipal issuers, and notices of certain material events affecting municipal issuers and their securities - through requirements placed not on issuers, but on broker-dealers.¹⁷ The Commission has also issued an interpretative release expressing the Commission's views with respect to disclosures under the federal securities laws in the municipal market and the disclosure obligations of municipal securities issuers and others.¹⁸

Various industry organizations and groups of organizations have attempted to accomplish improvements through voluntary efforts. While some of these initiatives have done much good, the nature of the municipal market - with more than 50,000 issuers - makes universal improvement on a voluntary basis virtually impossible.

Although staff is reviewing Rule 15c2-12, in order that it might recommend possible improvements, the Commission is near to the statutory limits of its present authority to address the needs of investors in municipal securities for information upon which investment decisions may be made. To provide investors in municipal securities with access to full, accurate, and timely information like that enjoyed by investors in many other U.S. capital markets, the Commission requires expanded authority over the municipal securities market.

The Municipal Securities Market

The size of the municipal securities market is striking. There are over \$2.4 trillion of municipal securities outstanding. More than \$430 billion of new bonds and notes were issued last year. Despite its reputation as a "buy and hold" market, trading volume is also substantial, with over \$6 trillion of long and short term municipal securities traded in 2006. The municipal securities market is diverse and fragmented. There are more than 50,000 state and local issuers of municipal securities, and 2 million separate bonds outstanding.

Individual investors participate heavily in this market: households own 36% (\$860.6 billion) of municipal securities directly¹⁹ and it is believed that they hold up to 33% indirectly through money market funds, mutual funds, and closed end funds.²⁰ The

¹⁷ This information is not filed with the Commission. It is made available to the public by certain private information vendors, known as nationally recognized municipal securities information repositories (NRMSIRs) and state information depositories (SIDs) (collectively, Document Repositories), who charge investors fees to obtain this information. Although some documents known as material event notices are also available from the MSRB, this service (CDINet) has only been lightly used. At the request of the MSRB, the Commission has proposed amending Rule 15c2-12 to allow the MSRB to discontinue using CDINet as a recipient of material event notices. The Board based its request on the limited use of CDINet, concern that notices filed with CDINet were not reaching the broader market, the availability to issuers of alternative electronic document delivery services for NRMSIR and SID filings, and the estimated \$500,000 to \$1 million outlay necessary to keep CDINet operational as reasons for requesting the rule amendment. See, SEC Release No. 34-54863 (December 4, 2006).

¹⁸ *Statement of the Commission Regarding Disclosure Obligations of Municipal Securities Issuers and Others*, SEC Release No. 34-33741 (May 17, 1994).

¹⁹ *Holder of Municipal Debt 1997-2006*, The Bond Buyer and Source Media Inc.

²⁰ Federal Reserve Board, *Flow of Funds Accounts, Flows and Outstandings*, Fourth Quarter 2006.

median size trade in fixed income municipal securities is only \$25,000; more than 56% of all customer trades are for \$25,000 or less and 86.7% are for \$100,000 or less.²¹ As our nation's infrastructure needs continue to escalate and retiring baby-boomers seek safe, tax-free investments, the size of, and level of individual investor involvement in, the municipal securities market is expected to continue to grow.

Despite the size and importance of this market, it lacks many of the systemic protections customary in many other sectors of the U.S. capital markets. Investors in municipal securities are, in certain respects, afforded second-class treatment under current law. Different treatment of this market may have been justified when the securities laws were enacted over 70 years ago and the municipal market was relatively small and dominated by institutional investors. For the most part, different treatment is no longer appropriate. Furthermore, this market has shifted from being a predominantly intrastate market – in which investors might learn about issuers by reading the local paper – to being a national market. Investors in municipal securities, municipal analysts, investment advisors, and the broker-dealers who effect transactions in this market would benefit significantly from access to current, high quality disclosure comparable to that which is available to them in other markets.

Availability of Information

The federal securities laws are premised on full and fair disclosure - the ability of investors to make informed investment decisions based on accurate and full information. However, disclosure in the municipal securities market is substantially less comprehensive and less readily available, particularly to individual investors, than disclosure by public reporting companies.

The federal securities laws and Commission regulations establish a detailed registration and periodic disclosure system that requires public companies to electronically file Securities Act registration statements and Exchange Act periodic reports with the Commission through the Commission's Electronic Data Gathering, Analysis, and Retrieval system (EDGAR), which makes them publicly available to all persons for free and provides them to a variety of information vendors for further dissemination. No filings are made through EDGAR with respect to municipal securities because, as exempt securities, none are required.

Although Exchange Act Rule 15c2-12 has greatly increased the quantity of information available to municipal securities investors, both industry participants and Commission staff have identified significant weaknesses in this system due to the Commission's inability to impose requirements directly on municipal issuers.²² For

²¹ However, transactions of \$100,000 or less account for only 16.6% of the trading volume for fixed rate municipal securities. *Report on Transactions in Municipal Securities*, Office of Economic Analysis and Office of Municipal Securities, U.S. Securities and Exchange Commission, July 1, 2004. (Covered trades from November 1, 1999 – October 31, 2000.)

²² "NFMA Survey Shows Gripes On Disclosure Muni Analysts Cite 15c2-12 Shortfalls" *The Bond Buyer*, December 7, 2001; "Dysfunctional Disclosure Sources: SEC Survey Finds System Not Working," *The Bond Buyer*, February 22, 2002; "SEC, NFMA: Many Issuers Fail To Meet Disclosure Obligations," *The*

example, due in part to the Tower Amendment to the Exchange Act,²³ which was adopted more than 30 years ago when the municipal market was much smaller, the Commission cannot directly or indirectly require issuers to file preliminary official statements with it or the Board so that they may be made freely and easily available prior to the issuance of municipal securities. As a result, prospective investors in primary offerings cannot quickly and easily access this information at the time it is most needed – prior to an investment decision.²⁴

Moreover, municipal issuers frequently fail to provide information to all of the Document Repositories or provide information that is so stale as to be of limited usefulness. As a result, prospective investors and other market participants do not have a free or comprehensive source to turn to for information on municipal securities. It is important that the same information be available from each Document Repository and for it to be available simultaneously in order to provide a level playing field. However, the Commission does not have the authority directly to require issuers to make available the information they have undertaken to provide. Industry efforts have been unable to fully address these issues. Organizations representing issuers of municipal securities have repeatedly expressed a desire for a filing location similar to EDGAR.²⁵

Accounting Standards

The lack of uniformly applied generally accepted accounting standards in the municipal market raises significant issues for investors and the market. Federal securities law authorizes the Commission to set standards of accounting and financial reporting for companies with publicly-traded securities. The Commission historically has looked to private-sector standard-setting bodies to develop accounting principles and standards for public companies. Pursuant to its authority under Section 108 of the Sarbanes-Oxley

Bond Buyer, June 18, 2002; “Officials: Good Ratings, Investor Interest Depend on Disclosure,” *The Bond Buyer*, June 17, 2003; “Taylor, McCarthy to Discuss Muni Bond Regulation Over the Internet” *The Bond Buyer*, March 30, 2004.

²³ Securities Exchange Act of 1934, Section 15B(d)(1) and (2), 15 U.S.C. section 78o-4.

²⁴ Rule 15c2-12(b)(2) requires that “from the time [an underwriter] has reached an understanding with an issuer of municipal securities that it will become [an underwriter] in [an offering covered by the rule] until a final official statement is available, [the underwriter] shall send no later than the next business day, by first-class mail or other equally prompt means, to any potential customer, on request, a single copy of the most recent preliminary official statement, if any.” Rule 15c2-12(b)(2) does not cover all offerings (competitively bid offerings and offerings of under \$1 million are not covered by the rule and certain other types of offerings are exempt from this portion of the rule) and its effectiveness may be limited because investors may not be aware that a preliminary official statement can be obtained from the underwriter upon request and because the document may not reach a prospective investor before an investment decision must be made.

²⁵ For example, in the 1988 Proposing Release for Rule 15c2-12 the Commission solicited comment on the creation of a central repository for municipal disclosure documents. Of the more than 60 comment letters the Commission received, 45 commentators expressed a view on the concept of a central repository. Forty commentators supported some form of a central repository. The primary reason given for supporting the creation of one or more central repositories was the need to have a readily accessible central source of information on municipal bonds. SEC Release No. 34-26985 (June 28, 1989): Adoption of Rule 15c2-12.

Act,²⁶ the Commission has designated the Financial Accounting Standards Board (FASB) as a private sector standard-setter. Section 108 of the Sarbanes-Oxley Act establishes criteria that must be met in order for the work product of an accounting standard-setting body to be recognized by the Commission as “generally accepted.” Section 108 requires that the Commission determine whether the standard-setting body has the capacity to assist the Commission in fulfilling the requirements of the securities laws. At a minimum, the standard-setting body must be capable of improving the accuracy and effectiveness of financial reporting and the protection of investors. The Commission must exercise initial and continuing oversight over the standard-setting body to determine whether these criteria have been met. The FASB’s accounting principles are recognized as “generally accepted” for purposes of the federal securities laws for public companies – but not states or local governments.²⁷ Section 108 of the Sarbanes-Oxley Act is focused on the accounting standards under the Commission’s authority with regard to public company issuers.

The Governmental Accounting Standards Board (GASB)²⁸ establishes generally accepted accounting principles (GAAP) that are used by many states and local governments of widely varying size and complexity.²⁹ GASB is a not-for-profit organization that operates under the oversight of the Financial Accounting Foundation (FAF).³⁰ GASB is funded by voluntary payments and contributions from states and local governments and the financial community, and through sales of its publications. This funding mechanism is inadequate to ensure an ongoing program of high-quality governmental accounting standards and has raised questions from some parties about GASB’s ability to remain independent of its donors.³¹

Although statutes in many states require compliance with GASB standards, elsewhere municipal issuer use of GASB standards is largely voluntary, coming about as a result of its use by auditors rendering GAAP opinions on the fairness of presentations of the financial condition of governmental entities. An estimated 20,000 issuers of municipal securities use a variety of accounting methods that do not conform to GASB

²⁶ Pub.L. 107-204, 116 Stat. 745 (2002).

²⁷ April 25, 2003, Commission policy statement recognizing the FASB as satisfying the criteria in Section 19(b) of the Securities Act, as added by Section 108 of the Sarbanes-Oxley Act of 2002.

²⁸ The GASB was organized in 1984 as an operating entity of the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities. The FAF’s trustees are responsible for selecting the members of the GASB and its Advisory Council, funding their activities and exercising general oversight-with the exception of the GASB’s resolution of technical issues.

²⁹ The stated mission of the GASB is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports. Governments and the ethical requirements of the American Institute of Certified Public Accountants (AICPA) recognize the GASB as the official source of generally accepted accounting principles (GAAP) for state and local governments. See AICPA Ethics Rule 202.01 and Appendix A to that rule; ET § 202.

³⁰ The FAF has responsibility for the oversight, administration, and finances of both the GASB and the FASB.

³¹ “GASB Faces Reporting Criticism, Concern Grows About Independence,” by Steve Burkholder, *Accounting Policy & Practice*, Bureau of National Affairs, March 9, 2007; “Standards Deviation.” by Arthur Levitt, Jr., *Wall Street Journal*, March 9, 2007.

standards. Sometimes use of these non-GASB methods are dictated by state law.³² On occasion, governments that are otherwise compliant with GASB may choose not to apply specific rules with which they disagree or which would make their financial condition appear weaker.³³ This makes their financial statements hard to understand and difficult to compare.

Furthermore, some issuers include audited annual financial statements in disclosure documents without obtaining the consent of the auditor, sometimes without disclosing that such consent has not been obtained.³⁴ The Commission has not been explicitly authorized to regulate accounting and financial reporting standards for municipal issuers. As a result, the Commission has no direct influence over the GASB and the standards it sets, nor can the Commission designate GASB standards as “generally accepted.” Further, the Commission has no express authority to require municipal issuers to follow GASB standards.

There are differences between the purposes of financial reports of governmental entities and those of private-sector business enterprises.³⁵ Nevertheless, there are important areas in accounting and disclosure standards in which divergence is no longer warranted. Users of financial reports of governmental entities are entitled to material information about arrangements and transactions—for example, those related to pension benefits, other post employment benefits, and derivatives—just as investors and other users of financial reports of business enterprises are entitled to that information. Such users are also entitled to adequate financial statement presentation, disclosure, and discussion.

³² Many local governments in New Jersey, for example, must use a statutory accounting method instead of the GASB’s accounting standards.

³³ For example, the Texas legislature recently enacted a law, and the Connecticut General Assembly recently approved a bill, which was subsequently vetoed by the Governor, to pull issuers out from under GASB standards and place them under systems of generally accepted accounting rules developed and administered by those states. This is tantamount to allowing each public company to set accounting standards for itself and its subsidiaries. The Texas law requires the State, and permits local governments in Texas, not to use new GASB Statement 45, which requires governmental entities that provide health care, life insurance, and other post-employment benefits to retirees to report the estimated accrued cost of the benefits. See, “Texans want to strike new rule on projecting retiree health care” *New York Times*, March 12, 2007. See also, “Texas’ new \$50 billion question - New rule requires state to total the real cost of public retiree health care” *American-Statesman*, February 11, 2007, “Paying for Promises - After the shock of the big numbers, states and localities are finding ways to deal with the costs of their retirees’ health care,” *Governing*, February, 2007, and “Texas Blinks in GASB Showdown: Bill Would Allow Option to Follow Rule 45” *The Bond Buyer*, April 20, 2007. Connecticut’s bill would have allowed the state comptroller to establish accounting standards for the State’s budgetary purposes rather than follow GASB standards. See, “Connecticut Takes Up Fight Over Accounting Rules” *The New York Times*, June 2, 2007 and “Connecticut Weighs Bill Giving Comptroller Power over GAAP” *The Bond Buyer*, June 6, 2007.

³⁴ See “Recommended Practice: Auditor Association with Financial Statements Included in Offering Statements or Posted on Websites (2005 and 2006) (CAAFR & DEBT)” Government Finance Officers Association, February 24, 2006.

³⁵ Examples of those differences from GASB’s point of view are discussed in a GASB White Paper entitled “Why Governmental Accounting and Financial Reporting Is—And Should Be—Different,” available on the GASB’s website at www.gasb.org.

The GASB has made progress in recent years in improving financial reporting standards, but the GASB needs greater support to better serve users of financial reports of governmental entities. Greater support for the GASB could be provided in several ways, including legislation allowing the Commission to mandate compliance with GASB standards, granting the Commission clear authority, similar to that in Section 108 of the Sarbanes-Oxley Act, to designate GASB standards as “generally accepted” for municipal issuers (provided that the Commission could make the necessary findings), with the attendant authority to oversee the GASB, and providing funding to strengthen the GASB’s independence.

Disclosure Policies and Procedures: Transaction Professionals

The staff is concerned that, regardless of size, issuers of municipal securities may lack policies or procedures adequate to ensure accurate and full disclosure in their offering documents and are not legally required to certify the accuracy of their disclosures.³⁶ Furthermore, the Commission lacks the authority directly to require issuers to establish disclosure policies and procedures or to provide certifications. Unlike in the corporate context, in which there are requirements for disclosure controls, evidence obtained in many enforcement actions suggests that issuer officials who vote to approve the use of disclosure documents often assume the accuracy of disclosure documents and approve them with little or no review. Furthermore, the staff has observed that issuer representatives often have limited involvement in the preparation of disclosure documents.

In contrast to corporate securities offerings in which the issuer and its counsel prepare a company’s disclosure documents and filings, with input from the underwriter and its counsel, the offering documents for negotiated offerings³⁷ of municipal securities are typically prepared by the underwriter and underwriter’s counsel, who do not have an intimate knowledge of the issuer’s affairs. In fact, issuers often are not represented by counsel with respect to the preparation of disclosure documents.³⁸ The issuer’s counsel, bond counsel, and other professionals who work on an offering are often hired on a transaction-by-transaction basis and therefore may lack the depth of factual knowledge derived from an ongoing relationship with an issuer. Often issuer’s counsel is only occasionally engaged in municipal securities offerings and is heavily dependent on others

³⁶ Often, bond purchase contracts require issuers to provide a certification to the underwriter regarding the accuracy of portions of official statements. However, these certifications often are directed to the underwriter alone and, because they are only required by contract, not law, the level of importance ascribed to them by issuer officials may be less than if they were required by federal law or regulation.

³⁷ In 2006, according to Thomson Financial, more than 80% of municipal bonds were sold in negotiated sales. About 18 percent were sold at auction, which are also called competitive sales. The remainder were privately placed. Joe Mysak, “Don’t Bury Bond Auction Sales, They Aren’t Dead Yet,” Bloomberg News, March 9, 2007.

³⁸ Bond counsel generally limit their engagement to matters related to the validity and tax-exemption of an offering and to the accuracy of the summaries of documents which they have prepared that are included in offering documents. “The Functions and Professional Responsibilities of Bond Counsel” National Association of Bond Lawyers Committee on Professional Responsibility, 1995 (2nd Ed), pp 2-4.

about disclosure matters. Bond counsel often limit their practices exclusively to municipal securities and may lack the depth of knowledge of the federal securities laws obtained from representing clients in registration, periodic reporting, and other matters before the Commission. Furthermore, underwriters of municipal securities often disclaim responsibility for statements made in offering documents, which would not be permitted in a corporate bond offering.³⁹

Eleven years ago, the Commission issued an Exchange Act Section 21(a) Report of Investigation regarding the conduct of the Board of Supervisors of Orange County⁴⁰ in which it alerted municipal issuers and other participants to their responsibilities with respect to disclosure and recommended steps issuer officials should take in connection with disclosure documents:

The Supervisors ... had a duty to take steps appropriate under the circumstances to assure accurate disclosure was made to investors regarding ... material information. The Supervisors, however, failed to take appropriate steps. For example, while the Supervisors believed that they could rely on the County's officials, employees or other agents with respect to these offerings, they never questioned these officials, employees or other agents regarding the disclosure of this information; nor did they become familiar with the disclosure regarding the County's financial condition. Had they taken such or similar steps, it should have been apparent to each Supervisor, in light of his or her knowledge, that the disclosure regarding the County's financial condition may have been materially false or misleading.⁴¹

Despite the Commission's explicit statements, information obtained in enforcement actions suggest that this problem remains. For example, *In the Matter of the City of Miami*, the Commission found that "Miami's officials ignored the City's disclosure responsibilities. [The City Manager] admitted that he was not familiar with Miami's disclosure requirements and dismissed the importance of the bond offering documents.

Let me ask you this, does anybody read this [Official Statement]? I mean, only experts read this [M]ost people don't read this, nobody reads this. They go by what the raters, that is Moody's, Standard & Poor's, saying that these bonds are safe to buy.⁴²

In contrast to the corporate securities market, the Commission lacks adequate authority to fully address problems such as these in the municipal securities market.

³⁹ The Commission previously made clear its concern that such disclaimers by underwriters of municipal securities may be misleading in the *Statement of the Commission Regarding Disclosure Obligations of Municipal Securities Issuers and Others*, SEC Release No. 34-33741, fn. 103 (May 17, 1994).

⁴⁰ Report of Investigation in the Matter of County of Orange, California, as it Relates to the Conduct of the Members of the Board of Supervisors, SEC No. 34-36761 (January 24, 1996).

⁴¹ Report of Investigation in the Matter of County of Orange, California, as it Relates to the Conduct of the Members of the Board of Supervisors, Exchange Act Release No. 36761 (January 24, 1996).

⁴² *In the Matter of the City of Miami*, SEC Release No. 34-47552 (March 21, 2003) (Commission opinion).

Conclusion

In light of these disclosure and accounting problems observed in the municipal securities market, staff believes that Congress should consider revisions to the current disclosure and accounting requirements for municipal issuers to provide investors and other participants in the municipal securities market with information and protections comparable to those available in many other U.S. capital markets, while giving deference where appropriate to the special disclosure and accounting aspects of municipal issuers. There are a variety of steps that should be taken that would improve for investors the extent, quality, and availability of municipal issuer information. These include:

- Making available to investors municipal issuer offering documents and periodic reports that contain information similar, although not necessarily identical to, that required of issuers and offerings of corporate securities.
- Making available to investors without charge municipal issuer offering documents and periodic reports on a timely basis through an easily accessible venue, such as a system similar to EDGAR.
- Mandating municipal issuer use of “generally accepted” governmental accounting standards.
- Encouraging and supporting timely development of high-quality governmental accounting standards by, for example, providing an independent funding mechanism for the GASB and requiring or permitting Commission oversight of the GASB, as is now provided by Sections 108 and 109 of the Sarbanes-Oxley Act for the FASB.
- Applying to non-governmental conduit borrowers the registration and disclosure standards that would apply if they issued their securities directly without using municipal issuers as conduits.
- Ensuring that issuers of municipal securities establish policies and procedures for disclosure appropriate for the particular issuer.
- Clarifying the legal responsibilities of issuer officials for the disclosure documents that they authorize, the responsibilities of underwriters with respect to the offering statements they use in underwriting municipal offerings, and the securities law responsibilities of bond counsel and other participants in offerings.

The regulatory model applicable to the securities of public companies should not, however, be duplicated and applied wholesale to municipal securities. Implementation of steps such as these must be tailored to accommodate the unique character of municipal

issuers and special attributes of the municipal securities market.⁴³ For instance, the Commission should not undertake to review the disclosure documents of municipal issuers as it does those of public companies registered with the Commission, in recognition that municipal issuers are themselves governments.

⁴³ We are not suggesting that other existing exemptions from the securities laws be amended. For example, if the provisions of the exemptions are satisfied, offerings of securities by small municipal issuers in reliance on the intrastate registration exemption in Section 3(a)(11) of the Securities Act and offerings of securities by not for profit organizations in reliance on the exemption provided by Section 3(a)(4) of the Securities Act could continue. Further, the private offering exemptions under the Securities Act would remain in place for municipal issuers and conduit borrowers.