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DEREK S. HANSEL
Executive Director

**MINUTES OF THE MEETING OF THE
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY
ON THURSDAY, JANUARY 24, 2013**

The meeting was called to order at 9:21 a.m. by Chairman Jacobs. The New Jersey Educational Facilities Authority gave notice of the time, place and date of this meeting via fax and email on January 7, 2013, to The Star Ledger, The Times and the Secretary of State and by posting the notice at the offices of the Authority in Princeton, New Jersey. Pursuant to the New Jersey Open Public Meetings Act, a resolution must be passed by the New Jersey Educational Facilities Authority in order to hold a session from which the public is excluded.

AUTHORITY MEMBERS PRESENT:

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

AUTHORITY MEMBERS ABSENT:

None

STAFF PRESENT:

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

ALSO PRESENT:

Brett Tanzman, Governor's Authorities Unit (via phone)
Sudi Solomon, Esq., Deputy Attorney General

ITEMS OF DISCUSSION

1. Approval of the Minutes of the Meeting of November 27, 2012

The minutes of the meeting of November 27, 2012 were hand delivered to Governor Chris Christie under the date of November 29, 2012. Mr. Petrecca moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Hodes and passed unanimously.

2. Executive Director's Report

Mr. Hansel reported that it has been very busy the past two months; and that he has met individually with several of our institutions, and with JB Wilson and his team from The Association of Independent Colleges and Universities in New Jersey. The Authority has also been working with Seton Hall University in connection with their swap novation process. NJEFA staff helped to prepare a presentation for the EACUBO workshop that was given by Mr. Hansel, and which had been rescheduled due to Hurricane Sandy; the presentation was well received.

Mr. Hansel then reported that staff has been working closely with Secretary of Higher Education, Rochelle Hendricks and her staff on the development of regulations for the Building our Future Bond Act and the Authority's state-backed bonds programs. These regulations are included under TAB 2. The Higher Education Capital Improvement, Higher Education Technology Infrastructure Act, Higher Education Equipment Leasing Fund Act and Higher Education Facilities Trust Fund Act, collectively, have a capacity of about \$567 million and the Building Our Future Bond Act has a capacity of about \$750 million. Together with matching funds, these programs will provide a total of about \$1.6 billion in new investment in higher education facilities.

Mr. Hansel reported that NJEFA staff and the Secretary of Higher Education's staff have also been working on the grant application and the application review process. The process is dependent on the regulatory and legislative calendar and we are working diligently to get the monies out to the Colleges and Universities in a timely manner.

Mr. Hansel reported that Nicole Doxey, Communications Specialist will be leaving the Authority after 10 years of service. Ms. Doxey has accepted a part-time position with NAHEFA. He commended her for a job well done here at the Authority.

3. Resolution Approving Certain Revisions to the Authority's Employee Policy Manual

Mr. Jacobs noted that there are two resolutions concerning employee policy related matters and that he thought, based on prior discussions, that an overall review of the manual would be done. Mr. Hansel responded that we will be doing an overall review of the manual, working with Mr. Jacobs personally, as well as with the Governor's Authorities Unit, to see how they are approaching things with other authorities and agencies. However, because of timing of other pressing matters, particularly with respect to the implementation of the regulations and applications, it will something we will be getting to.

Mr. Jacobs stated that he will introduce the resolution; however, his general comment is that he would rather see an overall review of the manual. Mr. Hansel commented that the Governor's Authorities Unit has asked all State Authorities to change their policy to comply with the State's general policy for reimbursement of mileage expenses. Currently, the Authority reimburses at the Internal Revenue Service rate for business travel, which is currently 56.5 cents per mile(s). The resolution approves reimbursement at the State rate, which is included in the Appropriations Act that is passed every year by the Legislature. The

rate is currently 31 cents per mile and has been at this rate since 2001. Mr. Hansel said that he understands generally the State's goal that all Authorities have policies that are consistent with the State. Mr. Hansel stated that we can all objectively look at the economics and agree that 31 cents is low given the increase in the cost of vehicle operations since it was set back in 2001.

Mr. Tanzman, participating by phone, added that it is a policy of the State and many of the Authorities have already implemented the 31 cents mileage reimbursement.

Mr. Jacobs stated that he understands the general rules of consistency and asked Mr. Tanzman for the names of the Authorities that have adopted the State's policy. Mr. Tanzman stated he did not have the list readily available, but he will follow-up with it. He recalled that the Economic Development Authority and Turnpike Authority have adopted the 31 cent reimbursement rate, except where union contracts have locked in a different rate. He agreed to follow-up with a list, but said that EFA would become an outlier and would be acting contrary to the State's policy by not implementing the mileage reimbursement. Mr. Jacobs commented that he would have liked to have had the list before the resolution was being considered. Mr. Jacobs asked if anyone else had any questions.

Mr. Hutchinson said that we have already established that the cost of expenses for mileage has not gone down and the Authority has always maintained reimbursement at the federal rate for a long time and asked how much savings there would be at the lower rate. Mr. Hansel reported that if the State rate had been applied for mileage last year the savings would have been \$1,500. Mr. Jacobs asked if it had saved \$30,000 to have the Bloomberg terminal removed previously. Mr. Tanzman stated that he needs to put the savings into context across the State. In looking across the State, a consistent policy yields significant savings. Mr. Tanzman warned that by not approving this, the EFA would be acting contrary to State policy.

Mr. Hodes questioned if there were two resolutions. Mr. Hansel replied that there are two separate resolutions under TAB 3 and we are only right now discussing the first resolution. Mr. Jacobs asked Mr. Hansel to describe the second resolution as well. Mr. Hansel explained that the EFA has also been asked by the Authorities Unit to introduce the resolution, which would require submission of all expense reports to the Board for approval prior to payment. This is not EFA's current practice. Current practice is that supervisors can approve the expense reports and Mr. Hansel signs the check for everybody but himself (who is signed off on by the Chair). Mr. Jacobs commented that he finds it interesting that looking at the calendar we are considering reducing the number of meetings from monthly to quarterly and his concern is for employees. He does not want to characterize this as penurious and is not in favor of it.

Mr. Jacobs asked how we would be voting on the resolutions. Mr. Hansel suggested they be voted on separately. Mr. Jacobs agreed and prior to taking action, asked if there was any other discussion. Mr. Petrecca reported that this is a policy of the State and he knows that it will impact the staff but at the same time it is complying with the State.

Mr. Hodes stated that it would be helpful to have a list from Mr. Tansman of the other agencies who have implemented this policy before we move forward. Mr. Hutchinson agreed that it would be more relevant to know which other Authorities have adopted similar resolutions.

Mr. Jacobs entertained a motion to accept the first resolution under TAB 3.

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

Resolution Approving Certain Revisions to the Authority's Employee
Policy Manual

The motion was seconded by Mr. Edwards.

Mr. Hansel called roll call as follows:

Mr. Jacobs	Abstained
Mr. Hutchinson	Nay
Mr. Hodes	Nay
Mr. Petrecca	Yes
Mr. Edwards	Yes

The motion was defeated.

The defeated resolution is appended as Exhibit I.

Resolution of the New Jersey Educational Facilities Authority Requiring Approval of Expense Reimbursement Requests By the Members

Prior to entertaining the motion, Mr. Jacobs asked if there any other Authorities that have adopted this policy. Mr. Tanzman could not recall for sure, but he thought that HCFFA and EDA have such policies for certain types of expenses. Mr. Jacobs indicated that he had only become aware of this resolution the night before, and as a procedural matter and in fairness to the employees of this agency, he requested that we receive such information in a more timely manner and asked Mr. Hansel if he had any other comments. Mr. Hansel commented that as discussed, this policy would require all expense reports to be submitted to the Authority Board for approval prior to payment.

Mr. Jacobs asked Mr. Tanzman for any further comments. Mr. Tanzman commented that this is a transparency measure and for certain expenses it would ensure appropriate governmental oversight over potentially frivolous expenses. There were no further discussions.

Mr. Jacobs entertained a motion to accept the second resolution under TAB 3.

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

Resolution of the New Jersey Educational Facilities Authority Requiring Approval of Expense Reimbursement Requests By the Members

The motion was seconded by Mr. Edwards.

Mr. Hansel called roll call as follows:

Mr. Jacobs	Nay
Mr. Hutchinson	Nay
Mr. Hodes	Nay
Mr. Petrecca	Yes
Mr. Edwards	Yes

The motion was defeated.

The defeated resolution is appended as Exhibit II.

4. Resolution Appointing Professionals in Connection With the Issuance of Bonds By The Authority on Behalf of Princeton Theological Seminary

Ms. Soyka reported that behind TAB 4 you will find a resolution appointing professionals with respect to a transaction for Princeton Theological Seminary. We expect to bring a resolution approving the transaction before you next month.

The resolution appoints the Bank of New York Mellon as trustee. The Bank of New York Mellon serves as trustee on all of the Seminary's outstanding debt with the Authority and, as the Seminary needs to work with the bank on an ongoing basis, we requested a fee quote from BONY. They came back with a fee of \$750 which is not unreasonable and as the Seminary would like to continue working with them, we recommend their appointment for this transaction. The resolution also appoints The Bank of New York Mellon as escrow agent. As you are aware from prior transactions, the escrow agent is always the trustee on the bonds being refunded.

The resolution also appoints Prager & Co., LLC as financial advisor. You will see in the procurement memo provided the description of the process for selecting the financial advisor and the chart detailing the scores for each respondent. As in the past, two parties from the Authority and one party from the Seminary reviewed the responses. Mr. Hansei recused himself from this process.

The resolution appoints Morgan Stanley as senior managing underwriter and Wells Fargo and Ramirez as co-managing underwriters. The procurement memo describes the process for selecting the senior and co-managing underwriters. For this transaction, we changed the process a bit to better manage the process. One RFP went out to all firms in our senior and co-managing underwriter pools requesting responses to serve as both senior managing underwriter, if the firm is in our pool of senior managing underwrites, and co-managing underwriter. The review of the senior managing underwriter proposals was done as in the past with one party from the Authority, one party from the Institution and one party from Treasury reviewing the responses. The chart detailing the scores of the respondents is included in the memo. The co-managing underwriter proposals were also reviewed as in the past with two parties from the Authority staff reviewing the responses. The chart detailing the co-managing underwriter scores is also included in the procurement memo.

Finally, the resolution delegates to the Executive Director the ability to appoint a verification agent in connection with the refunding. This was also done in the William Paterson transaction. We don't always use a verification agent for current refunding transactions, and the appointment is based solely on whether the firm is a CPA firm, if required by the refunded bond documents, and the quoted fee. Having this appointment delegated to the executive director allows the transaction to run more smoothly if the appointment can take place only if and when the appointment is necessary.

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

**RESOLUTION APPOINTING PROFESSIONALS IN CONNECTION WITH
THE ISSUANCE OF BONDS BY THE AUTHORITY ON BEHALF OF
PRINCETON THEOLOGICAL SEMINARY**

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

The adopted resolution is appended as Exhibit III

5. Resolution Authorizing the Issuance of a NJEFA Revenue Bond, Bloomfield College and Seminary Issue, 2013 Series A

Ms. LaMarsh reported before you is a resolution authorizing the issuance of a revenue bond on behalf of Bloomfield College in an amount not to exceed \$33.8 million dollars. Proceeds

from the bond will be used to refinance an existing mortgage the College has with The Provident Bank that originally funded renovations to a student residence hall that will result in cash flow savings of approximately 37% or \$250,000 per year. Proceeds will also be used to finance the construction and equipping of a new student residence hall as well as capitalized interest on the bond, if any, and costs of issuance. The Bond is being issued through a direct placement with The Provident Bank, will bear interest at a fixed rate which will be reset every 10 years and will have a final maturity date of no later than July 1, 2043. Based on current market conditions the initial interest rate should be around 3.60%.

Joining us today from Bloomfield College is Howard Buxbaum Senior Vice President for Finance and Administration, as well as Joe Bosch from Janney Montgomery Scott, the College's financial advisor, and thanked them for being here today.

John Cavaliere from McManimon, Scotland & Baumann, bond counsel on the transaction, described the resolution behind TAB 5 and the forms of legal documents presented for your consideration.

Mr. Jacobs introduced and welcomed Mr. Buxbaum to the meeting. Mr. Buxbaum provided the members with details regarding the new student residence hall.

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

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BOND, BLOOMFIELD COLLEGE AND SEMINARY
ISSUE, 2013 SERIES A, IN A PRINCIPAL AMOUNT NOT TO
EXCEED \$33,800,000 AND AUTHORIZING AND APPROVING
THE EXECUTION AND DELIVERY OF A BOND AGREEMENT
AND RELATED INSTRUMENTS AND DETERMINING OTHER
MATTERS IN CONNECTION THEREWITH

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

The adopted resolution is appended as Exhibit IV

Mr. Tanzman has to leave the call at this time.

6. Report on Pending Projects

Ms. Soyka reported that she would not talk about Bloomfield College as the members had already heard about the status of that transaction.

She reported that Princeton Theological Seminary is looking to currently refund their 2002 Series G Bonds as well as finance the remaining portion of the project they financed in 2010. In 2010 the Authority authorized a \$130 Million transaction to fund the construction of housing for married students and the construction of a new library and substantial renovation to the existing library. At the time, the Authority only issued approximately \$75 Million in bonds which the Seminary used to finance the housing piece of the project with the hope that capital contributions would eliminate the need for further issuance. As campaign contributions have not been as robust as the Seminary hoped, they would like to issue bonds to fund the completion of the project. We expect to bring the resolution authorizing the issuance of the bonds to next month's meeting with a pricing sometime in late March/early April.

Caldwell College is in the process of accepting proposals from banks to refund via a direct placement the Authority's outstanding 2006 Series F Bonds. We expect to close on the direct placement sometime in late spring.

Seton Hall University has approached us to begin the procurement process for professionals for a transaction to finance the construction of an addition to a residence hall and the expansion of their parking deck. We expect to sell bonds sometime in late spring/early summer.

The Fairleigh Dickinson University transaction is still on hold. Derek and Roger are going to meet with the University next week and we should have an update after that meeting.

Mr. Petrecca moved that the report be accepted as presented; the motion was seconded by Mr. Hodes and passed unanimously.

The reports are appended as Exhibit V.

7. Report on Operating and Construction Fund Statements

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

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

The reports are appended as Exhibit VI.

8. Legislative Update

Ms. Stitt reported that most of the activity in the legislative and regulatory affairs area has been related to the regulations for the higher education grant programs that Mr. Hansel described earlier. She also commented that we anticipate that the Governor's budget address will be on or about February 26th and that there will be more to report in the upcoming months.

9. Moody's Investors Presentation

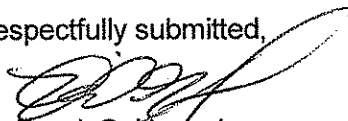
Edith Behr, Vice President/Senior Credit Officer and Manager, for Moody's Investors Service provided the Authority with an informative presentation on Pressures in Higher Education Building; Strong Leadership Essential for Long-Term Viability.

10. Next Meeting Date

Mr. Jacobs announced that the next scheduled meeting would be on February 26, 2013 at the Authority's office.

Mr. Hutchinson moved that the meeting be adjourned at 10:45 a.m.; the motion was seconded by Mr. Petrecca and passed unanimously.

Respectfully submitted,


Derek S. Hansel
Secretary

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
APPROVING CERTAIN REVISIONS TO THE EMPLOYEE MANUAL**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, P.L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and authorized to issue its obligations to provide a means for New Jersey public and private colleges and universities to obtain financing to construct educational facilities as defined in the Act; and
- WHEREAS:** Section 530 of the Authority's Employee Policy Manual reflects the Authority's policy that employees of the Authority who use their personal automobile on official Authority business shall be reimbursed at the prevailing rate per mile permitted by the Internal Revenue Service; and
- WHEREAS:** Pursuant to N.J.S.A. §52:14-17.1, as amended through P.L. 1980, c. 19, in lieu of actual expenses of transportation allowed an officer or employee of the State traveling in his personal automobile on official state business shall be reimbursed at the rate of \$.18 per mile unless otherwise provided by law; and
- WHEREAS:** Pursuant to N.J.S.A. §52:14-17.1a, P.L. 1980, c. 19, a calculation is to be made on the first business day of January and June in each calendar year to determine whether the reimbursement rate of \$.18 per mile shall be adjusted pursuant to the formula set forth therein; and
- WHEREAS:** The ultimate rate applicable to state employees is the rate set forth in the applicable State Appropriations Act; and
- WHEREAS:** The current reimbursement rate as established in P.L.2012, Chapter 18 is \$.31 per mile; and
- WHEREAS:** Although the provisions of N.J.S.A. §§52:14-17.1 and 52:14-17.1a and the rate ultimately established by the applicable State Appropriations Act do not apply to the Authority and the Authority's employees, the Members of the Authority wish to adopt the rates applicable to State employees as the Authority's policy in order to have a uniformity with the policy applicable to State employees;

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

- SECTION 1.** For purposes of reimbursing Authority employees for use of their personal automobiles on official business of the Authority, the Members hereby adopt as the Authority's policy, the reimbursement rate applicable to State employees as it may change from time to time.

SECTION 2. The Authority hereby authorizes and directs the Executive Director to take all necessary action to amend Section 530 of the Authority's Employee Manual to reflect such policy and to take any and all other action necessary to implement the same.

SECTION 3. All prior resolutions inconsistent or in conflict with this Resolution are hereby repealed.

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

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

AYE: Andrew P. Sidamon-Eristoff, (represented by Steven Petrecca)
Rochelle Hendricks, (represented by Gregg Edwards)

NAY: Ridgeley Hutchinson
Joshua Hodes

ABSTAIN: Roger Jacobs

ABSENT: None

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

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REQUIRING APPROVAL OF EXPENSE REIMBURSEMENT REQUESTS
BY THE MEMBERS**

WHEREAS: The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, P.L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and authorized to issue its obligations to provide a means for New Jersey public and private colleges and universities to obtain financing to construct educational facilities as defined in the Act; and

WHEREAS: Pursuant to Section 7 of the By-Laws of the Authority, except as otherwise provided by resolution of the Authority, the Executive Director is authorized and directed, *inter alia*, to make final certification and payment of all duly authenticated and authorized items of expenditure for payment from any Authority funds from whatever source derived; and

WHEREAS: The Members of the Authority have determined that it is advisable that requests for expense reimbursement made by Members and employees of the Authority be submitted to the Members for review and approval prior to payment thereof;

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

SECTION 1. Requests for reimbursement of expenses made by Members and employees must be certified and approved by the Members prior to payment of such expense reimbursement from Authority funds.

SECTION 2. The Authority hereby authorizes and directs the Executive Director to take any and all necessary action to reflect this change where necessary in documents of the Authority.

SECTION 3. All prior resolutions inconsistent or in conflict with this Resolution are hereby repealed.

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

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

AYE: Andrew P. Sidamon-Eristoff, (represented by Steven Petrecca)
Rochelle Hendricks, (represented by Gregg Edwards)

NAY: Roger Jacobs
Ridgeley Hutchinson
Joshua Hodes

ABSTAIN: None

ABSENT: None

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

**RESOLUTION APPOINTING OF PROFESSIONALS IN
CONNECTION WITH THE ISSUANCE OF BONDS BY THE
AUTHORITY ON BEHALF OF PRINCETON
THEOLOGICAL SEMINARY**

ADOPTED JANUARY 24, 2013

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

WHEREAS, Princeton Theological Seminary (the "Seminary") has requested that the Authority begin the process of procuring professionals in connection with the issuance of bonds by the Authority to refund the outstanding 2002 Series G Bonds of the Authority issued for the Seminary (the "Refunding") and to financing a capital project on behalf of the Seminary (the "Capital Project" and together with the Refunding, the "Financing"); and

WHEREAS, the Authority board has been provided with a memorandum summarizing the procurement procedures and Authority staff's recommendations with respect thereto.

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

- 1. Appointment of Trustee, Bond Registrar and Paying Agent.** The Bank of New York Mellon, Woodland Park, New Jersey is hereby appointed as the initial Trustee, Bond Registrar and Paying Agent in connection with the Financing.
- 2. Appointment of Escrow Agent.** The Bank of New York Mellon, Woodland Park, New Jersey is hereby appointed as escrow agent, and shall act in that capacity pursuant to the terms of an escrow deposit agreement to be executed in connection with the Financing (the "Escrow Deposit Agreement").
- 3. Appointment of Financial Advisor.** Prager & Co., LLC is hereby appointed as the Financial Advisor in connection with the Financing.
- 4. Appointment of Senior Managing Underwriter.** Morgan Stanley is hereby appointed as the Senior Managing Underwriter in connection with the Financing.
- 5. Appointment of Co-Managing Underwriters.** Wells Fargo Securities and Ramirez & Co. Inc. are hereby appointed as the Co-Managing Underwriters in connection with the Financing.

6. **Appointment of Verification Agent.** The Authority hereby authorized the Executive Director of the Authority to appoint a verification agent, if necessary, in connection with the Refunding.

7. **Effective Date.** This Resolution shall take effect in accordance with the Act.

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

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

NAY: None

ABSTAIN: None

ABSENT: None

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



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

Date: January 23, 2013

To: Members of the Authority

Issue: Princeton Theological Seminary, 2013 Series B

Below please find the procurement procedures that were undertaken with respect to the various professional appointments in connection with the Princeton Theological Seminary, 2013 Series B transaction and staff's recommendations with respect thereto.

Bond Counsel

In accordance with Executive Order No. 26 (1994) the Attorney General's office has designated GluckWalrath, LLP to serve as bond counsel on this transaction. The fee cap for bond counsel services is \$22,000.

Senior Managing and Co-Managing Underwriter

Senior Managing Underwriter

On December 21, 2012, the Authority circulated an RFP for Senior Managing and Co-Managing Underwriting Services to the 13 members of the Authority's Senior Managing Underwriter pool and the 14 members of the Authority's Co-Managing Underwriter pool. On January 8, 2013, 8 responses were received from firms seeking appointment as Senior Managing Underwriter for this transaction. This number includes only those firms in the Senior Managing Underwriter pool previously approved to serve as Senior Managing Underwriter. The responsive firms and their respective scores are as follows:

<u>Firm</u>	<u>Evaluator #1</u>	<u>Evaluator #2</u>	<u>Evaluator #3</u>	<u>Fee</u>	<u>Total</u>
Morgan Stanley	95	87.4	94	4.193	276.4
Citigroup	89.5	80.5	91	3.70	261
Wells Fargo	84.5	84.5	88.25	3.41	257.25
RBC Capital Markets	91	84	77.5	3.266	252.5
Barclays	84.5	72.5	93.25	3.47	250.25
Jefferies	83	78.5	85.5	4.24	247
J.P. Morgan	74	68	85	3.94	227
PNC	77.5	61.5	76	3.43	214

Recommendation: Morgan Stanley

Co-Managing Underwriter

On January 8, 2013, 17 responses were received from firms seeking appointment as Co-Managing Underwriter in this transaction. This number includes firms from both the Senior Managing Underwriter pool and the Co-Managing Underwriting approved to serve as Co-Managing Underwriter. The 16 firms below exclude Morgan Stanley who is being recommended to serve as Senior Managing Underwriter.

<u>Firm</u>	<u>Evaluator #1</u>	<u>Evaluator #2</u>	<u>Total</u>
Wells Fargo	82	84.5	166.5
Ramirez	86	80	166
Citigroup	84.5	80	164.5
Barclays	79.5	82	161.5
Jefferies	76	79.5	155.5
RBC Capital Markets	74	77.5	151.5
JP Morgan	73	75	148
Raymond James, Morgan Keegan	75	70.5	145.5
Goldman Sachs	72	66.5	138.5
PNC	64	64.5	128.5
Cabrera Capital Markets	63.5	62	125.5
Lebenthal	53.5	57	110.5
Siebert, Brandford & Shank	57.5	52.5	110
Roosevelt & Cross	51.5	57.5	109
NW Capital Markets	54.5	49.5	104
Powell Capital Markets	40	44	84

Recommendation: Wells Fargo and Ramirez

Financial Advisor

On December 21, 2012, the Authority circulated an RFP to 56 financial advisory and posted the RFP on the Authority's and the State of New Jersey's websites. On January 8, 2013, 10 responses were received. Derek Hansel recused himself from this procurement due to a prior financial relationship with one of the respondents. The responsive firms and their respective scores are as follows:

<u>Firm</u>	<u>Evaluator #1</u>	<u>Evaluator #2</u>	<u>Evaluator #3</u>	<u>Fee</u>	<u>Total</u>
Prager	98	99	99	\$30,000	296
PFM	97	99.5	98.5	\$30,000	295
Fairmount	90.5	94	92.5	\$25,000	277
Phoenix Advisors	93.06	94.06	88.06	\$29,450	275.18
Acacia	90	95	89.5	\$25,000	274.5
First Southwest	90	90.5	93.5	\$25,000	274
NW Financial	84.63	85.13	80.63	\$33,750	250.39
First Tryon	78.5	86	74	\$110,000	238.5
Lamont	71.25	73.75	66.75	\$87,500	211.75
Realvest	62.25	58.75	60.75	\$187,500	181.75

Recommendation: Prager & Co., LLC

Trustee

Trustee on all of the Seminary's outstanding bonds is The Bank of New York Mellon. As the Seminary must work with the Trustee on an ongoing basis, the Seminary would like to continue working with The Bank of New York Mellon. The Bank of New York's proposed fee for this transaction is \$750.

Recommendation: The Bank of New York Mellon

Escrow Agent

The escrow agent for this transaction is The Bank of New York Mellon (the initial trustee on the 2002 Series G Bonds). The Escrow Agents are the initial trustees on the bonds being refunded and this selection is not subject to an RFP process.

The Authority's staff involvement in the procurement processes related to the above referenced professionals was completed as of the 23rd day of January, 2013.

By: 

Derek S. Hansel
Executive Director

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BOND, BLOOMFIELD COLLEGE AND SEMINARY ISSUE, 2013 SERIES A, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$33,800,000 AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A BOND AGREEMENT AND RELATED INSTRUMENTS AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.

ADOPTED: JANUARY 24, 2013

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

WHEREAS, Bloomfield College and Seminary (the "College") is a nonprofit corporation organized under the laws of the State; and

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

WHEREAS, as an inducement to the College to (a) refinance a mortgage loan, the proceeds of which were used to fund the renovation of an approximately 20,500 sq. ft. building used as a student residence hall and (b) finance the construction and equipping of an approximately 89,000 sq. ft. building to be used as a student residence hall, including demolition and other associated costs, both located in the municipality of Bloomfield, County of Essex, in the State (collectively, the projects described in (a) and (b) are referred to herein as the "Project"), (c) finance the payment of capitalized interest in connection with the Bond (as hereinafter defined) ("Capitalized Interest"), if any, and (d) finance the payment of certain costs of issuance incurred in connection with the issuance of the Bond ("Costs of Issuance"), the Authority, in furtherance of the purposes of the Act and to assist in financing and refinancing the Project and in financing Capitalized Interest and Costs of Issuance, proposes to issue its Revenue Bond, Bloomfield College and Seminary Issue, 2013 Series A, in a principal amount not to exceed \$33,800,000 (the "Bond") and to secure the Bond by a pledge of moneys to be received by the Authority and the assignment of certain rights of the Authority with respect to the Project, which pledge and assignment are hereby declared to further secure the payment of the principal of and interest on the Bond; and

WHEREAS, the Authority proposes to apply the proceeds of the Bond to make a loan to the College for the financing and refinancing of the Project and financing Capitalized Interest, if any, and Costs of Issuance in accordance with the Bond Agreement by and among the Authority, The Provident Bank and the College (the "Bond Agreement") providing, in part, for payments by the College sufficient to meet installments of interest and principal on the Bond.

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

Section 1. In order to assist in the financing and refinancing of the Project and financing Capitalized Interest, if any, and Costs of Issuance, a bond of the Authority is hereby authorized to be issued in a principal amount not to exceed \$33,800,000, with an initial interest rate not to exceed 7% and a term not to exceed 35 years. The Bond shall be dated, shall bear interest at such a rate of interest, and shall be payable as to principal, interest and premium, if any, all as is specified therein. The Bond shall be issued in the form, shall mature, shall be subject to redemption prior to maturity and shall have such other details and provisions as are prescribed by the Bond Agreement.

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

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

Section 4. The Provident Bank or an affiliate of The Provident Bank approved by an Authorized Officer, is hereby appointed Escrow Agent under the terms of the Bond Agreement.

Section 5. The Bond is hereby authorized to be sold in accordance with the Bond Agreement.

Section 6. The Authorized Officers are hereby designated to be the authorized representatives of the Authority, charged by this resolution with the responsibility for issuing the Bond and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to

be done any and all acts and things necessary or proper for carrying out this resolution, the Bond Agreement and the issuance of the Bond.

Section 7. The adoption of this resolution shall be deemed to be an "official intent" within the meaning of Treasury Regulation 1.150-2, effective on the date of its adoption, as made applicable to the Bond by rulings of the Internal Revenue Service.

Section 8. In case any one or more of the provisions of this resolution, the Bond Agreement or the Bond issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution or the Bond Agreement and the Bond shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Section 9. All prior resolutions of the Authority or portions thereof that are inconsistent herewith are hereby repealed.

Section 10. This resolution shall take effect in accordance with the Act.

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

AYES:	Roger B. Jacobs Ridgeley Hutchinson Joshua Hodes Andrew P. Sidamon-Eristoff, (represented by Steven Petrecca) Rochelle Hendricks, (represented by Gregg Edwards)
NAY:	None
ABSTAIN:	None
ABSENT:	None

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

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
 REPORT ON PENDING PROJECTS
 January 24, 2013

<u>Institution</u>	<u>Project</u>	<u>Estimated Size of Issue</u>	<u>Estimated Pricing Date</u>
<u>Private Institutions</u>			
Bloomfield College	Construction of a residence hall	\$34 Million	March, 2013
Princeton Theological Seminary	Refunding of 2002 Series G Bonds and construction/renovation of the library and other capital projects	\$90 Million	April, 2013
Caldwell College	Refunding of 2006 Series F Bonds	\$22 Million	Spring, 2013
Seton Hall University	Construction of an addition to a residence hall and expansion of a parking deck	\$26 Million	Summer 2013
Fairleigh Dickinson University	Refunding of certain outstanding indebtedness	\$65 Million	on hold
<u>Public Institutions</u>			
None			

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
2012 BUDGET VARIANCE ANALYSIS
FOR TWELVE MONTHS ENDED DECEMBER 31, 2012 (UNAUDITED)**

Executive Summary

The NJEFA concluded 2012 with unaudited net operating income in the amount of \$1,069,892, based on revenues of \$3,386,744 and expenses of \$2,316,852. As a result, unaudited net operating income is higher than budgeted by \$873,825. This difference is a result less than budgeted expenses in the amount of \$964,487 partially offset by lower than expected revenues in the amount of \$90,662.

Revenues

Revenues were below the budgeted amount for the year due to less than expected bond issuance activity and annual fee income.

Expenses

Operating expenditures for 2012 were favorable as compared to budget by \$964,487. Most of the line items display positive deviations and are primarily the result of staff vacancies and less than expected professional service fees.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ACTUAL vs. BUDGET REPORT
DECEMBER 2012
UNAUDITED

	Twelve Months Ended December 31, 2012		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<u>Operating Revenues</u>			
Annual Administrative Fees	\$ 3,031,020	\$ 3,099,406	\$ (68,386)
Initial Fees	352,080	376,000	(23,920)
Investment Income	3,644	2,000	1,644
	<u>\$ 3,386,744</u>	<u>\$ 3,477,406</u>	<u>\$ (90,662)</u>
<u>Operating Expenses</u>			
Salaries	\$ 1,051,143	\$ 1,466,000	\$ 414,857
Employee Benefits	472,880	590,739	117,859
Provision for Post Ret. Health Benefits	168,100	168,100	-
Office of The Governor	22,858	20,000	(2,858)
Office of The Attorney General	3,043	56,000	52,957
Sponsored Programs	1,224	15,000	13,776
Telephone	14,887	23,000	8,113
Gasoline & Auto Maintenance	4,265	-	(4,265)
Rent	221,326	236,000	14,674
Utilities	20,240	21,500	1,260
Postage	2,390	4,000	1,610
Office Supplies & Expenses	22,167	38,000	15,833
Travel & Official Receptions	9,608	15,000	5,392
Staff Training & Tuition Reimbursement	11,552	21,000	9,448
Insurance	25,676	32,000	6,324
Annual Report & Newsletters	17,903	30,500	12,597
Public Relations	-	2,000	2,000
Professional Services	87,477	295,000	207,523
Dues & Subscriptions	56,068	75,000	18,932
Data Processing	42,000	45,000	3,000
Maintenance of Equipment	26,907	42,000	15,093
Depreciation	35,138	35,500	362
Contingency	-	50,000	50,000
	<u>2,316,852</u>	<u>3,281,339</u>	<u>964,487</u>
Net Operating Income	<u>\$ 1,069,892</u>	<u>\$ 196,067</u>	<u>\$ 873,825</u>

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

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<u>Private</u>						
Princeton University	2011 Series B	Various Construction & Renovations	\$ 265,292,710.35	\$ (238,680,703.79)	\$ 26,612,006.56	90%
Rider University	2012 Series A	Capital Improv. for energy efficiency	10,411,400.27	(2,395,368.45)	8,016,031.82	23%
Sub Total			<u>\$ 275,704,110.62</u>	<u>\$ (241,076,072.24)</u>	<u>\$ 34,628,038.38</u>	
<u>Public</u>						
Kean University	Series 2005 B	Various Projects & Renovations	\$ 91,383,145.08	\$ (79,334,100.90)	\$ 12,049,044.18	87%
Kean University	Series 2007 D	2 Residence Halls, Dining, Parking	124,287,050.02	(95,162,794.98)	29,124,255.04	77%
* Richard Stockton College of New Jersey	Series 2008 A	Campus Ctr, Science Ctr, College Walk	105,482,763.92	(101,038,674.36)	4,444,089.56	96%
The College of New Jersey	Series 2010 A&B	Construct School of Education	44,293,116.12	(32,977,998.88)	11,315,117.24	74%
New Jersey City University	Series 2010 F	Various Capital Improvements	14,717,070.83	(4,887,152.39)	9,829,918.44	33%
New Jersey City University	Series 2010 G	Various Capital Improvements	18,201,075.23	(13,979,577.68)	4,221,497.55	77%
New Jersey Institute of Technology	Series 2010 I	Acqu., Renov., & Equip Former H.S.	20,336,331.08	(16,536,873.22)	3,799,457.86	81%
Ramapo College of New Jersey	Series 2011 A	Renovation of Student Center	8,165,446.46	(7,613,486.88)	551,959.58	93%
Thomas Edison State College	Series 2011 D	Renovation of Kuser Mansion	8,000,000.00	(4,224,546.07)	3,775,453.93	53%
Ramapo College of New Jersey	Series 2012 B	Refunds & Renov to Coll. Park Apts	48,212,359.94	(3,516,713.37)	44,695,646.57	7%
William Paterson University of New Jersey	Series 2012 C&D	Var. Cap. Improv & Ref. 2002 E & 2004 A	22,296,561.18	(244,205.74)	22,052,355.44	1%
Sub Total			<u>\$ 505,374,919.86</u>	<u>\$ (359,516,124.47)</u>	<u>\$ 145,858,795.39</u>	
<u>Other Programs</u>						
Public Library Grant Program	Series 2002 A	Library Grants	\$ 45,380,714.58	\$ (45,308,109.58)	\$ 72,605.00	> 99%
Sub Total			<u>\$ 45,380,714.58</u>	<u>\$ (45,308,109.58)</u>	<u>\$ 72,605.00</u>	
Grand Total			<u>\$ 826,459,745.06</u>	<u>\$ (645,900,306.29)</u>	<u>\$ 180,559,438.77</u>	

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