



103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540
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ROGER L. ANDERSON
Executive Director

September 18, 2009

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 Thursday, September 17, 2009.

I have also enclosed an original and one copy of the minutes for the executive sessions at each of the December 1, 2008 and the September 17, 2009 meetings.

I hereby certify that they are true and correct copies of the proceedings.

Sincerely,

Roger L. Anderson
Secretary

Enclosures



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ROGER L. ANDERSON
Executive Director

**MINUTES OF THE MEETING OF THE
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY
ON THURSDAY, SEPTEMBER 17, 2009**

The meeting was called to order at 11:09 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 September 9, 2009, 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
Ridgeley Hutchinson
R. David Rousseau, State Treasurer (represented by Nancy Style)
Edward J. Graham, Chair, Comm. on Higher Education (represented by Kurt Landgraf)

AUTHORITY MEMBERS ABSENT:

Roger B. Jacobs, Esq.

STAFF PRESENT:

Roger L. Anderson, Executive Director
Barbara Cannon, Deputy Executive Director
Marie Mueller, Controller
Sheryl Stitt, Director of Communications
Kristen Middleton, Assistant Controller
Debra Paterson, Senior Risk Manager
Vito Galluccio, Project Manager
Jennifer Soyka, Project Manager
Gary Vencius, Senior Accountant
Nichole Doxey, Communications Specialist
Jennifer Zoccali, Project/Communications Assistant
Jamie O'Donnell, Accountant
Denise Carroll, Administrative Assistant
Sheila Toles, Exec. Assistant/Human Resources Specialist

ALSO PRESENT:

Amy Bartoletti, Ramirez & Company, Inc.
Anthony Inverso, Phoenix Advisors, LLC
Benjamin Wolfe, ButcherMark Financial Advisors, LLC
Brian Burke, RBC Capital Markets
Clifford Rones, Esq., Deputy Attorney General
Crystal Mullins, JP Morgan Securities, Inc.
Eileen Foley, Lebenthal & Co., LLC
Elizabeth Veasey, JP Morgan Securities, Inc.
Frank Oh, Stifel, Nicolaus & Company, Inc.
Gregory Anderson, Lebenthal & Co., LLC
James Fearon, Esq., Gluck Walrath, LLP
John Lisica, BB&T Capital Markets
Julie Ellers, Powell Capital Markets, Inc.
Katherine Clupper, Public Financial Management, Inc.
Kathleen Small, Prager, Sealy & Co., LLC
Kevin Quinn, Esq., McCarter & English, LLP
Noreen White, Acacia Financial Group, Inc.
Pamela Clayton, Wachovia Bank, NA
Patricia McGorry, Ramirez & Company, Inc.
Rebecca Delia, PNC Capital Markets, Inc.
Susan Schmelzer, Jefferies First Albany Securities, LLC
Timothy Egan, Citigroup Global Markets, Inc.

ITEMS OF DISCUSSION

Mr. Anderson reported on the resignation of Ronald Blackburn from the Authority.

1. Approval of the Minutes of the Meeting of June 24, 2009

The minutes of the meeting of June 24, 2009 were delivered via United Parcel Service to Governor Jon S. Corzine under the date of June 25, 2009. Mr. Hutchinson moved that the minutes of the meeting be approved as presented; the motion was seconded by Ms. Style and passed unanimously.

2. Report on Pending Projects

Ms. Soyka, Project Manager, reported that there are several projects for which various colleges and universities have requested Authority financing. Ms. Soyka 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.

3. Market Update – Phoenix Advisors, LLC

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

4. **Report on the Sale of NJEFA Revenue Refunding Bonds, Kean University Issue, Series 2009 A, In the Amount of \$179,380,000**

Mr. Galluccio reported that on June 18, 2009, the Authority priced the Series 2009 A bonds on behalf of Kean University and described the various components of the transaction. The proceeds of the issue were used for the current refunding of all of the Authority's outstanding Series 2007 E-1 and Series 2007 E-2 bonds issued on behalf of the University; and certain costs of issuance (including termination fees relating to two interest rate swap agreements).

The transaction was 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. The bonds have a true interest cost of 6.40% and a final maturity of September 1, 2036. The issue successfully closed on June 24, 2009.

Mr. Egan of Citigroup Global Markets, Senior Manager, thanked the Authority and described the transaction.

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

5. **Approval of Resolution and Form of Legal Documents for the Sale of NJEFA Revenue Bonds, Seton Hall University Issue, 2009 Series C, In an Amount Not to Exceed \$9,000,000**

Mr. Anderson reported the details of the proposed 2009 Series C bonds in an amount not to exceed \$9,000,000 on behalf of Seton Hall University. The proceeds of the issue will be used for the refunding of the Authority's outstanding 1998 Series, Project F bonds and certain costs of issuance, including certain partial swap termination and/or restructuring fees.

The financing is being structured as a direct purchase with an initial interest rate not to exceed 7% and a final maturity no later than 15 years from the date of issuance of the bond. The issue is tentatively scheduled to be priced and to close the week of October 5, 2009.

Mr. Quinn of McCarter & English, LLP, Bond Counsel, described the resolution presented for approval.

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

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE REFUNDING BOND, SETON HALL UNIVERSITY ISSUE, 2009 SERIES C, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$9,000,000 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. Hutchinson and passed unanimously.

The term sheet and adopted resolution are appended as Exhibit III.

6. **Report on an Addendum to the Authority's Employee Policy Manual**

Mr. Anderson reported that the Authority's Employee Policy Manual had been updated to reflect changes to employee benefits previously approved by the Members. The update reflects the December 12, 2008 adoption of a self-insured Paid Family Leave Plan pursuant to the New Jersey Paid Family Leave Act; the February 25, 2009 adoption of provisions

permitting employees to opt out of coverage under the State Employees Health Benefit Plan; and the adoption of a Flexible Spending Plan at the May 27, 2009 meeting.

The addendum is appended as Exhibit IV.

7. Report on Operating and Construction Fund Statements

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

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

The reports are appended as Exhibit V.

8. Directors' Update

Mr. Anderson reported that an RFP for Swap Advisor and Investment Advisor had been distributed last month, that responses are being reviewed and that staff expects to bring the matter to the Members at the October meeting.

9. Executive Session

Ms. Style moved the adoption of a resolution of the Authority permitting an Executive Session for discussion of a legal matter; the motion was seconded by Mr. Hutchinson and passed unanimously.

Mr. Landgraf moved that the public session be reconvened; the motion was seconded by Ms. Style and passed unanimously.

10. Next Meeting Date

Chair Altman announced that the next meeting will be on Wednesday, October 28, 2009 at the Authority's office and requested a motion to adjourn.

Mr. Landgraf moved that the meeting be adjourned at 11:41 a.m.; the motion was seconded by Ms. Style and passed unanimously.

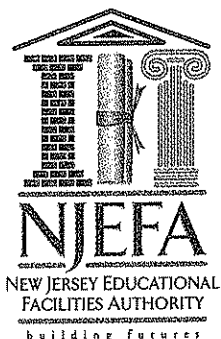
Respectfully submitted,



Roger L. Anderson
Secretary

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REPORT ON PENDING PROJECTS
September 17, 2009**

<u>Institution</u>	<u>Project</u>	<u>Estimated Size of Issue</u>	<u>Estimated Pricing Date</u>
<u>Private Institutions</u>			
Seton Hall University	Refunding of Certain Existing Indebtedness	\$9 Million	3rd Q 2009
Drew University	Refunding of Certain Existing Indebtedness	\$3.5 Million	4th Q 2009
<u>Public Institutions</u>			
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



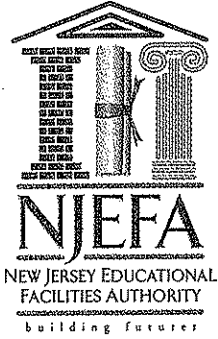
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BOND SALE SUMMARY

Borrower:	Kean University, Union, New Jersey
Issue:	Series 2009 A
Amount:	\$179,380,000
Purpose:	To provide funds to finance: (i) the current refunding of all of the Authority's outstanding Series 2007 E-1 and Series 2007 E-2 Bonds issued on behalf of the University; and (ii) the payment of certain costs of issuance (including termination fees relating to the interest rate swap agreements).
Structure:	Negotiated Sale, Fixed Rate
Final Maturity:	September 1, 2036
True Interest Cost:	6.40%
Bond Ratings:	A3 - Moody's Investors Service A- - Standard and Poor's Rating Services
Pricing:	June 18, 2009
Closing:	June 24, 2009

Professionals on the Transaction:

Bond Counsel:	McCarter & English, LLP
Authority's Counsel:	Attorney General of the State of New Jersey
Financial Advisor:	Public Financial Management, Inc.
Senior Manager:	Citigroup Global Markets, Inc.
Co-Senior Managers:	RBC Capital Markets Wachovia Bank, National Association
Co-Managers:	Cabrera Capital Markets, LLC Fidelity Capital Markets Piper Jaffray & Co.
Underwriters' Counsel:	Parker McCay P.A.
Trustee/Escrow Agent:	US Bank, National Association
Trustee/Escrow Agent's Counsel:	McManimon & Scotland, LLC
Verification Agent:	Causey Demgen & Moore, Inc.
Swap Advisor:	PFM Asset Management LLC



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TERM SHEET

Borrower: Seton Hall University, South Orange, New Jersey

Issue: 2009 Series C

Amount: Not to Exceed \$9,000,000

Purpose: To provide funds to finance: (i) the refunding of the Authority's outstanding 1998 Series, Project F Bonds issued on behalf of the University; and (ii) the payment of certain costs of issuance, including certain partial swap termination and/or restructuring fees.

Security: General Obligation of the University

Structure: Direct Purchase

Term: No later than 15 years from the date of issuance of the Bond.

Initial Interest Rate: Not to Exceed 7.00%

Tentative Sale and Closing Date: Week of October 5, 2009

The Authority Members will be asked to adopt the 2009 Series C Bond Resolution pertaining to the 2009 Series C Bond which outlines the various parameters of the financing; authorizes the issuance of revenue bonds; authorizes and approves the form of legal documents necessary for the financing, including the Bond Agreement and the form of Bond; and delegates to any Authorized Officer the ability to take any and all actions as may be necessary to execute the documents and sell the Bonds to the Purchaser and finalize this transaction.

Professionals on the Transaction:

Bond Counsel:	McCarter & English, LLP
Authority's Counsel:	Attorney General of New Jersey
Borrower's Counsel:	Connell, Foley & Geiser LLP
Purchaser/Escrow Agent:	Capital One Bank
Purchaser/Escrow Agent's Counsel:	McManimon & Scotland, LLC
Verification Agent:	To Be Determined

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE REFUNDING BOND, SETON HALL UNIVERSITY ISSUE, 2009 SERIES C, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$9,000,000 AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A BOND AGREEMENT AND RELATED INSTRUMENTS AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.

ADOPTED: September 17, 2009

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, Seton Hall University (the "University") is a nonprofit corporation organized under the laws of the State; and

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

WHEREAS, the University has requested a loan from the Authority to finance a project (the "Refunding Project") consisting of the current refunding of the Authority's outstanding Seton Hall University Project Revenue Refunding Bonds, 1998 Series, Project F (the "Series 1998 F Bonds"); and

WHEREAS, the proceeds of the Series 1998 F Bonds were used to refund the Authority's then outstanding Revenue Bonds, Seton Hall University Project Revenue Bonds, 1991 Series, Project D (the "Series 1991 D Bonds") and pay the costs of issuance of the Series 1998 F Bonds; and

WHEREAS, the proceeds of the Series 1991 D Bonds were used, together with other funds of the University, for the following purposes of: (i) refinancing an existing mortgage loan incurred by the University with respect to a 30 unit student housing apartment building, located at 324 Valley Street, in South Orange, New Jersey; (ii) paying the costs of constructing an approximately 130,100 square-foot library building, located at the intersection of Seton Drive and Madison Road on the University's main campus at 400 South Orange Avenue, South Orange, New Jersey; (iii) demolishing the existing library building and constructing what is now known as Jubilee Hall, an academic building for use as classrooms, administrative offices and computer facilities, located on University Green on the University's main campus; (iv) funding a deposit to the Debt Service Reserve Fund for the Series 1991 D Bonds; and (v) paying certain expenses incurred in connection with the issuance of the Series 1991 D Bonds. The property financed and refinanced with proceeds of the Series 1991 D Bonds and Series 1998 F Bonds, and to be further refinanced with the proceeds of the Bond (as hereinafter defined) will be referred to as the Projects.

WHEREAS, as an inducement to the University to finance the Refunding Project and pay certain costs of issuance, including certain partial swap termination and/or restructuring fees (“Costs of Issuance”) incurred in connection with the issuance of the Bond (as hereinafter defined), the Authority, in furtherance of the purposes of the Act and to assist in financing the Refunding Project and in financing Costs of Issuance, proposes to issue its Revenue Refunding Bond, Seton Hall University Issue, 2009 Series C, in a principal amount not to exceed \$9,000,000 (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 Projects, 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 University for the financing of the Refunding Project and the financing of Costs of Issuance in accordance with the Bond Agreement by and among the Authority, Capital One, N.A. (the “Purchaser”) and the University (the “Bond Agreement”) providing, in part, for payments by the University sufficient to meet installments of interest and principal on the Bond.

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

Section 1. The Authority hereby declares the Refunding Project to be an authorized undertaking of the Authority and authorizes and directs the Chair, Vice-Chair, Executive Director, Deputy Executive Director, Director of Project Management, Secretary or any Assistant Secretary and any other person authorized by resolution of the Authority, and any of such officers designated as “acting” or “interim” (each an “Authorized Officer”), to execute and deliver all documents necessary to enable the Authority, as permitted by the Act, to finance, on behalf of the University, the costs of the Refunding Project, in whole or in part.

Section 2. In order to finance the Refunding Project and to finance the Costs of Issuance, a Bond of the Authority is hereby authorized to be issued in a principal amount not to exceed \$9,000,000, with an initial interest rate not to exceed 7.00% and a term ending not later than 15 years from the date of issuance of the Bond. The Bond shall be dated, shall bear interest at such 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 3. 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 4. The Bond Agreement and all instruments attached as exhibits thereto, in substantially the form presented to the meeting at which this Resolution is adopted (a copy of which shall be filed with the records of the Authority), are hereby approved. Any Authorized Officer is hereby authorized to execute, acknowledge and deliver and any other Authorized Officer is hereby authorized and directed, if necessary, to affix and attest the official common seal of the Authority to, the Bond Agreement and all instruments attached as exhibits thereto in substantially such form, with any changes, insertions and omissions as the Authorized Officer executing the same may approve with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

Section 5. Capital One, N.A. is hereby appointed Escrow Agent under the terms of the Bond Agreement.

Section 6. The Bond is hereby authorized to be sold in accordance with the Bond Agreement.

Section 7. Any Authorized Officer is hereby authorized and directed to take all such actions necessary to effect the defeasance and redemption of the Series 1998 F Bonds including, but not limited, the execution of any letter of instructions relating thereto.

Section 8. Any Authorized Officer is hereby authorized and directed to select, via a competitive process, an independent certified public accountant or accounting firm or other qualified financial expert to act as verification agent (the "Verification Agent") in connection with the Refunding Project if such selection is determined necessary and advisable by such Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State. If final agreement satisfactory to the Authority and the University cannot be reached with Capital One, N.A., any Authorized Officer is hereby authorized to select another entity to act as Purchaser and/or Escrow Agent from among the entities which responded to the competitive proposals solicited by the Authority in connection with this transaction, such selection to be based on the terms of the responses, pursuant to the criteria previously employed in evaluating those responses and with the consent of the University.

Section 9. 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, directions 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, the issuance of the Bond and the refunding of the Series 1998 F Bonds.

Section 10. 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 11. All resolutions or parts of resolutions or other proceedings in conflict herewith are repealed insofar as such conflict exists.

Section 12. This Resolution shall take effect as provided under the Act.

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

AYE: Vivian Altman
Ridgeley Hutchinson
R. David Rousseau (represented by Nancy Style)
Edward J. Graham (represented by Kurt Landgraf)

NAY: None

ABSTAIN: None

ABSENT: Roger B. Jacobs

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

ADDENDUM DATED 9/15/09 TO NEW JERSEY EDUCATIONAL
FACILITIES AUTHORITY EMPLOYEE MANUAL OF 1/29/01
AS AMENDED AND RESTATED EFFECTIVE 5/23/07

This Addendum to the New Jersey Educational Facilities Authority Employee Manual of 1/29/01 As Amended and Restated Effective 5/23/07 is appended to the Employee Manual as of 9/15/09. The provisions discussed are effective as set forth in the Addendum.

The following is added at the end of Section 610 Family Leave

“New Jersey Paid Family Leave

Pursuant to the New Jersey Paid Family Leave Act, P.L. 2008, c. 17 (the “NJ Paid Family Leave Act”), the Authority has adopted the New Jersey Educational Facilities Authority Paid Family Leave Plan (the “Paid Family Leave Plan”).

Under the Paid Family Leave Plan, on and after July 1, 2009, each full and part time employee is eligible for paid family leave based on the amount of wages actually paid to the employee over a period of “base weeks” as defined in the NJ Paid Family Leave Act. The Paid Family Leave Plan allows eligible employees to receive paid leave to care for a newborn or adopted child or to care for a seriously ill family member. The Paid Family Leave Plan supplements the Authority’s Short-Term Disability Plan which provides paid leave for an eligible employee’s own serious health problems. The Authority also provides unpaid Family Leave and Medical Leave. The unpaid leave provisions will be coordinated with paid family leave as provided in the NJ Paid Family Leave Act.

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. The maximum is determined each year using a formula in the New Jersey Paid Family Leave Act. Authority employees are not required to make any contributions in order to be eligible for paid family leave. However, the Family Leave Plan does not require the Authority to hold the employee’s position while an employee is using paid family leave.

An employee wishing to use paid family leave must submit an application form to the Director for Human Resources and, if leave will be taken to care for a family member with a serious medical condition, a healthcare provider’s certification is also required.

Employees should consult the terms of the Family Leave Plan for information about the amount of paid family leave, when and how long paid family leave may be taken, conditions for receiving paid family leave and requesting paid family leave. A copy of the Family Leave Plan is attached as Exhibit A. Any questions about the Paid Family Leave Plan should be addressed to the Director for Human Resources.”

The following is added at the end of Section 370 Health Insurance

“Waiver of Coverage in State Health Benefits Program (“SHBP”)

Beginning in March 2009, Authority employees who participate in the SHBP may waive coverage in the SHBP and elect to be covered under a non-SHBP health insurance plan for which they are eligible. If an employee waives SHBP coverage, the Authority may, in its sole discretion, pay the employee an amount up to 50% of the contributions to the SHBP the Authority saves because of the waiver.

The employee may resume coverage in the SHBP provided that the employee repays to the Authority a pro rata amount of any payments received because of the waiver which represent a prepayment for any part of the period for which the employee resumes coverage in the SHBP.

In order to waive coverage, the employee must apply to the Authority for the waiver and agree to repay any amounts which represent a prepayment for resumed coverage in the SHBP. You should contact the Director of Human Resources for more detailed information.”

The following new Section 380 Flexible Spending Plan is added as follows:

“SECTION 380 FLEXIBLE SPENDING PLAN

GENERAL

The Authority has adopted the New Jersey Educational Facilities Authority Flexible Spending Plan (the “FSA Plan”) effective July 1, 2009. For the initial period July 1, 2009 through December 31, 2009 and for each calendar year thereafter beginning with calendar year 2010, all Authority employees will be able to elect to contribute up to \$2500 of salary to the FSA Plan to pay for health benefits and up to \$5000 to the FSA Plan for dependent care benefits. In addition, unless an employee elects otherwise, any portion of a premium for health or dental insurance deducted from your salary will be contributed to the FSA Plan.

The portion of your salary that is contributed to the FSA Plan (including health and dental insurance premiums) is not subject to Federal income or Social Security taxes. In other words, this allows you to use pre-tax dollars to pay for certain kinds of benefits and expenses which you normally pay for with out-of-pocket, taxable dollars. However, if you receive a reimbursement for an expense under the Plan, you cannot claim a Federal income tax credit or deduction on your return.

Amounts deducted from salary and contributed to the FSA Plan

As described above, each year, the Authority will automatically contribute on your behalf enough of your compensation to pay for your health and dental insurance premiums with pre-tax dollars unless you elect not to receive any or all of such coverage. You may also elect to have the Authority deduct amounts from your salary to pay for health benefits and for dependent care. The maximum per year you may elect for health benefits is \$2500. The maximum per year for Dependent Care is \$5000. The amount you elect will be deducted from your paycheck over the course of the year.

Annual election of amount contributed to FSA Plan

Before January 1st of each Plan Year (i.e., the calendar year), you must select the benefits you want and how much of the contributions should go toward each benefit. This amount will be deducted from your paycheck and contributed to FSA Plan for that Plan Year and used for the benefits you have elected. You may not change the elections for a specific Plan Year after January 1st of that year except in certain limited situations considered a “change in status” under Federal tax law. These are described in detail in the Summary Description of the FSA Plan attached as Exhibit B (the “Summary”). It is important that you determine the amount of your annual election for Health Benefits or Dependent Care Benefits carefully since any amount you do not use during the calendar year or the 2 ½ month grace period (described in the Summary) is not permitted to be returned to you under federal tax laws and thus, will be forfeited.

Claims for benefits

You must submit claims to the Authority's Plan Administrator in accordance with the terms of the FSA Plan.

More detailed information about the FSA Plan is described in the attached Summary. If you have any questions or would like a copy of the entire FSA Plan, you should ask the Director for Human Resources.”

EXHIBIT A

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY PAID FAMILY LEAVE
PLAN

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.

EXHIBIT B

SUMMARY OF NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
FLEXIBLE SPENDING PLAN

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY FLEXIBLE SPENDING
PLAN

SUMMARY PLAN DESCRIPTION

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XI
SUMMARY

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY FLEXIBLE SPENDING PLAN

INTRODUCTION

We are pleased to announce that we have established a "Flexible Benefit Plan" for you and other eligible employees. Under this Plan, you will be able to choose among certain benefits that we make available. The benefits that you may choose are outlined in this Summary Plan Description. We will also tell you about other important information concerning the Plan, such as the rules you must satisfy before you can join and the laws that protect your rights.

One of the most important features of our Plan is that the benefits being offered are generally ones that you are already paying for, but normally with money that has first been subject to income and Social Security taxes. Under our Plan, these same expenses will be paid for with a portion of your pay before Federal income or Social Security taxes are withheld. This means that you will pay less tax and have more money to spend and save.

Read this Summary Plan Description carefully so that you understand the provisions of our Plan and the benefits you will receive. This SPD describes the Plan's benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language. If the non-technical language in this SPD and the technical, legal language of the Plan document conflict, the Plan document always governs. Also, if there is a conflict between an insurance contract and either the Plan document or this Summary Plan Description, the insurance contract will control. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

This SPD describes the current provisions of the Plan which are designed to comply with applicable legal requirements. The Plan is subject to federal laws, such as the Internal Revenue Code and other federal and state laws which may affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or other federal agencies. We may also amend or terminate this Plan. If the provisions of the Plan that are described in this SPD change, we will notify you.

We have attempted to answer most of the questions you may have regarding your benefits in the Plan. If this SPD does not answer all of your questions, please contact the Administrator (or other plan representative). The name and address of the Administrator can be found in the Article of this SPD entitled "General Information About the Plan."

I ELIGIBILITY

1. When can I become a participant in the Plan?

Before you become a Plan member (referred to in this Summary Plan Description as a "Participant"), there are certain rules which you must satisfy. First, you must meet the eligibility requirements and be an active employee. After that, the next step is to actually join the Plan on the "entry date" that we have established for all employees. The "entry date" is defined in Question 3 below. You will also be required to complete certain application forms before you

can enroll in the Health Flexible Spending Account or Dependent Care Flexible Spending Account.

2. What are the eligibility requirements for our Plan?

You will be eligible to join the Plan as of your date of hire with us.

3. When is my entry date?

You can join the Plan on the same day you can enter our group medical plan.

4. What must I do to enroll in the Plan?

Before you can join the Plan, you must complete an application to participate in the Plan. The application includes your personal choices for each of the benefits which are being offered under the Plan. You must also authorize us to set some of your earnings aside in order to pay for the benefits you have elected.

However, if you are already covered under any of the insured benefits, you will automatically participate in this Plan to the extent of your premiums unless you elect not to participate in this Plan.

II OPERATION

1. How does this Plan operate?

Before the start of each Plan Year, you will be able to elect to have some of your upcoming pay contributed to the Plan. These amounts will be used to pay for the benefits you have chosen. The portion of your pay that is paid to the Plan is not subject to Federal income or Social Security taxes. In other words, this allows you to use tax-free dollars to pay for certain kinds of benefits and expenses which you normally pay for with out-of-pocket, taxable dollars. However, if you receive a reimbursement for an expense under the Plan, you cannot claim a Federal income tax credit or deduction on your return. (See the Article entitled "General Information About Our Plan" for the definition of "Plan Year.")

III CONTRIBUTIONS

1. How much of my pay may the Employer redirect?

Each year, we will automatically contribute on your behalf enough of your compensation to pay for the insurance coverage provided unless you elect not to receive any or all of such coverage. You may also elect to have us contribute on your behalf enough of your compensation to pay for any other benefits that you elect under the Plan. These amounts will be deducted from your pay over the course of the year.

2. **What happens to contributions made to the Plan?**

Before each Plan Year begins, you will select the benefits you want and how much of the contributions should go toward each benefit. It is very important that you make these choices carefully based on what you expect to spend on each covered benefit or expense during the Plan Year. Later, they will be used to pay for the expenses as they arise during the Plan Year.

3. **When must I decide which accounts I want to use?**

You are required by Federal law to decide before the Plan Year begins, during the election period (defined below). You must decide two things. First, which benefits you want and, second, how much should go toward each benefit.

If you are already covered by any of the insured benefits offered by this Plan, you will automatically become a Participant to the extent of the premiums for such insurance unless you elect, during the election period (defined below), not to participate in the Plan.

4. **When is the election period for our Plan?**

You will make your initial election on or before your entry date. (You should review Section I on Eligibility to better understand the eligibility requirements and entry date.) Then, for each following Plan Year, the election period will be the 30 day period prior to the beginning of each Plan Year. (See the Article entitled "General Information About Our Plan" for the definition of Plan Year.)

5. **May I change my elections during the Plan Year?**

Generally, you cannot change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. You are permitted to change elections if you have a "change in status" and you make an election change that is consistent with the change in status. Currently, Federal law considers the following events to be a change in status:

- Marriage, divorce, death of a spouse, legal separation or annulment;
- Change in the number of dependents, including birth, adoption, placement for adoption, or death of a dependent;
- Any of the following events for you, your spouse or dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, a change in worksite, or any other change in employment status that affects eligibility for benefits;
- One of your dependents satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance; and
- A change in the place of residence of you, your spouse or dependent that would lead to a change in status, such as moving out of a coverage area for insurance.

In addition, if you are participating in the Dependent Care Flexible Spending Account, then there is a change in status if your dependent no longer meets the qualifications to be eligible for dependent care.

There are detailed rules on when a change in election is deemed to be consistent with a change in status. In addition, there are laws that give you rights to change health coverage for you, your spouse, or your dependents. If you change coverage due to rights you have under the law, then you can make a corresponding change in your elections under the Plan. If any of these conditions apply to you, you should contact the Administrator.

If the cost of a benefit provided under the Plan increases or decreases during a Plan Year, then we will automatically increase or decrease, as the case may be, your salary redirection election. If the cost increases significantly, you will be permitted to either make corresponding changes in your payments or revoke your election and obtain coverage under another benefit package option with similar coverage, or revoke your election entirely.

If the coverage under a Benefit is significantly curtailed or ceases during a Plan Year, then you may revoke your elections and elect to receive on a prospective basis coverage under another plan with similar coverage. In addition, if we add a new coverage option or eliminate an existing option, you may elect the newly-added option (or elect another option if an option has been eliminated) and make corresponding election changes to other options providing similar coverage. If you are not a Participant, you may elect to join the Plan. There are also certain situations when you may be able to change your elections on account of a change under the plan of your spouse's, former spouse's or dependent's employer.

These rules on change due to cost or coverage do not apply to the Health Flexible Spending Account, and you may not change your election to the Health Flexible Spending Account if you make a change due to cost or coverage for insurance.

You may not change your election under the Dependent Care Flexible Spending Account if the cost change is imposed by a dependent care provider who is your relative.

6. May I make new elections in future Plan Years?

Yes, you may. For each new Plan Year, you may change the elections that you previously made. You may also choose not to participate in the Plan for the upcoming Plan Year. If you do not make new elections during the election period before a new Plan Year begins, we will assume you want your elections for insured benefits only to remain the same and you will not be considered a Participant for the non-insured benefit options under the Plan for the upcoming Plan Year.

IV BENEFITS

I. What benefits are available?

Under our Plan, you can choose to receive your entire compensation or use a portion to pay for the following benefits or expenses during the year:

Health Flexible Spending Account:

The Health Flexible Spending Account enables you to pay for expenses allowed under Sections 105 and 213(d) of the Internal Revenue Code which are not covered by our insured medical plan and save taxes at the same time. The Health Flexible Spending Account allows you to be reimbursed by the Employer for out-of-pocket medical, dental and/or vision expenses incurred by you and your dependents.

Drug costs, including "over-the-counter" drugs may be reimbursed. You may not, however, be reimbursed for the cost of other health care coverage maintained outside of the Plan, or for long-term care expenses. A list of covered expenses is available from the Administrator.

The most that you can contribute to your Health Flexible Spending Account each Plan Year is \$2500.00. In order to be reimbursed for a health care expense, you must submit to the Administrator an itemized bill from the service provider. We will also provide you with a debit or credit card to use to pay for medical expenses, such as co-pays, deductibles, medical equipment and drug costs. The Administrator will provide you with further details. Amounts reimbursed from the Plan may not be claimed as a deduction on your personal income tax return. Reimbursement from the fund shall be paid at least once a month. Expenses under this Plan are treated as being "incurred" when you are provided with the care that gives rise to the expenses, not when you are formally billed or charged, or you pay for the medical care.

Newborns' and Mothers' Health Protection Act: Group health plans generally may not, under Federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, Federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under Federal law, require that a provider obtain authorization from the plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

Dependent Care Flexible Spending Account:

The Dependent Care Flexible Spending Account enables you to pay for out-of-pocket, work-related dependent day-care cost with pre-tax dollars. If you are married, you can use the account if you and your spouse both work or, in some situations, if your spouse goes to school full-time. Single employees can also use the account.

An eligible dependent is someone for whom you can claim expenses on Federal Income Tax Form 2441 "Credit for Child and Dependent Care Expenses." Children must be under age

13. Other dependents must be physically or mentally unable to care for themselves. Dependent Care arrangements which qualify include:

- (a) A Dependent (Day) Care Center, provided that if care is provided by the facility for more than six individuals, the facility complies with applicable state and local laws;
- (b) An Educational Institution for pre-school children. For older children, only expenses for non-school care are eligible; and
- (c) An "Individual" who provides care inside or outside your home: The "Individual" may not be a child of yours under age 19 or anyone you claim as a dependent for Federal tax purposes.

You should make sure that the dependent care expenses you are currently paying for qualify under our Plan. The law places limits on the amount of money that can be paid to you in a calendar year from your Dependent Care Flexible Spending Account. Generally, your reimbursements may not exceed the lesser of: (a) \$5,000 (if you are married filing a joint return or you are head of a household) or \$2,500 (if you are married filing separate returns); (b) your taxable compensation; (c) your spouse's actual or deemed earned income (a spouse who is a full time student or incapable of caring for himself/herself has a monthly earned income of \$250 for one dependent or \$500 for two or more dependents). Also, in order to have the reimbursements made to you from this account be excludable from your income, you must provide a statement from the service provider including the name, address, and in most cases, the taxpayer identification number of the service provider on your tax form for the year, as well as the amount of such expense as proof that the expense has been incurred. In addition, Federal tax laws permit a tax credit for certain dependent care expenses you may be paying for even if you are not a Participant in this Plan. You may save more money if you take advantage of this tax credit rather than using the Dependent Care Flexible Spending Account under our Plan. Ask your tax adviser which is better for you.

Premium Expense Account:

A Premium Expense Account allows you to use tax-free dollars to pay for certain premium expenses under various insurance programs that we offer you. These premium expenses include:

- Health care premiums under our insured group medical plan.
- Dental insurance premiums.

Under our Plan, we will establish sub-accounts for you for each different type of insurance coverage that is available. Also, certain limits on the amount of coverage may apply.

The Administrator may terminate or modify Plan benefits at any time, subject to the provisions of any insurance contracts providing benefits described above. We will not be liable to you if an insurance company fails to provide any of the benefits described above. Also, your insurance will end when you leave employment, are no longer eligible under the terms of any insurance policies, or when insurance terminates.

Any benefits to be provided by insurance will be provided only after (1) you have provided the Administrator the necessary information to apply for insurance, and (2) the insurance is in effect for you.

V BENEFIT PAYMENTS

1. **When will I receive payments from my accounts?**

During the course of the Plan Year, you may submit requests for reimbursement of expenses you have incurred. Expenses are considered "incurred" when the service is performed, not necessarily when it is paid for. The Administrator will provide you with acceptable forms for submitting these requests for reimbursement. If the request qualifies as a benefit or expense that the Plan has agreed to pay, you will receive a reimbursement payment soon thereafter. Remember, these reimbursements which are made from the Plan are generally not subject to federal income tax or withholding. Nor are they subject to Social Security taxes. Requests for payment of insured benefits should be made directly to the insurer. You will only be reimbursed from the Dependent Care Flexible Spending Account to the extent that there are sufficient funds in the Account to cover your request.

2. **What happens if I don't spend all Plan contributions during the Plan Year?**

If you have not spent all the amounts in your Health Flexible Spending Account or Dependent Care Flexible Spending Account by the end of the Plan Year, you may continue to incur claims for expenses during the "Grace Period." The "Grace Period" extends 2 1/2 months after the end of the Plan Year, during which time you can continue to incur claims and use up all amounts remaining in your Health Flexible Spending Account or Dependent Care Flexible Spending Account.

Any monies left at the end of the Plan Year and the Grace Period will be forfeited. Obviously, qualifying expenses that you incur late in the Plan Year or during the Grace Period for which you seek reimbursement after the end of such Plan Year and Grace Period will be paid first before any amount is forfeited. For the Health Flexible Spending Account, you must submit claims no later than 60 days after the end of the Grace Period. For the Dependent Care Flexible Spending Account, you must submit claims no later than 60 days after the end of the Grace Period. Because it is possible that you might forfeit amounts in the Plan if you do not fully use the contributions that have been made, it is important that you decide how much to place in each account carefully and conservatively. Remember, you must decide which benefits you want to contribute to and how much to place in each account before the Plan Year begins. You want to be as certain as you can that the amount you decide to place in each account will be used up entirely.

3. **Uniformed Services Employment and Reemployment Rights Act (USERRA)**

If you are going into or returning from military service, you may have special rights to health care coverage under your Health Flexible Spending Account under the Uniformed Services

Employment and Reemployment Rights Act of 1994. These rights can include extended health care coverage. If you may be affected by this law, ask your Administrator for further details.

4. What happens if I terminate employment?

If you terminate employment during the Plan Year, your right to benefits will be determined in the following manner:

- (a) You will remain covered by insurance, but only for the period for which premiums have been paid prior to your termination of employment.
- (b) You will still be able to request reimbursement for qualifying dependent care expenses from the balance remaining in your dependent care account at the time of termination of employment. However, no further salary redirection contributions will be made on your behalf after you terminate. You must submit claims within 60 days after termination.
- (c) For health benefit coverage and Health Flexible Spending Account coverage on termination of employment, please see the Article entitled "Continuation Coverage Rights Under COBRA." Upon your termination of employment, your participation in the Health Flexible Spending Account will cease, and no further salary redirection contributions will be contributed on your behalf. However, you will be able to submit claims for health care expenses that were incurred before the end of the period for which payments to the Health Flexible Spending Account have already been made. Your further participation will be governed by "Continuation Coverage Rights Under COBRA."

5. Will my Social Security benefits be affected?

Your Social Security benefits may be slightly reduced because when you receive tax-free benefits under our Plan, it reduces the amount of contributions that you make to the Federal Social Security system as well as our contribution to Social Security on your behalf.

**VI
HIGHLY COMPENSATED AND KEY EMPLOYEES**

1. Do limitations apply to highly compensated employees?

Under the Internal Revenue Code, highly compensated employees and key employees generally are Participants who are officers, shareholders or highly paid. You will be notified by the Administrator each Plan Year whether you are a highly compensated employee or a key employee.

If you are within these categories, the amount of contributions and benefits for you may be limited so that the Plan as a whole does not unfairly favor those who are highly paid, their spouses or their dependents. Federal tax laws state that a plan will be considered to unfairly favor the key employees if they as a group receive more than 25% of all of the nontaxable benefits provided for under our Plan.

Plan experience will dictate whether contribution limitations on highly compensated employees or key employees will apply. You will be notified of these limitations if you are affected.

VII PLAN ACCOUNTING

1. Periodic Statements

The Administrator will provide you with a statement of your account periodically during the Plan Year that shows your account balance. It is important to read these statements carefully so you understand the balance remaining to pay for a benefit. Remember, you want to spend all the money you have designated for a particular benefit by the end of the Plan Year.

VIII GENERAL INFORMATION ABOUT OUR PLAN

This Section contains certain general information which you may need to know about the Plan.

1. General Plan Information

New Jersey Educational Facilities Authority Flexible Spending Plan is the name of the Plan.

Your Employer has assigned Plan Number 525 to your Plan.

The provisions of the Plan become effective on July 1, 2009, which is called the Effective Date of the Plan.

Your Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year begins on January 1 and ends on December 31, except for the first Plan Year which began on July 1.

2. Employer Information

Your Employer's name, address, and identification number are:

New Jersey Educational Facilities Authority
103 College Road East
Princeton, New Jersey 08540
22-1829511

3. Plan Administrator Information

The name, address and business telephone number of your Plan's Administrator are:

New Jersey Educational Facilities Authority
103 College Road East
Princeton, New Jersey 08540
609-987-0880

The Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Administrator will also answer any questions you may have about our Plan. You may contact the Administrator for any further information about the Plan.

4. Service of Legal Process

The name and address of the Plan's agent for service of legal process are:

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

5. Type of Administration

The type of Administration is Employer Administration.

6. Claims Submission

Claims for expenses should be submitted to:

Ask your plan administrator for the current information.

**IX
ADDITIONAL PLAN INFORMATION**

1. Claims Process

You should submit all reimbursement claims during the Plan Year. For the Health Flexible Spending Account, you must submit claims no later than 60 days after the end of the Grace Period. However, if you terminate employment during the Plan Year, you must submit your Health Flexible Spending Account claims within 60 days after your termination of employment. For the Dependent Care Flexible Spending Account, you must submit claims no later than 60 days after the end of the Grace Period. However, if you terminate employment during the Plan Year, you must submit your Dependent Care Flexible Spending Account claims within 60 days after your termination of employment. Any claims submitted after that time will not be considered.

Claims that are insured will be handled in accordance with procedures contained in the insurance policies. All other general requests should be directed to the Administrator of our Plan. If a dependent care or medical expense claim under the Plan is denied in whole or in part, you or your beneficiary will receive written notification. The notification will include the reasons for the denial, with reference to the specific provisions of the Plan on which the denial was based, a description of any additional information needed to process the claim and an explanation of the claims review procedure. Within 60 days after denial, you or your beneficiary may submit a written request for reconsideration of the denial to the Administrator.

Any such request should be accompanied by documents or records in support of your appeal. You or your beneficiary may review pertinent documents and submit issues and comments in writing. The Administrator will review the claim and provide, within 60 days, a written response to the appeal. (This period may be extended an additional 60 days under certain circumstances.) In this response, the Administrator will explain the reason for the decision, with specific reference to the provisions of the Plan on which the decision is based. The Administrator has the exclusive right to interpret the appropriate plan provisions. Decisions of the Administrator are conclusive and binding.

X CONTINUATION COVERAGE RIGHTS UNDER COBRA

Under federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), certain employees and their families covered under health benefits under this Plan will be entitled to the opportunity to elect a temporary extension of health coverage (called "COBRA continuation coverage") where coverage under the Plan would otherwise end. This notice is intended to inform Plan Participants and beneficiaries, in summary fashion, of their rights and obligations under the continuation coverage provisions of COBRA, as amended and reflected in final and proposed regulations published by the Department of the Treasury. This notice is intended to reflect the law and does not grant or take away any rights under the law.

The Plan Administrator or its designee is responsible for administering COBRA continuation coverage. Complete instructions on COBRA, as well as election forms and other information, will be provided by the Plan Administrator or its designee to Plan Participants who become Qualified Beneficiaries under COBRA. While the Plan itself is not a group health plan, it does provide health benefits. Whenever "Plan" is used in this section, it means any of the health benefits under this Plan including the Health Flexible Spending Account.

1. **What is COBRA continuation coverage?**

COBRA continuation coverage is the temporary extension of group health plan coverage that must be offered to certain Plan Participants and their eligible family members (called "Qualified Beneficiaries") at group rates. The right to COBRA continuation coverage is triggered by the occurrence of a life event that results in the loss of coverage under the terms of the Plan (the "Qualifying Event"). The coverage must be identical to the coverage that the Qualified Beneficiary had immediately before the Qualifying Event, or if the coverage has been changed, the coverage must be identical to the coverage provided to similarly situated active employees who have not experienced a Qualifying Event (in other words, similarly situated non-COBRA beneficiaries).

2. Who can become a Qualified Beneficiary?

In general, a Qualified Beneficiary can be:

(a) Any individual who, on the day before a Qualifying Event, is covered under a Plan by virtue of being on that day either a covered Employee, the Spouse of a covered Employee, or a Dependent child of a covered Employee. If, however, an individual who otherwise qualifies as a Qualified Beneficiary is denied or not offered coverage under the Plan under circumstances in which the denial or failure to offer constitutes a violation of applicable law, then the individual will be considered to have had the coverage and will be considered a Qualified Beneficiary if that individual experiences a Qualifying Event.

(b) Any child who is born to or placed for adoption with a covered Employee during a period of COBRA continuation coverage, and any individual who is covered by the Plan as an alternate recipient under a qualified medical support order. If, however, an individual who otherwise qualifies as a Qualified Beneficiary is denied or not offered coverage under the Plan under circumstances in which the denial or failure to offer constitutes a violation of applicable law, then the individual will be considered to have had the coverage and will be considered a Qualified Beneficiary if that individual experiences a Qualifying Event.

The term "covered Employee" includes any individual who is provided coverage under the Plan due to his or her performance of services for the employer sponsoring the Plan. However, this provision does not establish eligibility of these individuals. Eligibility for Plan coverage shall be determined in accordance with Plan Eligibility provisions.

An individual is not a Qualified Beneficiary if the individual's status as a covered Employee is attributable to a period in which the individual was a nonresident alien who received from the individual's Employer no earned income that constituted income from sources within the United States. If, on account of the preceding reason, an individual is not a Qualified Beneficiary, then a Spouse or Dependent child of the individual will also not be considered a Qualified Beneficiary by virtue of the relationship to the individual. A domestic partner is not a Qualified Beneficiary.

Each Qualified Beneficiary (including a child who is born to or placed for adoption with a covered Employee during a period of COBRA continuation coverage) must be offered the opportunity to make an independent election to receive COBRA continuation coverage.

3. What is a Qualifying Event?

A Qualifying Event is any of the following if the Plan provided that the Plan participant would lose coverage (i.e., cease to be covered under the same terms and conditions as in effect immediately before the Qualifying Event) in the absence of COBRA continuation coverage:

(a) The death of a covered Employee.

(b) The termination (other than by reason of the Employee's gross misconduct), or reduction of hours, of a covered Employee's employment.

(c) The divorce or legal separation of a covered Employee from the Employee's Spouse. If the Employee reduces or eliminates the Employee's Spouse's Plan coverage in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the divorce or legal separation may be considered a Qualifying Event even though the Spouse's coverage was reduced or eliminated before the divorce or legal separation.

(d) A covered Employee's enrollment in any part of the Medicare program.

(e) A Dependent child's ceasing to satisfy the Plan's requirements for a Dependent child (for example, attainment of the maximum age for dependency under the Plan).

If the Qualifying Event causes the covered Employee, or the covered Spouse or a Dependent child of the covered Employee, to cease to be covered under the Plan under the same terms and conditions as in effect immediately before the Qualifying Event, the persons losing such coverage become Qualified Beneficiaries under COBRA if all the other conditions of COBRA are also met. For example, any increase in contribution that must be paid by a covered Employee, or the Spouse, or a Dependent child of the covered Employee, for coverage under the Plan that results from the occurrence of one of the events listed above is a loss of coverage.

The taking of leave under the Family and Medical Leave Act of 1993 ("FMLA") does not constitute a Qualifying Event. A Qualifying Event will occur, however, if an Employee does not return to employment at the end of the FMLA leave and all other COBRA continuation coverage conditions are present. If a Qualifying Event occurs, it occurs on the last day of FMLA leave and the applicable maximum coverage period is measured from this date (unless coverage is lost at a later date and the Plan provides for the extension of the required periods, in which case the maximum coverage date is measured from the date when the coverage is lost.) Note that the covered Employee and family members will be entitled to COBRA continuation coverage even if they failed to pay the employee portion of premiums for coverage under the Plan during the FMLA leave.

4. What factors should be considered when determining to elect COBRA continuation coverage?

You should take into account that a failure to continue your group health coverage will affect your rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied by other group health plans if there is more than a 63-day gap in health coverage and election of COBRA continuation coverage may help you avoid such a gap. Second, if you do not elect COBRA continuation coverage and pay the appropriate premiums for the maximum time available to you, you will lose the right to convert to an individual health insurance policy, which does not impose such pre-existing condition exclusions. Finally, you should take into account that you have special enrollment rights under federal law (HIPAA). You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your Spouse's employer) within 30 days after Plan coverage ends due to a Qualifying Event listed above. You will also have the same special

right at the end of COBRA continuation coverage if you get COBRA continuation coverage for the maximum time available to you.

5. What is the procedure for obtaining COBRA continuation coverage?

The Plan has conditioned the availability of COBRA continuation coverage upon the timely election of such coverage. An election is timely if it is made during the election period.

6. What is the election period and how long must it last?

The election period is the time period within which the Qualified Beneficiary must elect COBRA continuation coverage under the Plan. The election period must begin not later than the date the Qualified Beneficiary would lose coverage on account of the Qualifying Event and ends 60 days after the later of the date the Qualified Beneficiary would lose coverage on account of the Qualifying Event or the date notice is provided to the Qualified Beneficiary of her or his right to elect COBRA continuation coverage. If coverage is not elected within the 60 day period, all rights to elect COBRA continuation coverage are forfeited.

Note: If a covered Employee who has been terminated or experienced a reduction of hours qualifies for a trade readjustment allowance or alternative trade adjustment assistance under a federal law called the Trade Act of 2002, and the employee and his or her covered dependents have not elected COBRA coverage within the normal election period, a second opportunity to elect COBRA coverage will be made available for themselves and certain family members, but only within a limited period of 60 days or less and only during the six months immediately after their group health plan coverage ended. Any person who qualifies or thinks that he or she and/or his or her family members may qualify for assistance under this special provision should contact the Plan Administrator or its designee for further information.

The Trade Act of 2002 also created a new tax credit for certain TAA-eligible individuals and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) (eligible individuals). Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including continuation coverage. If you have questions about these new tax provisions, you may call the Health Coverage Tax Credit Consumer Contact Center toll-free at 1-866-628-4282. TTD/TTY callers may call toll-free at 1-866-626-4282. More information about the Trade Act is also available at www.doleta.gov/tradeact.

7. Is a covered Employee or Qualified Beneficiary responsible for informing the Plan Administrator of the occurrence of a Qualifying Event?

The Plan will offer COBRA continuation coverage to Qualified Beneficiaries only after the Plan Administrator or its designee has been timely notified that a Qualifying Event has occurred. The Employer (if the Employer is not the Plan Administrator) will notify the Plan Administrator or its designee of the Qualifying Event within 30 days following the date coverage ends when the Qualifying Event is:

- (a) the end of employment or reduction of hours of employment,

- (b) death of the employee,
- (c) commencement of a proceeding in bankruptcy with respect to the Employer, or
- (d) enrollment of the employee in any part of Medicare.

IMPORTANT:

For the other Qualifying Events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you or someone on your behalf must notify the Plan Administrator or its designee in writing within 60 days after the Qualifying Event occurs, using the procedures specified below. If these procedures are not followed or if the notice is not provided in writing to the Plan Administrator or its designee during the 60-day notice period, any spouse or dependent child who loses coverage will not be offered the option to elect continuation coverage. You must send this notice to the Plan Administrator or its designee.

NOTICE PROCEDURES:

Any notice that you provide must be *in writing*. Oral notice, including notice by telephone, is not acceptable. You must mail, fax or hand-deliver your notice to the person, department or firm listed below, at the following address:

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

If mailed, your notice must be postmarked no later than the last day of the required notice period. Any notice you provide must state:

- the name of the plan or plans under which you lost or are losing coverage,
- the name and address of the employee covered under the plan,
- the name(s) and address(es) of the Qualified Beneficiary(ies), and
- the Qualifying Event and the date it happened.

If the Qualifying Event is a divorce or legal separation, your notice must include a copy of the divorce decree or the legal separation agreement.

Be aware that there are other notice requirements in other contexts, for example, in order to qualify for a disability extension.

Once the Plan Administrator or its designee receives *timely notice* that a Qualifying Event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each Qualified Beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage for their spouses, and parents may elect COBRA continuation coverage on behalf of their children. For each Qualified Beneficiary who elects COBRA continuation coverage, COBRA continuation

coverage will begin on the date that plan coverage would otherwise have been lost. If you or your spouse or dependent children do not elect continuation coverage within the 60-day election period described above, the right to elect continuation coverage will be lost.

8. Is a waiver before the end of the election period effective to end a Qualified Beneficiary's election rights?

If, during the election period, a Qualified Beneficiary waives COBRA continuation coverage, the waiver can be revoked at any time before the end of the election period. Revocation of the waiver is an election of COBRA continuation coverage. However, if a waiver is later revoked, coverage need not be provided retroactively (that is, from the date of the loss of coverage until the waiver is revoked). Waivers and revocations of waivers are considered made on the date they are sent to the Plan Administrator or its designee, as applicable.

9. Is COBRA coverage available if a Qualified Beneficiary has other group health plan coverage or Medicare?

Qualified Beneficiaries who are entitled to elect COBRA continuation coverage may do so even if they are covered under another group health plan or are entitled to Medicare benefits on or before the date on which COBRA is elected. However, a Qualified Beneficiary's COBRA coverage will terminate automatically if, after electing COBRA, he or she becomes entitled to Medicare or becomes covered under other group health plan coverage (but only after any applicable preexisting condition exclusions of that other plan have been exhausted or satisfied).

10. When may a Qualified Beneficiary's COBRA continuation coverage be terminated?

During the election period, a Qualified Beneficiary may waive COBRA continuation coverage. Except for an interruption of coverage in connection with a waiver, COBRA continuation coverage that has been elected for a Qualified Beneficiary must extend for at least the period beginning on the date of the Qualifying Event and ending not before the earliest of the following dates:

- (a) The last day of the applicable maximum coverage period.
- (b) The first day for which Timely Payment is not made to the Plan with respect to the Qualified Beneficiary.
- (c) The date upon which the Employer ceases to provide any group health plan (including a successor plan) to any employee.
- (d) The date, after the date of the election, that the Qualified Beneficiary first becomes covered under any other Plan that does not contain any exclusion or limitation with respect to any pre-existing condition, other than such an exclusion or limitation that does not apply to, or is satisfied by, the Qualified Beneficiary.
- (e) The date, after the date of the election, that the Qualified Beneficiary first enrolls in the Medicare program (either part A or part B, whichever occurs earlier).

(f) In the case of a Qualified Beneficiary entitled to a disability extension, the later of:

- (1) (i) 29 months after the date of the Qualifying Event, or (ii) the first day of the month that is more than 30 days after the date of a final determination under Title II or XVI of the Social Security Act that the disabled Qualified Beneficiary whose disability resulted in the Qualified Beneficiary's entitlement to the disability extension is no longer disabled, whichever is earlier; or
- (2) the end of the maximum coverage period that applies to the Qualified Beneficiary without regard to the disability extension.

The Plan can terminate for cause the coverage of a Qualified Beneficiary on the same basis that the Plan terminates for cause the coverage of similarly situated non-COBRA beneficiaries, for example, for the submission of a fraudulent claim.

In the case of an individual who is not a Qualified Beneficiary and who is receiving coverage under the Plan solely because of the individual's relationship to a Qualified Beneficiary, if the Plan's obligation to make COBRA continuation coverage available to the Qualified Beneficiary ceases, the Plan is not obligated to make coverage available to the individual who is not a Qualified Beneficiary.

11. What are the maximum coverage periods for COBRA continuation coverage?

The maximum coverage periods are based on the type of the Qualifying Event and the status of the Qualified Beneficiary, as shown below.

(a) In the case of a Qualifying Event that is a termination of employment or reduction of hours of employment, the maximum coverage period ends 18 months after the Qualifying Event if there is not a disability extension and 29 months after the Qualifying Event if there is a disability extension.

(b) In the case of a covered Employee's enrollment in the Medicare program before experiencing a Qualifying Event that is a termination of employment or reduction of hours of employment, the maximum coverage period for Qualified Beneficiaries other than the covered Employee ends on the later of:

(1) 36 months after the date the covered Employee becomes enrolled in the Medicare program; or

(2) 18 months (or 29 months, if there is a disability extension) after the date of the covered Employee's termination of employment or reduction of hours of employment.

(c) In the case of a Qualified Beneficiary who is a child born to or placed for adoption with a covered Employee during a period of COBRA continuation coverage, the maximum coverage period is the maximum coverage period applicable to the Qualifying

Event giving rise to the period of COBRA continuation coverage during which the child was born or placed for adoption.

(d) In the case of any other Qualifying Event than that described above, the maximum coverage period ends 36 months after the Qualifying Event.

12. Under what circumstances can the maximum coverage period be expanded?

If a Qualifying Event that gives rise to an 18-month or 29-month maximum coverage period is followed, within that 18- or 29-month period, by a second Qualifying Event that gives rise to a 36-month maximum coverage period, the original period is expanded to 36 months, but only for individuals who are Qualified Beneficiaries at the time of and with respect to both Qualifying Events. In no circumstance can the COBRA maximum coverage period be expanded to more than 36 months after the date of the first Qualifying Event. The Plan Administrator must be notified of the second qualifying event within 60 days of the second qualifying event. This notice must be sent to the Plan Administrator or its designee in accordance with the procedures above.

13. How does a Qualified Beneficiary become entitled to a disability extension?

A disability extension will be granted if an individual (whether or not the covered Employee) who is a Qualified Beneficiary in connection with the Qualifying Event that is a termination or reduction of hours of a covered Employee's employment, is determined under Title II or XVI of the Social Security Act to have been disabled at any time during the first 60 days of COBRA continuation coverage. To qualify for the disability extension, the Qualified Beneficiary must also provide the Plan Administrator with notice of the disability determination on a date that is both within 60 days after the date of the determination and before the end of the original 18-month maximum coverage. This notice must be sent to the Plan Administrator or its designee in accordance with the procedures above.

14. Does the Plan require payment for COBRA continuation coverage?

For any period of COBRA continuation coverage under the Plan, Qualified Beneficiaries who elect COBRA continuation coverage may be required to pay up to 102% of the applicable premium and up to 150% of the applicable premium for any expanded period of COBRA continuation coverage covering a disabled Qualified Beneficiary due to a disability extension. Your Plan Administrator will inform you of the cost. The Plan will terminate a Qualified Beneficiary's COBRA continuation coverage as of the first day of any period for which timely payment is not made.

15. Must the Plan allow payment for COBRA continuation coverage to be made in monthly installments?

Yes. The Plan is also permitted to allow for payment at other intervals.

16. What is Timely Payment for COBRA continuation coverage?

Timely Payment means a payment made no later than 30 days after the first day of the coverage period. Payment that is made to the Plan by a later date is also considered Timely Payment if either under the terms of the Plan, covered Employees or Qualified Beneficiaries are allowed until that later date to pay for their coverage for the period or under the terms of an arrangement between the Employer and the entity that provides Plan benefits on the Employer's behalf, the Employer is allowed until that later date to pay for coverage of similarly situated non-COBRA beneficiaries for the period.

Notwithstanding the above paragraph, the Plan does not require payment for any period of COBRA continuation coverage for a Qualified Beneficiary earlier than 45 days after the date on which the election of COBRA continuation coverage is made for that Qualified Beneficiary. Payment is considered made on the date on which it is postmarked to the Plan.

If Timely Payment is made to the Plan in an amount that is not significantly less than the amount the Plan requires to be paid for a period of coverage, then the amount paid will be deemed to satisfy the Plan's requirement for the amount to be paid, unless the Plan notifies the Qualified Beneficiary of the amount of the deficiency and grants a reasonable period of time for payment of the deficiency to be made. A "reasonable period of time" is 30 days after the notice is provided. A shortfall in a Timely Payment is not significant if it is no greater than the lesser of \$50 or 10% of the required amount.

17. Must a Qualified Beneficiary be given the right to enroll in a conversion health plan at the end of the maximum coverage period for COBRA continuation coverage?

If a Qualified Beneficiary's COBRA continuation coverage under a group health plan ends as a result of the expiration of the applicable maximum coverage period, the Plan will, during the 180-day period that ends on that expiration date, provide the Qualified Beneficiary with the option of enrolling under a conversion health plan if such an option is otherwise generally available to similarly situated non-COBRA beneficiaries under the Plan. If such a conversion option is not otherwise generally available, it need not be made available to Qualified Beneficiaries.

18. How is my participation in the Health Flexible Spending Account affected?

You can elect to continue your participation in the Health Flexible Spending Account for the remainder of the Plan Year, subject to the following conditions. You may only continue to participate in the Health Flexible Spending Account if you have elected to contribute more money than you have taken out in claims. For example, if you elected to contribute an annual amount of \$500 and, at the time you terminate employment, you have contributed \$300 but only claimed \$150, you may elect to continue coverage under the Health Flexible Spending Account. If you elect to continue coverage, then you would be able to continue to receive your health reimbursements up to the \$500. However, you must continue to pay for the coverage, just as the money has been taken out of your paycheck, but on an after-tax basis. The Plan can also charge you an extra amount (as explained above for other health benefits) to provide this benefit.

IF YOU HAVE QUESTIONS

If you have questions about your COBRA continuation coverage, you should contact the Plan Administrator or its designee. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website at www.dol.gov/ebsa.

KEEP YOUR PLAN ADMINISTRATOR INFORMED OF ADDRESS CHANGES

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator or its designee.

XI SUMMARY

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities and save for the future. Our flexible benefits plan will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Administrator.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
2009 BUDGET VARIANCE ANALYSIS
FOR EIGHT MONTHS ENDED AUGUST 31, 2009**

Executive Summary

The NJEFA concluded the first eight months of 2009 with net operating income in the amount of \$599,021, based on revenues of \$2,382,861 and expenses of \$1,783,840. As a result, net operating income is higher than budgeted by \$262,054. This difference is a result of less than anticipated expenses in the amount of \$293,291, partially offset by less than expected revenues in the amount of \$31,237.

Revenues

Revenues were \$31,237 less than projected for the first eight months of the year primarily due to lower than budgeted Investment Income.

Expenses

Operating expenditures for the first eight months of the year were favorable as compared to budget by \$293,291. Attorney General Fees were \$86,568 less than budgeted because actual billings are less than that of the Legal Services Cost Projection Agreement. Salaries were \$74,099 below the budgeted amount due primarily to a prior staff vacancy. Deviations in the remaining line items are primarily the result of timing.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ACTUAL vs. BUDGET REPORT
JUNE - AUGUST 2009

	Three Months Ended August 31, 2009			Eight Months Ended August 31, 2009		
	<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	\$775,194	\$775,194	\$ -	\$2,180,794	\$2,180,794	\$ -
Initial Fees	-	51,522	(51,522)	187,331	175,304	12,027
Investment Income	6,320	21,750	(15,430)	14,736	58,000	(43,264)
	<u>\$ 781,514</u>	<u>\$ 848,466</u>	<u>\$ (66,952)</u>	<u>\$ 2,382,861</u>	<u>\$ 2,414,098</u>	<u>\$ (31,237)</u>
<u>Operating Expenses</u>						
Salaries	\$319,946	\$346,584	\$ 26,638	\$ 887,060	\$ 961,159	\$ 74,099
Employee Benefits	79,804	84,204	4,400	310,911	319,265	8,354
Provision for Post Ret. Health Benefits	-	-	-	-	-	-
Office of The Governor	5,250	5,250	-	14,000	14,000	-
Office of The Attorney General	18,000	50,463	32,463	48,000	134,568	86,568
Sponsored Programs	-	9,375	9,375	-	12,500	12,500
Telephone	6,962	7,173	211	14,761	17,437	2,676
Gasoline & Auto Maintenance	2,063	3,501	1,438	10,545	9,336	(1,209)
Rent	71,163	77,571	6,408	191,653	206,568	14,915
Utilities	5,060	5,262	202	13,493	14,032	539
Postage	874	1,749	875	2,476	4,664	2,188
Office Supplies & Expenses	7,530	11,250	3,720	19,848	30,000	10,152
Travel & Official Receptions	5,698	7,500	1,802	14,088	20,000	5,912
Staff Training & Tuition Reimbursement	2,324	6,750	4,426	7,567	18,000	10,433
Insurance	10,105	13,137	3,032	29,420	32,452	3,032
Annual Report & Newsletters	-	17,250	17,250	3,952	27,000	23,048
Public Relations	-	1,500	1,500	-	3,000	3,000
Electronic Communication Program	189	1,000	811	189	1,000	811
Professional Services	20,015	25,450	5,435	98,764	108,650	9,886
Dues & Subscriptions	12,613	24,000	11,387	47,714	63,500	15,786
Maintenance of Equipment	17,092	12,000	(5,092)	21,399	32,000	10,601
Depreciation	18,000	18,000	-	48,000	48,000	-
Contingency	-	-	-	-	-	-
	<u>602,688</u>	<u>728,969</u>	<u>126,281</u>	<u>1,783,840</u>	<u>2,077,131</u>	<u>293,291</u>
Net Operating Income	<u>\$ 178,826</u>	<u>\$ 119,497</u>	<u>\$ 59,329</u>	<u>\$ 599,021</u>	<u>\$ 336,967</u>	<u>\$ 262,054</u>

New Jersey Educational Facilities Authority
Summary of Construction Funds
As of August 31, 2009

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<u>Private</u>						
Institute for Advanced Study	2006 Series C	Biology Bldg., & Renovations	\$ 19,939,000.00	\$ (14,307,238.25)	\$ 5,631,761.75	72%
Drew University	2007 Series D	Student Housing & Renovations	25,314,969.30	(22,758,467.01)	2,556,502.29	90%
College of Saint Elizabeth	2008 Series F	2006 Perf. Arts Center, Renovations	1,111,345.11	(729,966.67)	381,378.44	66%
Saint Peter's College	2008 Series H	Various Construction & Renovations	5,075,000.00	(4,309,792.22)	765,207.78	85%
Princeton University	2008 Series J	Construction & Capital Equipment	253,753,780.55	(138,667,398.01)	115,086,382.54	55%
Sub Total			\$ 305,194,094.96	\$ (180,772,862.16)	\$ 124,421,232.80	
<u>Public</u>						
Kean University	Series 2005 B	Various Projects & Renovations	\$ 91,383,145.08	\$ (57,974,841.48)	\$ 33,408,303.60	63%
Montclair State University	Series 2006 A	Rec. Center, Parking & Renovations	99,691,116.44	(44,154,305.67)	55,536,810.77	44%
Richard Stockton College of New Jersey	Series 2006 F	Housing V, Various Projects	50,675,855.72	(47,625,988.59)	3,049,867.13	94%
Rowan University	Series 2006 G	Various Renovations	46,527,357.07	(29,058,848.43)	17,468,508.64	62%
Rowan University	Series 2006 H	Property Acquisition, Renovations	19,797,386.13	(4,468,925.59)	15,328,460.54	23%
Kean University	Series 2007 D	2 Residence Halls, Dining, Parking	124,287,050.02	(83,005,300.14)	41,281,749.88	67%
Richard Stockton College of New Jersey	Series 2007 G	Housing V, Various Upgrades & Renov	40,242,421.65	(15,887,097.09)	24,355,324.56	39%
The College of New Jersey	Series 2008 D	1999 A and 2002 D Projects	54,933,452.51	(30,358,951.24)	24,574,501.27	55%
William Paterson University	Series 2008 C	Science Hall Expansion & Renovation	83,907,460.92	(27,123,165.87)	56,784,295.05	32%
Richard Stockton College of New Jersey	Series 2008 A	Campus Ctr, Science Ctr, College Walk	105,482,763.92	(17,076,737.56)	88,406,026.36	16%
Montclair State University	Series 2008 J	New Student Housing Facility	27,157,619.62	(9,535,976.27)	17,621,643.35	35%
Sub Total			\$ 744,085,629.08	\$ (366,270,137.93)	\$ 377,815,491.15	
<u>Other Programs</u>						
Public Library Grant Program	Series 2002 A	Library Grants	\$ 45,380,714.58	\$ (45,142,383.88)	\$ 238,330.70	99%
Sub Total			\$ 45,380,714.58	\$ (45,142,383.88)	\$ 238,330.70	
Grand Total			\$ 1,094,660,438.62	\$ (592,185,383.97)	\$ 502,475,054.65	



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ROGER L. ANDERSON
Executive Director

MINUTES OF THE DECEMBER 1, 2008 EXECUTIVE SESSION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

Vivian Altman, Chair (via phone)
Roger B. Jacobs, Esq. (via phone)
Felice Vazquez, Esq. (via phone)
R. David Rousseau, State Treasurer (represented by Nancy Style)
Laurence M. Downes, Chair, Comm. on Higher Education (represented by Kurt Landgraf) (via phone)
Kavin Mistry, Esq., Deputy Attorney General
Barbara Cannon, Deputy Executive Director
Katherine Newell, Esq., Senior Advisor
Mary Jane Darby, Director of Project Management
Marie Mueller, Controller
Sheryl Stitt, Director of Communications
Debra Paterson, Project Manager
Sheila Toles, Exec. Assistant/HR Specialist

MEMBERS ABSENT:

None

Upon proper notice pursuant to the Open Public Meetings Act, and upon a vote of the Members, the Authority went into closed session for the purpose of discussing a legal matter.

Ms. Newell reported that the Authority had recently received a Notice of Examination from the Internal Revenue Service relating to The College of New Jersey, Series 2002 C and D bonds. She explained that TCNJ bonds had been randomly selected as part of the IRS's program to study the use of "qualified hedges". A "qualified hedge" for these bonds was identified on the IRS Form 8038 filed by the Authority for these bonds.

Ms. Newell advised that the Authority had submitted a response to the IRS last week and that the IRS has not yet responded. Ms. Newell noted that the Authority had all of the requested information in-house which allowed the Authority to respond quickly. She advised that she would keep the Members informed of any progress.

No formal action was taken in Executive Session.

Mr. Jacobs then moved that the public session be reconvened. The motion was seconded by Mr. Landgraf and passed unanimously.

Respectfully submitted,

Barbara Cannon
Deputy Executive Director



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ROGER L. ANDERSON
Executive Director

MINUTES OF THE SEPTEMBER 17, 2009 EXECUTIVE SESSION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

Vivian Altman, Chair
Ridgeley Hutchinson
R. David Rousseau, State Treasurer (represented by Nancy Style)
Edward J. Graham, Chair, Comm. on Higher Education (represented by Kurt Landgraf) (via phone)
Clifford Rones, Esq., Deputy Attorney General
Sonia Frontera, Esq., Assistant Counsel
Roger Anderson, Executive Director
Barbara Cannon, Deputy Executive Director
Marie Mueller, Controller
Sheryl Stitt, Director of Communications
Sheila Toles, Exec. Assistant/HR Specialist

MEMBERS ABSENT:

Roger B. Jacobs, Esq.

Upon proper notice pursuant to the Open Public Meetings Act, and upon a vote of the Members, the Authority went into closed session for the purpose of discussing a legal matter.

Mr. Anderson reported that the Authority had received a 'No Change Determination' letter from the Internal Revenue Service (IRS) relating to the Notice of Examination from the IRS of The College of New Jersey, Series 2002 D bonds discussed with the Members in December. Mr. Anderson advised that the recent letter was the final response from a series of IRS inquiries and that the issue is now closed.

No formal action was taken in Executive Session.

Mr. Landgraf then moved that the public session be reconvened. The motion was seconded by Ms. Style and passed unanimously.

Respectfully submitted,

Roger L. Anderson
Secretary