

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

March 22, 2013

**VIA HAND DELIVERY**

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

**ATTN:** Amy Herbold, Assistant Counsel  
Governor's Authorities Unit

Dear Governor Christie:

Enclosed please find an original and one copy of the minutes of the meeting of the New Jersey Educational Facilities Authority held on Thursday, March 21, 2013.

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

Sincerely,

Katherine A. Newell  
Assistant Secretary

Enclosures



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

**MINUTES OF THE MEETING OF THE  
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY  
ON THURSDAY, MARCH 21, 2013**

The meeting was called to order at 9:11 a.m. by Chairman Jacobs. The New Jersey Educational Facilities Authority gave notice of the time, place and date of this meeting via fax and email on January 7, 2013, to The Star Ledger, The Times and the Secretary of State and by posting the notice at the offices of the Authority in Princeton, New Jersey. Pursuant to the New Jersey Open Public Meetings Act, a resolution must be passed by the New Jersey Educational Facilities Authority in order to hold a session from which the public is excluded.

**AUTHORITY MEMBERS PRESENT:**

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

**AUTHORITY MEMBERS ABSENT:**

Joshua Hodes, Treasurer

**STAFF PRESENT:**

Derek S. Hansel, Executive Director  
Katherine Newell, Esq., Director of Risk Management  
Marie P. Mueller, Controller  
Sheryl Stitt, Director of Legislative Strategy & Public Communications  
Kristen Middleton, Assistant Controller  
Jennifer LaMarsh, Associate Project Manager  
Gary Vencius, Senior Accountant  
Denise Carroll, Accountant I  
Jamie O'Donnell, Accountant  
Linda Hazley, Office Manager  
Sheila Toles, Exec. Assistant/Human Resources Specialist

**ALSO PRESENT:**

Amy Herbold, Esq., Governor's Authorities Unit  
Edward Pillsbury, Esq., Deputy Attorney General

## **ITEMS OF DISCUSSION**

### **1. Executive Director's Report**

Mr. Hansel reported that staff has been working with the Office of the Secretary of Higher Education on the implementation of the Building Our Future Bond Act and other State grant programs. He reported that last month the Secretary's Office along with Authority staff held a Technical Assistance Session at The College of New Jersey. He reported that the session was well received. As part of the Solicitation process, the team has answered 140 separate questions regarding the grant application process. Mr. Hansel reported that grant applications submitted by March 11, 2013 were eligible for a completion review to insure all the items requested in the solicitation for grant applications were provided and that the completion review has been accomplished and all the Institutions that submitted their applications by the March 11th date had been notified as to the status of their application completeness.

Mr. Hansel thanked and commended the Authority's Accounting staff for their hard work preparing for the Authority's 2012 audit.

### **2. Project Management Report – List of Pending Projects**

Mr. Hansel reported that there are several projects for which various colleges and universities have requested Authority financing. Mr. Hansel 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. Adoption of Resolution Authorizing a Temporary Construction Easement for The Richard Stockton College of New Jersey**

Ms. Newell reported that the resolution authorizes a temporary right-of-entry/construction easement to Atlantic County for property that the Authority owns in connection with The Richard Stockton College of New Jersey's outstanding Series 2008 A bonds. She reported that the property is near the Garden State Parkway at Exit 41 which is being redesigned as part of a Garden State improvement project by Atlantic County and the NJ Turnpike Authority for improvements to Exits 41 and 44. Ms. Newell advised that the project would benefit the College because it would provide better access from both Exits of the Parkway. She also advised that in consideration for the temporary right-of-entry and similar easements from the State of New Jersey for property used by the College, the Turnpike Authority would provide signage on the Parkway for the College, which has not previously been available to them.

Ms. Newell reported that the temporary easement, which does not adversely affect the use of the College's property has a term of one year which may be extended for an additional six months with month to month extensions thereafter if agreed to by the Authority and the College.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY CONSENTING TO AND AUTHORIZING THE EXECUTION AND

DELIVERY OF A TEMPORARY CONSTRUCTION EASEMENT BY AND BETWEEN THE AUTHORITY AND THE COUNTY OF ATLANTIC RELATING TO CERTAIN PROPERTY OWNED BY THE AUTHORITY AND LEASED TO THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

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

The adopted resolution is appended as Exhibit II.

4. **Adoption of Resolution Authorizing an Easement for Kean University**

Ms. Newell reported that the resolution authorizes the execution of an easement that the Department of Transportation (DOT) is requiring as a condition to granting a permit for the installation of certain drainage utilities by Kean University on land that the Authority owns in connection with the University's outstanding Series 1998 B bonds.

Ms. Newell reported that the property originally housed the campus police and other University storage facilities, but is now the site of the University's new academic building. She explained that the new drainage utilities are necessary because the new construction changed the drainage overflow pattern and that DOT is requiring the easement under which Kean agrees to install and maintain an upgraded stormwater filtration system.

Michael Tripodi, University Counsel, commented on the resolution and Phyllis Duke, Assistant VP of Operations, explained the exact location of the drainage units.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY CONSENTING TO AND AUTHORIZING THE EXECUTION AND RECORDING OF A RESTRICTIVE COVENANT BY AND BETWEEN THE AUTHORITY AND NEW JERSEY DEPARTMENT OF TRANSPORTATION REQUIRING THE INSTALLATION AND MAINTENANCE OF STORMWATER FILTRATION EQUIPMENT AS A CONDITION TO THE ISSUANCE BY THE DEPARTMENT OF TRANSPORTATION OF A PERMIT TO CONSTRUCT DRAINAGE FACILITIES ON CERTAIN PROPERTY OWNED BY THE AUTHORITY AND LEASED TO KEAN UNIVERSITY

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

The adopted resolution is appended as Exhibit III.

5. **Adoption of Resolution Appointing the Authority's Financial Printer**

Ms. LaMarsh reported that the Authority's current contract for financial printing services will expire on April 26, 2013 and accordingly, the Authority had issued a Request for Proposals on January 31, 2013 to 18 firms. Ms. LaMarsh reported that the Authority had received 4 responses and upon review of the proposals, Wold Financial Printing, who is the Authority's current financial printer, received the highest overall score and also had the lowest fee. Ms. LaMarsh reported that staff has been very pleased with Wold's performance the past two years and recommended that Wold Financial Printing be appointed for an additional period of two years.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY APPROVING THE APPOINTMENT OF A FINANCIAL PRINTER

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

The adopted resolution is appended as Exhibit IV.

6. **Report of the Authority's Audit Committee and Adoption of Resolution Accepting the Financial Statements and Auditors' Report for 2012**

Mr. Hutchinson reported that the Audit Committee consisting of himself, Mr. Hodes and Mr. Petrecca met on February 19, 2013 and March 19, 2013 with Randy Nelson of Ernst & Young LLP (E&Y) who had described the Audit process and responsibilities and answered questions from Committee Members. Mr. Hutchinson reported that the Audit Committee was satisfied with the financial statements and the audit results as presented and recommended approval by the Members of the Financial Statements and Auditors' Report. Mr. Hutchinson thanked Mr. Nelson for a great job and for being so helpful throughout the process.

Mr. Jacobs invited Mr. Nelson to describe parts of the statements. Mr. Nelson thanked Authority staff and noted that, although the Authority's Accounting department had been short one staff member, as well as an outside consultant that had assisted them in the past in the preparation of the financial statements, staff had worked together and provided an excellent package, on time, which helped them get the audit done quickly and efficiently. He reported that the Authority is in excellent financial condition and that the net position increased by over \$1 million this year and liquid assets are up \$500,000. Mr. Nelson reported that Ernst & Young issued an unqualified or "clean" opinion on the Authority's financial statements. He reported that they had identified no items of material weakness or significant deficiencies as it relates to internal control and is operating effectively. He reported that E&Y issued a report on compliance as it relates to bond resolutions and that letter is also "clean" or unqualified opinion as it relates to various bond resolutions.

Mr. Jacobs commented on the great work Ms. Mueller does and Ms. Mueller commended her staff for their hard work. Mr. Jacobs thanked the Accounting staff.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT FOR 2012

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

The adopted resolution and report is appended as Exhibit V.

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

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

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


The reports are appended as Exhibit VI.

8. **Next Meeting Date**

Mr. Jacobs thanked Authority staff and University attendees and welcomed Amy Herbold as the Authority's new liaison from the Governor's Authorities Unit. Mr. Jacobs then reminded everyone that the next scheduled meeting would be on April 23, 2013 at 9:00 a.m. at the Authority's office and requested a motion to adjourn.

Mr. Hutchinson moved that the meeting be adjourned at 9:33 a.m.; the motion was seconded by Mr. Edwards and passed unanimously.

Respectfully submitted,



Katherine A. Newell  
Assistant Secretary

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
REPORT ON PENDING PROJECTS  
March 21, 2013**

<u>Institution</u>	<u>Project</u>	<u>Estimated Size of Issue</u>	<u>Estimated Pricing Date</u>
<u>Private Institutions</u>			
Bloomfield College	Construction of a residence hall	\$34 Million	April, 2013
Caldwell College	Refunding of 2006 Series F Bonds	\$22 Million	Spring, 2013
Seton Hall University	Construction of an addition to a residence hall and expansion of a parking deck	\$26 Million	Summer 2013
Fairleigh Dickinson University	Refunding of certain outstanding indebtedness	\$65 Million	on hold

Public Institutions

None

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (THE "AUTHORITY") CONSENTING TO AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TEMPORARY CONSTRUCTION EASEMENT BY AND BETWEEN THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY AND THE COUNTY OF ATLANTIC RELATING TO CERTAIN PROPERTY OWNED BY THE AUTHORITY AND LEASED TO THE RICHARD STOCKTON COLLEGE OF NEW JERSEY (THE "COLLEGE")**

**March 21, 2013**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, P.L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and authorized to issue its obligations to assist New Jersey's public and private colleges and universities to finance educational facilities as defined in the Act; and
- WHEREAS** On March 4, 2005, the Authority issued its \$31,140,000 aggregate principal amount of Revenue Bonds, The Richard Stockton College of New Jersey Issue, Series 2005 C (the "2005 C Bonds") to finance, *inter alia*, the acquisition and renovation of an office building at 10 Jimmie Leeds Road, Township of Galloway, County of Atlantic, New Jersey (the "Administration Building"); and
- WHEREAS:** On August 14, 2008, the Authority issued its \$136,910,000 aggregate principal amount of Revenue Bonds, The Richard Stockton College of New Jersey Issue, Series 2008 A (the "2008 A Bonds") to finance, *inter alia*, the refinancing of the Authority's 2005 C Bonds; and
- WHEREAS:** In connection with financing and refinancing of the Administrative Building, respectively, the Authority acquired title to the property located at 10 Jimmie Leeds Road, known as Block 866.01, Lot 9 in the Township of Galloway, County of Atlantic, State of New Jersey (the "Authority Owned Property") and leased such Authority Owned Property to the College pursuant to the terms of a Lease and Agreement by and between the Authority and the College dated as of March 1, 2008 (the "2008 Agreement"); and
- WHEREAS:** The College has advised the Authority that the County of Atlantic (the "County") and the New Jersey Turnpike Authority (the "NJTA") are in the process of implementing improvements to the Garden State Parkway at Exit 41 and Exits 44 (the "Improvements"); and
- WHEREAS:** The College has been further advised by the County that a portion of the Improvements for Exit 41 will require a twelve (12) month temporary construction easement/right-of-entry for approximately 930 square feet of the Authority Owned Property in the form appended hereto as Exhibit A (the "Easement"), with the option of extending the Easement after the twelve (12)



month period, if necessary, for an extension for a six month period and thereafter if needed on a month-to-month basis with written notice to the Authority and the College from NJTA as to construction needs and written acknowledgement thereof by the Authority; and

**WHEREAS:** The Easement will terminate upon completion of the work by NJTA; and

**WHEREAS:** Accordingly, the College has determined that the granting of the Easement is reasonable and is in the best interest of the College and the granting of the Easement will not have an adverse affect on the Administration Building or the Authority Owned Property and has requested that the Authority grant the Easement on behalf of the College for the implementation of the respective Improvements; and

**WHEREAS** the Members of the Authority have determined that it is necessary and advisable to grant the Easement on behalf of the College for the implementation of the respective Improvements; and

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

**SECTION 1.** The Members hereby authorize the Authority to grant the Easement for the implementation of the Improvements to the County for the Authority Owned Property provided that the County bear any costs incurred in connection with the grant of the Easement, including costs for preparation and recording of the Easement, if any, and the maintenance of the Authority Owned Property subject to the 2008 A Agreement and the Easement.

**SECTION 2.** The Members hereby authorize and direct the Executive Director, the Deputy Executive Director, the Director of Risk Management, the Secretary and any Assistant Secretary (each, an "Authorized Officer") to execute and deliver, and to attest, if necessary, the Easement for the Authority Owned Property, in the form attached hereto as Exhibit A, including any additional documentation that may be necessary for extensions of the Easement, if necessary; with such changes (including any changes necessary to protect the rights of the Authority and College under the 2008 A Agreement) as the Authorized Officer executing the same deems necessary or appropriate with advice of the Office of the New Jersey Attorney General, such approval to be conclusively evidenced by execution of the Easement.

**SECTION 3.** The Members hereby authorize the Authorized Officers to take and all actions necessary and appropriate to implement the Easement including extensions permitted in accordance with the terms of the Easement and including execution and delivery of any additional documents in the form approved by the Authorized Officer executing same, such execution to be conclusive evidence of the approval thereof.

**SECTION 4.** This resolution shall take effect in accordance with *N.J.S.A. 18A:72A-4(i)*.

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

**AYE:** Roger B. Jacobs  
Ridgeley Hutchinson  
Andrew Sidamon-Eristoff (represented by Steven Petrecca)  
Rochelle Hendricks (represented by Gregg Edwards)

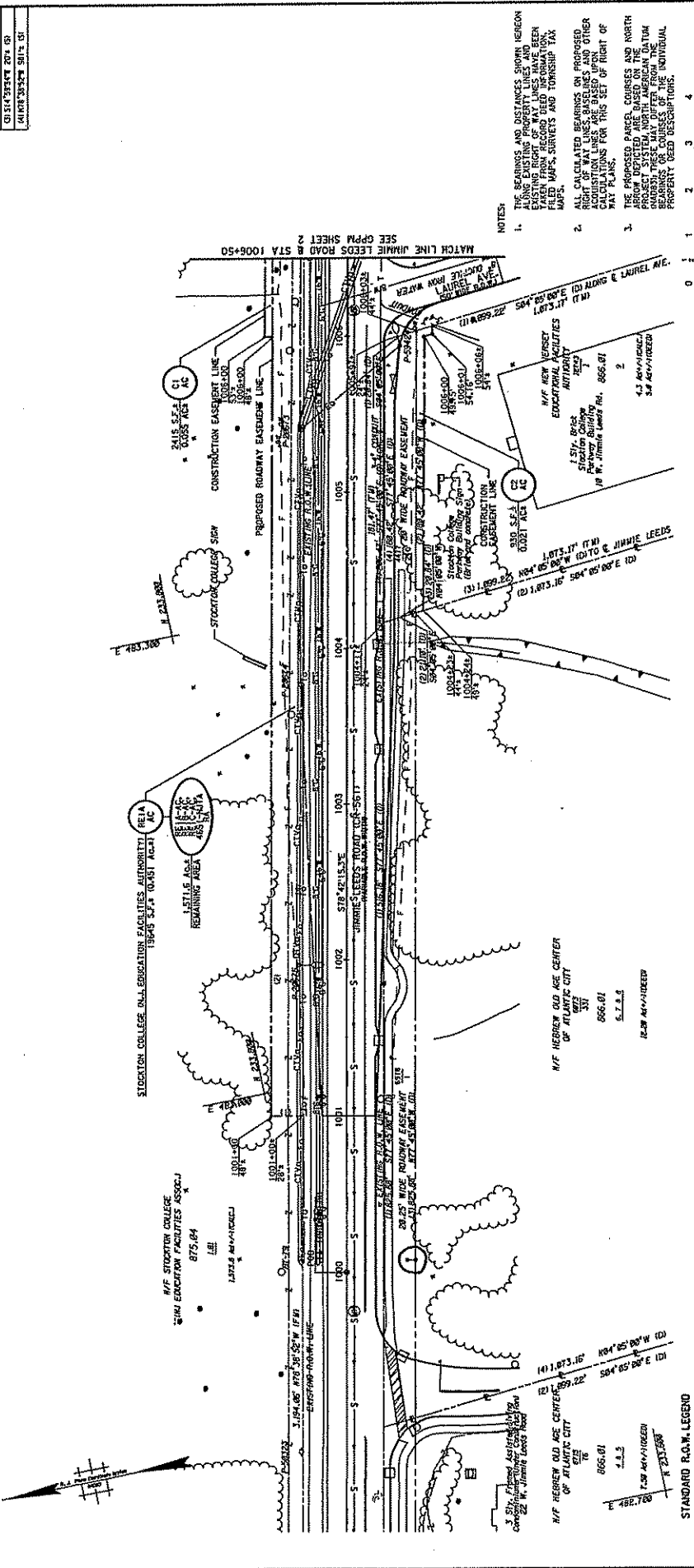
**NAY:** None

**ABSTAIN:** None

**ABSENT:** Joshua Hodes

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

PARCEL 061-4C
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**NOTES**

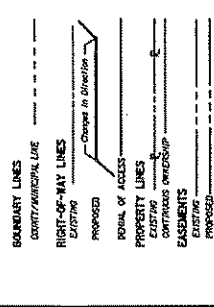
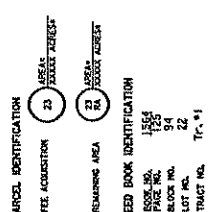
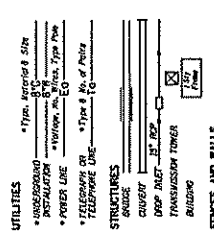
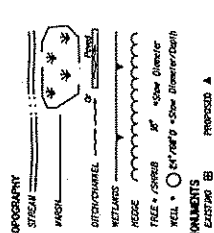
1. THE BEARINGS AND DISTANCES SHOWN HEREON ALONG EXISTING PROPERTY LINES AND EXISTING RIGHT-OF-WAY LINES HAVE BEEN OBTAINED FROM RECORD PLATS, SURVEY MAPS, FILED MAPS, SURVEYS AND TOWNSHIP TAX MAPS.
2. ALL CALCULATED BEARINGS ON PROPOSED RIGHT-OF-WAY LINES, EASEMENTS AND OTHER ADJACENT LINES ARE BASED UPON THE CALCULATIONS FOR THIS SET OF RIGHT OF WAY PLANS.
3. THE PROPOSED PARCEL COURSES AND NORTH POINTS ARE BASED UPON THE NORTH AMERICAN DATUM PROJECT SYSTEM. NORTH AMERICAN DATUM COORDINATES MAY DIFFER FROM THE COORDINATES SHOWN ON RECORD PLATS, INDIVIDUAL PROPERTY DEED DESCRIPTIONS.

**NEW JERSEY TURNPIKE AUTHORITY**  
**GARDEN STATE PARKWAY**  
**INTERCHANGE 41 AND 44 IMPROVEMENTS**  
**SECTION XX**  
**CONTRACT NO. P300.225**

**GENERAL PROPERTY PARCEL MAP -1-**

SCALE: 1" = 30'  
 DATE: MAY 2012  
**THOMAS R. BADENOCH**  
 SURVEYOR

PARCEL DESIGNATION	PARCEL TYPE
C	TEMPORARY CONSTRUCTION EASEMENT
D	DRAINAGE EASEMENT
E	SLOPE EASEMENT
F	FLOOD FENCE EASEMENT
AE	AERIAL EASEMENT
UE	UTILITY EASEMENT
RE	ATLANTIC COUNTY ROADWAY EASEMENT



**PARCEL IDENTIFICATION**

23

23

DEED BOOK IDENTIFICATION

BOOK NO. 1564

PAGE NO. 94

LOT NO. 22

TRACT NO. T.C. #1

**CURVE TABLE**

CURVE LENGTH	156.21
CHORD	156.21
AREA	156.21
PERCENT	156.21

Prepared by: \_\_\_\_\_  
**Anthony J. Pagano**  
Assistant County Counsel

## TEMPORARY CONSTRUCTION EASEMENT

**THIS TEMPORARY CONSTRUCTION EASEMENT** is made on this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by and between, the **New Jersey Educational Facilities Authority**, a body politic of the State of New Jersey, whose address is 103 College Road East, Princeton, New Jersey 08540 (hereinafter, referred to as the "Authority" and "Grantor"), on behalf of The Richard Stockton College of New Jersey, whose address is 101 Vera King Farris Drive, Galloway, New Jersey 08205 (the "College"), and the **COUNTY OF ATLANTIC**, a body corporate and politic of the State of New Jersey, with principal offices at 1333 Atlantic Avenue, Atlantic City, New Jersey 08401 (hereinafter referred to as the "County").

### BACKGROUND STATEMENT

The County, in collaboration with the New Jersey Turnpike Authority, has prepared plans to widen and improve a portion of Jimmie Leeds Road in Galloway Township, in connection with the New Jersey Turnpike Authority's Garden State Parkway Interchanges 41 and 44 Project (the "Improvements") To perform these Improvements, the County must acquire a temporary construction easement across part of the Grantor's property located at 10 West Jimmie Leeds Road, identified as part of Lot 9, in Block 866.01 in the Township of Galloway, County of Atlantic, State of New Jersey, which is described and illustrated on the attached Exhibit A (General Property Parcel Map 1).

Accordingly, it is in the interest of the County of Atlantic and for the welfare of the general public that the lands hereinafter described, shall be burdened with a temporary construction easement (the "Easement") for the purpose of constructing and improving the said roads and appurtenances thereto along and upon the hereinafter described lands .

The location of the subject property identified in Exhibit A is a part of the property commonly known as the Grantor from the College by Deed dated November 28, 2007 and recorded on December 6, 2007, in Book Volume 12743 as Instrument No. 2007107556 in accordance with the original issuance of the Authority's Revenue Bonds, Series 2005 C, The Richard Stockton State College of New Jersey Issue (the "2005 C Bonds") and subject to the terms and provisions of the Lease and Agreement by and between the Authority and the College dated as of March 1,

2005 (the "2005 Agreement"). Said 2005 C Bonds have since been refunded by the Authority's Revenue Bonds, Series 2008 A, The Richard Stockton College of New Jersey Issue (the "2008 A Bonds") and subject to the terms and provisions of the Lease and Agreement by and between the Authority and the College dated as of March 1, 2008 (the "2008 Agreement" and any future agreements to refund the 2008 A Bonds or finance additional projects, if any, on the property (the "Agreements").

The Grantor, at the request and with the consent of the College, desires to grant the Easement to the County to facilitate construction of the highway improvements, subject to the terms and conditions set forth herein.

### TERMS & CONDITIONS

**NOW THEREFORE**, in consideration for payment in the amount of **One Dollar (\$1.00)**, the Grantor does hereby dedicate to the County, its designees, successors and assigns, an Easement across and through the following land in Galloway Township, Atlantic County, State of New Jersey identified on the municipal tax map as part of Block 866.01, Lot 9, and being identified on attached Exhibit A to accommodate the improvements along Jimmie Leeds Road.

The County and its assigns acknowledge that this Easement is subject to the terms of the 2008 Agreement and may be subject to future Agreements, if any.

This Easement shall include the right to enter on the property to construct or improve said roadways as shown on the aforesaid map. This Easement right shall also include, by way of example and not limitation, the right to enter with equipment, personnel and materials, for the purposes of constructing the said public roads and related public improvements (including, but not limited to street paving, curbing, traffic signs and signals, and to accommodate public utilities). Any such public improvements constructed and owned by the County, shall be maintained by the County. Improvements constructed or located within or affecting the property for the benefit of the Grantor (including, but not limited to any Grantor driveway aprons, driveways, landscaping, sprinklers or other fixtures), shall be maintained by the Grantor, its successor and assigns.

The Grantor, College or its assigns shall not use the Easement area in any manner which could reasonably cause, directly or indirectly, a potential health hazard, safety hazard to the traveling public or any personnel of the County or the contractor performing work, maintenance

or inspection services on or around the Improvements. Similarly, the Grantor, College or its assigns, shall not do anything which shall unreasonably prevent or interfere with entry or re-entry by personnel of the County or a contractor, or their material or equipment to the area of the easement as depicted on the aforesaid maps when carrying out or implementing the rights created under this Easement.

**DURATION OF THIS EASEMENT.** This temporary right shall begin from the date of notice from the County Engineer to the Grantor and the College advising that work shall commence, and shall terminate upon completion of said work, which shall be for an estimated duration of (12) twelve months. If the County, within its sole discretion, determines that the temporary easement or right-of-entry needs to be extended in order to complete the work, such right may be extended by a written notice from the County Engineer to the Grantor and the College and a written acknowledgement from the Grantor and the College for a six (6) month period and thereafter, if need be, on a month-to-month basis with a written notice from the County Engineer and acknowledgement from the Grantor and the College until completion of the Improvements. The right of easement terminates upon completion of the construction.

**TOGETHER WITH** the right and permission to perform topographic grading, top soiling and seeding within the Easement area as shown on the aforesaid map, together with the right to trim or remove trees, stumps and other vegetation, if any, along with the right to construct and maintain erosion control facilities and appurtenances including the right to construct and maintain temporary fencing, all as the County Engineer may deem reasonably necessary to accommodate the Improvements, provided; however, during the term of this easement, any vegetation damaged or removed in connection with the Improvements shall be replaced in kind, in a manner that is consistent with the College's Master Plan and any Forestry Management Plan that has been approved or established for the College by the NJ Pinelands Commission. Prior to commencement of vegetation removal, the County Engineer or his designee shall, at the College's request, meet with a representative of the College at the work site to review these requirements

**HOLD HARMLESS:** In further consideration for the grant of the rights and privileges set forth herein, the County, covenants and agrees to indemnify, defend, protect and save and hold harmless, the Grantor, the College, their respective Board members, agents and employees, successors and assigns, from and against any and all losses, damages, suits, claims, fines, penalties, costs and expenses whatsoever (including death and defense of any such claims),

which it, they or any of them may directly or indirectly suffer, sustain, or be subject to, or be held liable for, as a result of or in any way connected with use or exercise of the rights and privileges given herein by Grantor and the College.

**ASSIGNMENT:** The easement rights granted hereunder shall be assignable to the New Jersey Turnpike Authority and its contractors, provided that they shall be bound by and subject to all conditions set forth herein. Such assignment shall be in duly authorized and executed written agreement, a copy of which shall be provided to the Grantor and the College.

**IN WITNESS WHEREOF,** the parties hereto have cause these presents to be executed by their respective duly authorized officers as the day and year above written.

**WITNESS/ATTEST:**

\_\_\_\_\_  
Katherine A. Newell  
Assistant Secretary

**WITNESS/ATTEST:**

\_\_\_\_\_  
**SONYA G. HARRIS, CLERK**  
Board of Chosen Freeholders

**GRANTOR**

\_\_\_\_\_  
Derek S. Hansel  
Executive Director

**COUNTY OF ATLANTIC**

\_\_\_\_\_  
**DENNIS LEVINSON,**  
County Executive

Reviewed and Approved as to form  
on behalf of County of Atlantic

\_\_\_\_\_  
**JAMES F. FERGUSON**  
County Counsel

**ACKNOWLEDGMENTS**

STATE OF NEW JERSEY    )  
                                      )    SS:  
COUNTY OF MIDDLESEX    )

I CERTIFY that on \_\_\_\_\_, 2013, the above named Grantor (s) personally came before me and acknowledged under oath, to my satisfaction, that he/she:

- (a) is the person(s) named in and personally signed this Deed/Easement;
- (b) signed, sealed and delivered this instrument as his/her voluntary act and deed; and
- (c) that the full and actual monetary consideration paid or to be paid to the Grantor(s) is the sum of One Dollar (\$1.00).

Signed and sworn to before me on this  
\_\_\_\_\_ Day of \_\_\_\_\_, 2013

\_\_\_\_\_  
Notary Public



STATE OF NEW JERSEY)

) SS:

COUNTY OF ATLANTIC)

I CERTIFY that on \_\_\_\_\_, 2013 Sonya G. Harris personally came before me and this person acknowledged under oath, to my satisfaction, that:

- (a) this person is the Clerk of the Board of Chosen Freeholders of Atlantic County;
- (b) this person is the attesting witness to the signing of this Deed by the proper corporate officer who is Dennis Levinson, the County Executive of Atlantic County;
- (c) this Deed was signed and delivered by the County at its voluntary act duly authorized by a proper resolution of the Atlantic County Board of Chosen Freeholders;
- (d) this person knows the proper seal of the corporation which was affixed to this Deed;
- (e) this person signed this proof to attest to the truth of these facts.

Signed and sworn to before me on

\_\_\_\_\_ Day of \_\_\_\_\_, 2013

\_\_\_\_\_

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (THE "AUTHORITY") CONSENTING TO AND AUTHORIZING THE EXECUTION AND RECORDING OF A RESTRICTIVE COVENANT BY AND BETWEEN THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY AND NEW JERSEY DEPARTMENT OF TRANSPORTATION REQUIRING THE INSTALLATION AND MAINTENANCE OF STORMWATER FILTRATION EQUIPMENT AS A CONDITION TO THE ISSUANCE BY THE DEPARTMENT OF TRANSPORTATION OF A PERMIT TO CONSTRUCT DRAINAGE FACILITIES ON CERTAIN PROPERTY OWNED BY THE AUTHORITY AND LEASED TO KEAN UNIVERSITY (THE "UNIVERSITY")**

**March 21, 2013**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, P.L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and authorized to issue its obligations to assist New Jersey's public and private colleges and universities to finance educational facilities as defined in the Act; and
- WHEREAS:** On August 15, 1991, the Authority issued its \$9,625,000 aggregate principal amount of Revenue Bonds, Kean University Issue, Series 1991 B (the "1991 B Bonds") to finance, *inter alia*, the acquisition of a parcel of land to be used by the University in the Township of Union, County of Union, New Jersey (the "Green Lane Property"); and
- WHEREAS:** On March 12, 1998, the Authority issued its \$9,595,000 aggregate principal amount of Revenue Bonds, Kean University Issue, Series 1998 B (the "1998 B Bonds") to finance, *inter alia*, the refinancing of the Authority's 1991 B Bonds; and
- WHEREAS:** In connection with financing and refinancing of the Green Lane Property, the Authority acquired title to the Green Lane Property located at the intersection of Green Lane and Route 82 at Block 105, Lot 13 in the Township of Union, County of Union, State of New Jersey and leased such Green Lane Property to the University pursuant to the terms of a Lease and Agreement by and between the Authority and the University dated as of August 1, 1991, as amended March 1, 1998 (the "1998 B Agreement"); and
- WHEREAS:** The Green Lane Property description for the 1998 B Agreement has been further amended to reflect the subsequent widening of Green Lane and the redevelopment of the area as indicated on the filed Major Subdivision Plat of the Union Station Redevelopment Area filed with the Union County Clerk's Office on May 23, 2003 and indicated in the First Amendment to the 1998 B Agreement dated August 29, 2005 and recorded on September 8, 2005 at Deed Book 5528, Page 0984; and

**WHEREAS:** The Green Lane Property description for the 1998 B Agreement has been further amended to reflect the release of a portion of the Green Lane Property to the New Jersey Department of Transportation for the Route 82 streetscape project as indicated in the Second Amendment to the 1998 B Agreement dated September 20, 2005 and recorded on October 17, 2005 at Deed Book 5538, Page 0015; and

**WHEREAS:** The University has advised the Authority that in connection with the redevelopment and construction of the academic building on the Green Lane Property, the University has submitted an application to the New Jersey Department of Transportation (the "DOT") for a drainage permit to construct drainage facilities on a portion of the Green Lane Property located on the western side of Route 82 for the purpose of discharging storm water via pipe to the existing 27" sewer main located beneath the Route 82 (the "Drainage Utilities"); and

**WHEREAS:** The University, in consultation with its architects and engineers have submitted the plans for the Drainage Utilities and the DOT has advised the University that prior to final acceptance being granted by DOT, that a restrictive covenant be recorded concerning the Best Management Practices and Maintenance schedule, pertaining to the installation of a stormwater filtration device that was required as part of the construction. This device has been installed and filters the stormwater of trash, sediment and floatable debris prior to discharging to the main located under Route 82 (the "Covenant"); and

**WHEREAS:** The University has determined that the recording of the Covenant is necessary and reasonable and is in the best interest of the University and the recording of the Covenant will not have an adverse affect on the redevelopment of the Green Lane Property and will be beneficial to the construction of the academic building and has requested that the Authority consent to and execute and record such Covenant on behalf of the University for the finalization of the permit process by the DOT for the implementation and development of the Drainage Utilities; and

**WHEREAS** The Members of the Authority have determined that it is necessary and advisable to consent to such Covenant on behalf of the University for the redevelopment of the Green Lane Property; and

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

**SECTION 1.** The Members hereby consent to the Covenant and authorize the Authority to execute, deliver and record or cause the recording of the Covenant in connection with the University's application for the drainage permit to the DOT for the implementation of the Drainage Utilities for the Green Lane Property provided that the Grantee and/or the University bear any costs incurred in connection with entry into and implementation of the Covenant, including costs for preparation and recording of said Covenant, if any, and the

maintenance of the Green Lane Property subject to the 1998 B Agreement and Covenant.

**SECTION 2.** The Members hereby authorize the Executive Director, the Deputy Executive Director, the Director of Risk Management, the Secretary and any Assistant Secretary (each, an "Authorized Officer") to execute and deliver, and to attest, if necessary, the Covenant for the Green Lane Property, substantially in the form attached hereto as Exhibit A, including any additional documentation that may be necessary for the application of the drainage permit and Covenant; with such changes (including any changes necessary to protect the rights of the Authority under the 1998 B Agreement) as the Authorized Officer executing the same deems necessary or appropriate with advice of the Office of the New Jersey Attorney General, such approval to be conclusively evidenced by execution of the Covenant.

**SECTION 3.** The Members hereby authorize the Authorized Officers to take any and all actions necessary and appropriate to obtain the permit and implement the Covenant, including the execution and delivery of any additional documents in the form approved by the Authorized Officer executing same, such execution to be conclusive evidence of the approval thereof.

**SECTION 4.** This resolution shall take effect in accordance with *N.J.S.A. 18A:72A-4(i)*.

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

**AYE:** Roger B. Jacobs  
Ridgeley Hutchinson  
Andrew Sidamon-Eristoff (represented by Steven Petrecca)  
Rochelle Hendricks (represented by Gregg Edwards)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Joshua Hodes

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

Form MT-XXXX 09/02  
DISTRIBUTION:  
ORIG - PERMITTEE  
1 Copy - REGION FILE  
1 Copy - FIELD INSPECTOR  
1 Copy - MAINT. FOREMAN

NEW JERSEY DEPARTMENT OF TRANSPORTATION  
DRAINAGE PERMIT

The required fee must accompany this permit  
either by money order or check, payable to the  
New Jersey Department of Transportation  
-CASH WILL NOT BE ACCEPTED-

PERMIT NO. D-082-1-12-0015430  
COUNTY UNION  
MUNICIPALITY UNION TWP.  
ROUTE NO. NJ 82  
Permit \$ 50  
Check# 1390392  
Date received

RECEIVED

12:23 PM

Regional Operations North  
Pavement Unit

PERMITTEE:

KEAN UNIVERSITY

PHYLLIS A. DUKE  
1000 MORRIS AVENUE  
UNION, NJ 07083

You are hereby granted permission for DRAINAGE FACILITIES on BOTH sides of Route No. NJ 82

at the following location(s): Green Lane

in UNION TWP.,

County of UNION

THIS PERMIT AUTHORIZES:

Discharging storm water via pipe to the existing 27" main located beneath Rt 82 in conjunction with redevelopment of the property consisting of Block 103, Lot 13& 14. Under existing conditions, storm water is discharged to the main via overland flow. Redevelopment of the property will reduce its impervious surface coverage thereby reducing the amount of storm water discharged to the main.

Approved plans for the above-mentioned project attached hereto and made a part hereof are entitled:

Any questions, please contact Kyle Rounsaville at (973) 601-6627. Contact 973-714-5513 72 hours prior to starting work.  
Application and plans dated received: 7/15/2011.. Application and plans dated received: 7/15/2011

Property deed with BMP Maintenance schedule recorded on it must be received prior to final acceptance being granted by the Department.

I, we, the undersigned, herewith agree to accept and comply with the following:

The permit is for the designated purpose only. If the installation in the future requires an adjustment or relocation, a new permit must be secured. The cost of construction work and material will be entirely at the Permittee's expense. The Department will not share in any expense whatsoever or do any construction work pertaining to this project.

All construction work authorized herein will conform with the rules and regulations of the New Jersey Department of Transportation and conditions included herein and on the reverse side of this form.

All work will be done to the satisfaction of the Department.

No changes or alterations may be made at any time without written permission from the N.J.D.O.T.

No work in connection with this permit will be started until it is approved and issued. Notice will be given to the appropriate Region office 48-hours prior to commencing work.

After the construction work under this permit is completed, notification shall be given to the Region Office that the work has been completed and is ready for final inspection and approval, by the Department.

Enclosed is the required fee, in the amount of \$50.00 payable to the New Jersey Department of Transportation.

If a permit is granted, I or we agree to comply with the rules and regulations of the New Jersey Department of Transportation as set forth in the conditions included therein and on the reverse side of this form. In addition, I or we understand that N.J.S.A. 27:7-44.1 makes any violation of the provisions of the permit subject to a fine (Not exceeding \$100.00 per day) and civil action for the costs of prosecution as well as civil action for trespass to remove any non-conforming use. This permit cancels and supersedes any and all DRAINAGE at the above location and as shown on the attached plan.

12/9/11

(Date)

*Phyllis A. Duke* DIRECTOR  
(Signature and Title of Agent)

DO NOT WRITE BELOW

This permit is granted subject to the covenants, premises, terms and conditions set forth herein and made a part of this revocable permission or privilege. A copy with the supporting plan shall be available on the site until the project is completed.

PERMIT NO. D-082-1-12-0015430

APPROVED BY

*Gabriel Jesus Hernandez*

DATE

1-9-2012

FOR JOHN GAIKWYLER  
TITLE REGIONAL MAINTENANCE ENGINEER, NORTH REGION

UNLESS THE WORK AUTHORIZED UNDER THIS PERMIT IS COMPLETE WITHIN ONE YEAR OF DATE OF ISSUE, OR THE PERMIT IS EXTENDED WITHIN THAT TIME, THIS PERMIT SHALL BECOME NULL AND VOID. CONDITIONS ROUNSAVILLE

#### PROTECTION FROM SUITS

The permittee shall defend, indemnify, protect and save harmless the State and its agents, servants, and employees from and against any and all suits, claims, losses, demands, or damages of whatever kind or nature arising out of or claimed to arise out of, any negligent act, error, or omission of the permittee, its agents, servants, and employees in the performance of the work covered by this permit.

#### PROTECTION OF THE TRAVELING PUBLIC

The permittee shall properly safeguard all work performed under this permit, and during hours of darkness maintain sufficient warning lights or employ other measures necessary for the public's protection.

#### PROTECTION OF STRUCTURES

There shall be no interference with any structures on, over or under the highway. The existing cross section and drainage of the highway shall not be disturbed. The longitudinal flow of water along the gutter line must not be interrupted. It shall be the responsibility of the owner to make adequate provision for all transverse, lateral and longitudinal drainage affected by his construction.

#### SETTLEMENT OR DISLOCATION

The permittee shall take all necessary precautions to prevent settlement or dislocations of, or damage to existing adjacent roadways or other facilities. If such roadways or facilities be damaged by or as a result of the work, they shall be repaired, replaced or otherwise restored to a condition as good as prevailed at the time the project started, by and at the expense of the permittee.

#### MANHOLES, INLETS, AND CATCH BASINS

Concrete for the foundation of brick, concrete block or concrete manholes, inlets and catch basins shall be Class D. For the wall of concrete inlets, manholes and catch basins, the concrete shall be Class C. Top slabs, if required shall be of Class B Concrete.

#### INSTALLATION OF PIPES

Pipe must not protrude beyond the inside walls of the Highway drainage structure and space between wall and pipe is to be chinked with 1:2 Portland Cement Mortar. The Department, under no circumstances, will bear any part of the expense of the installation of pipe which may be necessary, nor will it furnish or place fill material either within right-of-way of the highway or outside of it. The permittee may be required to construct manholes, catch basins or both where drainage conditions or future maintenance conditions may be such that these structures are necessary.

#### EXCAVATION AND RESTORATION

All excavations shall be completely backfilled and the excavated material shall be replaced. Compaction shall be accomplished by mechanical tamping or as otherwise directed. Additional material shall be supplied when a deficiency occurs. If the Inspector considers the excavated material unsatisfactory for backfill, approved material shall be supplied and the excess unapproved material removed from the site. All backfill materials shall be placed in lifts not exceeding 12 inches in depth, moistened, if directed, and each lift shall be energetically tamped until thoroughly compacted. Upon completion of work the area disturbed shall be properly restored and all excess material, if any, shall be removed. In pavement areas, if immediate replacement or permanent pavement is not feasible, the excavation shall be backfilled and consolidated as specified above, after which not less than two (2) inches of cold patch material shall be placed to grade. Temporary pavement must be maintained in a condition satisfactory to Department of Transportation until permanent pavement restoration has been completed.

#### MATERIALS AND WORKMANSHIP

Materials and workmanship used in construction affecting Highway property shall be in accordance with the Department's Standard Specifications and are subject to inspection and approval of the Department of Transportation. Where conditions warrant, the Department may assign an inspector to the project at the expense of the permittee. The Department shall reserve the right to demand from the applicant as a condition of any permit, a bond or certified check in an amount sufficient to guarantee or insure the proper maintenance and restoration of the area disturbed.

#### SPECIAL CONDITIONS

The Department of Transportation may impose special conditions in special cases.

#### DRAINAGE RIGHTS

Where appurtenant drainage rights or easements have been acquired by the State, no construction shall take place which will adversely affect these rights.

#### VIOLATIONS

Violation of any of the covenants and conditions contained herein and on the reverse side of this form will be cause for summary revocation of permit and severance of the connection. Notwithstanding complete compliance with the terms of this agreement, and if the interest of the State so requires, the right is reserved to revoke this permit including all privileges and permission granted hereunder upon 30 days notification.

ADDITIONAL TRAFFIC SAFETY CONDITIONS

Sheet 1 of 1

Permit #: D-082-1-12-0615430

1. The Permittee shall not interfere with the normal flow of traffic, reduce the number of traffic lanes, or change any traffic pattern prior to 9:00 A.M. or beyond 3:30 P.M. on weekdays and all day on Saturday, Sunday, and holidays; unless specifically approved by the Regional Maintenance Engineer.
  2. The local police department should be notified by the Permittee before starting any construction that may interfere with traffic.
  3. Material cannot be stored nor equipment parked within the State's Right of Way except as necessary during actual working operations.
  4. Lane widths and traffic control devices shall be in conformance to the traffic control plan.
  5. The Permittee is responsible for installing and maintaining approved construction warning signs. All signs and other protective devices, unless otherwise directed, shall comply with the requirements of the current edition of the "Manual on Uniform Traffic Control Devices for Streets and Highways" issued by the Federal Highway Administration (FHWA).
  6. Competent uniformed traffic directors shall be employed at every location where the contractor's equipment is working immediately adjacent to, or is entering, leaving or crossing active traffic lanes. The traffic directors shall be employed continuously for the full time such conditions exist.
  7. In the event of severe weather, or exigent circumstance, the Department shall require the Permittee to take whatever steps necessary to secure the traveled way for emergency operations. All work on the roadway shall stop and be cleared of all equipment and material. The area shall be secured to allow safe passage as to not interfere with Department emergency operations.
  8. All employees and/or supervisors engaged in a work operation which exposes them to the motoring public, or to a hazardous road condition, or whenever an employee or supervisor is within the State Right of Way (shoulder, etc.) or within a coned-in area, will wear the proper safety apparel, which includes a safety vest.
  9. No lane closures will be permitted on the following holidays:
    - \*Easter Sunday (including 6:00 AM Saturday until Noon Monday)
    - \*Memorial Day (See Note Below)
    - \*July 4th (See Note Below)
    - \*Labor Day (See Note Below)
    - \*Election Day (6:00 AM until 8:00 PM)
    - \*Thanksgiving Day (See Note Below)
    - \*Christmas Day (See Note Below)
    - \*New Year's Day (See Note Below)
- NOTE:
- |                      |                                     |
|----------------------|-------------------------------------|
| If Holiday Falls On: | No Lane Closures Permitted:         |
| Sunday or Monday     | 6:00 AM Friday until Noon Tuesday   |
| Tuesday              | 6:00 AM Friday until Noon Wednesday |
| Wednesday            | 6:00 AM Tuesday until Noon Thursday |
| Thursday             | 6:00 AM Wednesday until Noon Monday |
| Friday or Saturday   | 6:00 AM Thursday until Noon Monday  |
10. The Permits office (973 601-6625) is to be notified a minimum of 72 hours (3 Department Business days) before the start of work covered by this permit by faxing form TIR-1. All traffic restrictions, including lane width reductions, lane closures, and detours are subject to the approval of the Permits office, Regional Traffic Engineer, and the Bureau of Traffic Operations.

12/9/11  
DATE

  
SIGNATURE OF PERMITTEE

## DRAINAGE CONDITIONS

Sheet 1 of 2

Permit #: D-082-1-12-0015430

1. At least 72 hours (3 Department Business days) prior to beginning work authorized in this permit, the North Region Office shall be notified at 973 601-6625 to schedule a pre-construction conference. The One-Call Confirmation number shall be provided at this time in order to validate the permit. Twenty-four hour key-contact personnel emergency phone numbers shall also be provided. The permittee must provide the municipality with a copy of the permit after it is issued by the Department.
2. All work shall be performed in accordance with the attached entitled, "Additional Traffic Safety Conditions."
3. The Department reserves the right to modify these conditions to suit unforeseen traffic and/or field conditions.
4. Pavement, and all concrete curb and sidewalk, including handicap ramps, shall be constructed in accordance with the attached details, at the locations indicated on the plans.
5. The permittee shall be responsible for all full time inspection costs incurred by the Department beyond 2 hours per day. Overtime costs, if applicable, are to be prepaid by the permittee.
6. Any damages to State highway signal detection equipment or other electrical facilities as a result of the permittee's work shall be repaired. Should the Department elect to perform the work, the permittee shall pay for the cost of repairs. The permittee shall notify North Region Operations at 973 601-6625 at least 72 hours prior to any construction affecting any Department underground utility.
7. All surfaces disturbed during the construction shall be restored to original condition or better. Existing cross slopes and gutter grades shall be maintained. All grass areas are to be landscaped with topsoil, fertilizer and seed, or topsoil and sod. The Permittee is responsible for the replacement of all traffic stripes in kind which were removed and or distorted by the construction of items covered under this permit. Any trees or shrubs affected by the installation of the proposal which die within one (1) year are to be replaced.
8. Concrete items shall not be constructed within the Highway right of way from November 1st until March 15th.
9. Backfill in all openings will be of an approved material not inferior to bank run sand or gravel, mechanically tamped in layers of (6") inches.
10. If immediate replacement of permanent pavement is not feasible, the daily temporary restoration shall consist of not less than four (4") inches of bituminous concrete consolidated to highway grade. The temporary pavement shall be maintained in a good condition until permanent restoration is made.
11. Pavement excavated or disturbed is to be replaced in kind and in depth unless otherwise stipulated.

12/9/11  
DATE

Phoebe A. [Signature]  
SIGNATURE OF PERMITTEE



## DRAINAGE CONDITIONS

Sheet 2 of 2

12. Permanent pavement restoration shall consist of:

- A. \_\_\_\_\_ " Concrete Base Course  
\_\_\_\_\_ " Bituminous Concrete Surface Course - Mix I - \_\_\_\_\_  
\_\_\_\_\_ " Bituminous Stabilized Base Course - Mix I - \_\_\_\_\_
- B. \_\_\_\_\_ " Dense Graded Aggregate Base Course  
\_\_\_\_\_ " of Subbase, Soil Aggregate Type I - \_\_\_\_\_  
\_\_\_\_\_ " Compacted Gravel - \_\_\_\_\_

13. The gutter and shoulder grades shall not be altered unless otherwise approved, and the entire installation shall be so constructed so that no ponding of water will result.
14. Prior to placement of the permanent pavement, the existing pavement shall be saw cut to a straight and vertical edge. All exposed edges shall be tack coated prior to placement of bituminous concrete.
15. All areas disturbed are to be restored to original condition. All grass areas are to be landscaped with topsoil, fertilizer and seed or topsoil and sod.
16. The permittee is responsible for the replacement of all traffic stripes in kind which are removed and/or distorted by the construction. The paint specifications and placement must agree with the Department's latest standard specifications.
17. In the event of snow alert, the Department shall require the contractor to take whatever steps necessary to secure the traveled way for snow removal operations.
18. Excavations shall be properly shored, braced, and sheathed in accordance with OSHA standards.
19. Headwalls, inlets, and manholes shall be constructed in accordance with the attached details. Inlets converted to manholes shall be accomplished using Campbell Foundry Casting No.1232-2, or equivalent.
20. Existing castings which are to be removed or replaced are to be turned over to the Department. Call this office at 973 601-6625 to make the necessary arrangements.
21. All drainage pipe shall comply to the latest Department Specifications.
22. Existing inlets which are to be removed, shall be removed in their entirety.
23. After granting permission and making of such openings or excavations the Permittee will properly restore to the satisfaction of the Department any portion of said highway system which it may have disturbed and will maintain it to the satisfaction of the Commissioner of the Department from any settlement, depression, or inconsistencies resulting from this work.
24. The Department's interpretation of conditions shall govern in any dispute concerning work covered by this permit. The Department will not be responsible for any errors or omissions appearing on the plan.
25. This permit does not relieve the permittee from obtaining necessary permits from other agencies.

12/9/11  
DATE

  
SIGNATURE OF PERMITTEE

# AquaShield<sup>TM</sup>

STORMWATER TREATMENT SOLUTIONS  
www.AquaShieldInc.com

## Capability of the Aqua-Swirl<sup>®</sup> Concentrator to Remove Trash from Stormwater Runoff

June 27, 2012

The purpose of this document is to demonstrate the capability of the Aqua-Swirl<sup>®</sup> Concentrator to capture trash from stormwater runoff. Trash is defined herein as material having a minimum diameter of 5 millimeters (mm). Discussions pertaining to Mode of Operation, General Equipment Design, Particle Settling Velocity Calculations, Field Testing, Field Observations, and Inspections and Maintenance are provided below.

### MODE of OPERATION

The Aqua-Swirl<sup>®</sup> is a custom engineered, post-construction flow-through stormwater treatment system designed to remove trash, sediment, floating debris and free-floating oil by utilizing swirl technology, or hydrodynamic vortex-enhanced sedimentation separation (Figure 1). The United States patent "Drainwater Treatment System for Use in a Horizontal Passageway," U.S. Patent No. 6,190,545 applies to the Aqua-Swirl<sup>®</sup>.

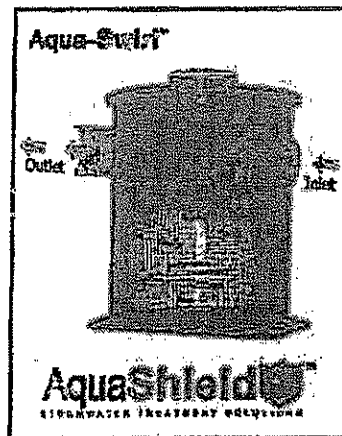
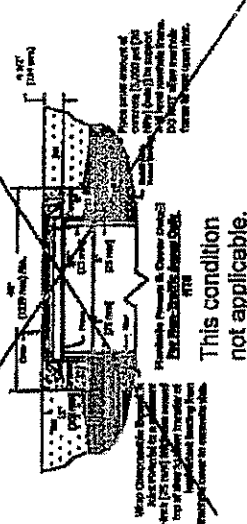


Figure 1. Diagram of Aqua-Swirl<sup>®</sup> showing circular flow of water in the swirl chamber.

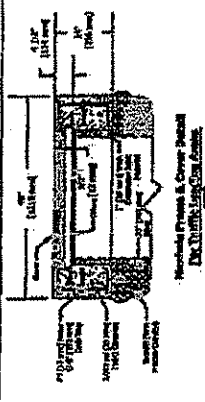
**Aqua-Swirl Polymer Coated Steel (PCS) Stormwater Treatment System**

Unless otherwise noted, all dimensions are in millimeters. Dimensions shall be provided around corners (R=0). Dimensions shall be provided to the center of the hole. Dimensions shall be provided to the center of the hole. Dimensions shall be provided to the center of the hole.

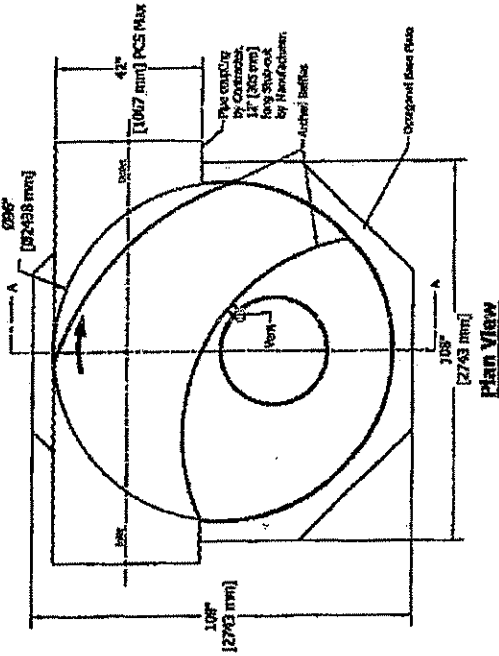


This condition not applicable.

Required unit located in traffic loading area

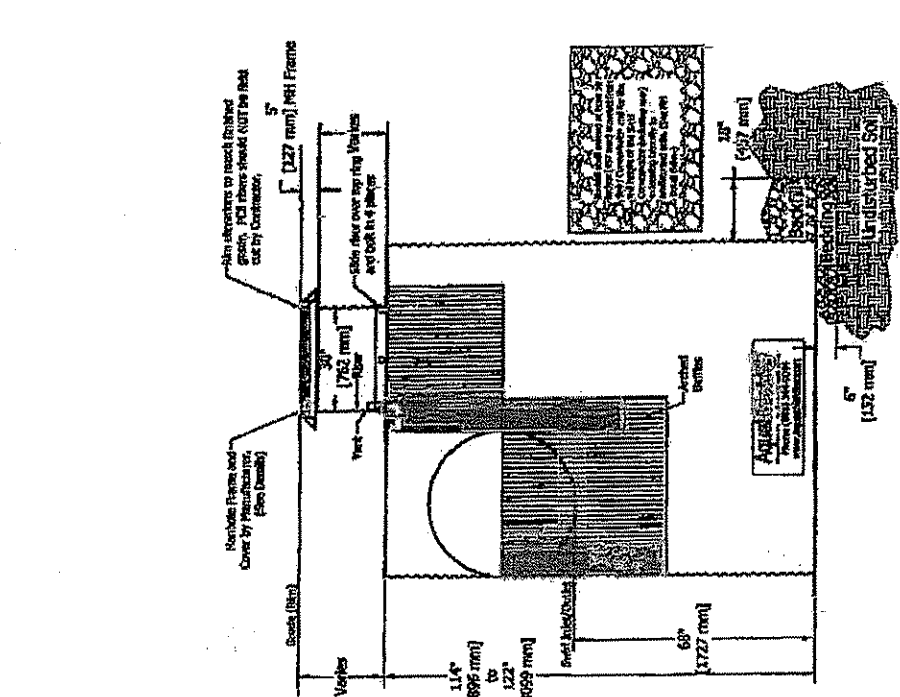


Required unit located in traffic loading area



Plan View

\* Phase see accompanied Aqua-Swirl specification notes.  
 = See Site Plan for actual system orientation.



Section A-A

**Aqua-Swirl Concentrator Model AS-8 CFD PCS Standard Detail**

<b>AquaShield</b>	Revision: AS-8 PCS STD
07/20/11	Sheet No: 001
07/20/11	Scale: 1/8" = 1'-0"
07/20/11	Date: 07/20/11
07/20/11	Drawn By: J. [Name]
07/20/11	Checked By: J. [Name]
07/20/11	Approved By: J. [Name]
07/20/11	Project No: 07-000000
07/20/11	Sheet No: 001 of 010
07/20/11	Project Name: [Name]
07/20/11	Project Location: [Name]
07/20/11	Project Description: [Name]
07/20/11	Project Status: [Name]
07/20/11	Project Phase: [Name]
07/20/11	Project Type: [Name]
07/20/11	Project Owner: [Name]
07/20/11	Project Designer: [Name]
07/20/11	Project Engineer: [Name]
07/20/11	Project Architect: [Name]
07/20/11	Project Contractor: [Name]
07/20/11	Project Subcontractor: [Name]
07/20/11	Project Supplier: [Name]
07/20/11	Project Manufacturer: [Name]
07/20/11	Project Distributor: [Name]
07/20/11	Project Installer: [Name]
07/20/11	Project Maintainer: [Name]
07/20/11	Project Operator: [Name]
07/20/11	Project User: [Name]
07/20/11	Project Viewer: [Name]
07/20/11	Project Printer: [Name]
07/20/11	Project Author: [Name]
07/20/11	Project Creator: [Name]
07/20/11	Project Owner: [Name]
07/20/11	Project Designer: [Name]
07/20/11	Project Engineer: [Name]
07/20/11	Project Architect: [Name]
07/20/11	Project Contractor: [Name]
07/20/11	Project Subcontractor: [Name]
07/20/11	Project Supplier: [Name]
07/20/11	Project Manufacturer: [Name]
07/20/11	Project Distributor: [Name]
07/20/11	Project Installer: [Name]
07/20/11	Project Maintainer: [Name]
07/20/11	Project Operator: [Name]
07/20/11	Project User: [Name]
07/20/11	Project Viewer: [Name]
07/20/11	Project Printer: [Name]
07/20/11	Project Author: [Name]
07/20/11	Project Creator: [Name]

Aqua-Swirl<sup>®</sup> technology has no moving parts and operates on gravity flow or movement of the stormwater runoff entering the structure. Operation begins when stormwater enters the swirl chamber of the Aqua-Swirl<sup>®</sup> device by means of its tangential inlet pipe thereby inducing a circular (swirl or vortex) flow pattern. The swirl chamber represents the effective treatment area of the device whereby both the capture and storage of materials is accomplished. A combination of gravitational and hydrodynamic drag forces results in solids dropping out of the flow and migrating to the center of the swirl chamber where velocities are the lowest. Floatables and trash remain in the swirl chamber behind an arched inner baffle that extends partially downward into the swirl chamber. This baffle serves to retain floatable materials and trash in the swirl chamber. The treated flow exits the Aqua-Swirl<sup>®</sup> behind the arched inner baffle. The top of the baffle is sealed across the treatment channel to eliminate floatable pollutants from escaping the swirl chamber. A vent pipe is extended up the riser to expose the backside of the baffle to atmospheric conditions, thus preventing a siphon from forming at the bottom of the baffle.

#### GENERAL EQUIPMENT DESIGN

The Aqua-Swirl<sup>®</sup> can operate in either an "offline" or "inline" ("online") configuration. The inline design uses an internal conveyance flow diversion (CFD) design. The Aqua-Swirl<sup>®</sup> is available with maximum stub-out inner pipe diameters for offline systems ranging from 7.61 to 22.52 inches (193 to 572 mm) depending on model size. The CFD models use inner pipe diameters of 11.97 to 45.05 inches (304 to 1,144 mm). These pipe diameters will allow for the conveyance of most trash sized particles and debris contained in stormwater runoff.

The diameter of the swirl chamber varies from 2.5 to 12 feet (0.7 to 3.6 meters) depending on model size. The height of a standard swirl chamber ranges from 8.67 to 9.5 feet (2.64 to 2.9 meters) and the length of the access risers are influenced by the final surface and drainage pipe elevations of the site. The bottom of the swirl chamber is approximately 5.67 feet (1.73 meters) below the invert of the inlet pipe which provides water and sediment storage within the swirl chamber.

Table 1 summarizes the available Aqua-Swirl<sup>®</sup> models, swirl chamber inner diameters, and storage capacities for trash/oil and sediment.

Table 1. Aqua-Swirl<sup>®</sup> Standard Models and Storage Capacities

Aqua-Swirl <sup>®</sup> Model	Swirl Chamber Inner Diameter (ft/mm)	Trash/Oil Storage Capacity (gal)	Sediment Storage Capacity (ft <sup>3</sup> )
AS-2	2.50 / 762	37	10
AS-3	3.25 / 991	110	20
AS-4	4.25 / 1,295	190	32
AS-5	5.00 / 1,524	270	45
AS-6	6.00 / 1,829	390	65
AS-7	7.00 / 2,134	510	90
AS-8	8.00 / 2,438	710	115
AS-9	9.00 / 2,743	910	145
AS-10	10.00 / 3,048	1,130	180
AS-12	12.00 / 3,658	1,698	270

While the Aqua-Swirl<sup>®</sup> is not designed to operate identically to an oil-water separator, the technology does provide a high level of treatment for the capture and retention of free-floating oil. Oil is retained in the swirl chamber behind the arched inner baffle in a similar means by which other floatables are retained in the swirl chamber.

The Aqua-Swirl<sup>®</sup> is also designed so that it can easily be used for retrofit applications. When the invert of the inlet and outlet pipes of the Aqua-Swirl<sup>®</sup> is positioned at the same elevation, the unit can easily be connected directly to the existing storm conveyance drainage system.

### PARTICLE SETTLING VELOCITY CALCULATIONS

Since hydrodynamic separators such as the Aqua-Swirl<sup>®</sup> utilize gravitational forces as the primary means of sediment removal, its performance (removal efficiency) will improve given a larger particle of the same specific gravity. This functionality can be calculated by using the Peclet number as a means to scale performance between various sized particles. The Peclet number is a function of:

- Flow (Q),
- \* Horizontal flow dimension (diameter, D),
- \* Vertical flow dimension (depth, h), and
- \* Settling velocity (V<sub>s</sub> computed by Stoke's Law) of a given sized particle.

The following equation is used to derive the Peclet number (Pe):

$$Pe = (D \cdot h \cdot V_s) / Q$$

In order to evaluate Aqua-Swirl<sup>®</sup> performance against suspended sediment, a scaled Aqua-Swirl<sup>®</sup> Model AS-5 was independently tested by the Civil Engineering Department of Tennessee Technological University. This laboratory study demonstrated that the Aqua-Swirl<sup>®</sup> achieved 89% sediment removal efficiency at a flowrate of 0.20 cubic feet per second (cfs) against test sediment manufactured by U.S. Silica, OK-110 silica sand. The OK-110 material has a specific gravity of 2.65 and exhibits a particulate gradation from 50 to 150 microns ( $\mu\text{m}$ , or 0.05 to 0.15 mm). The reported median particle size ( $d_{50}$ ) of OK-110 is 110  $\mu\text{m}$  (0.11 mm).

From Stoke's Law, the settling velocity of a 110  $\mu\text{m}$  particle with a specific gravity of 2.65 is 0.027 ft/sec. The inner diameter of the swirl chamber of the tested Aqua-Swirl<sup>®</sup> unit is 3.3 feet, having a depth of 3.83 feet from the inlet pipe invert to the floor of the unit. Thus, the Peclet number at a flowrate of 0.20 cfs is computed as follows:

$$Pe = (3.3 \cdot 3.83 \cdot 0.027) / 0.20$$
$$Pe = 1.71$$

The settling velocity for a 5 mm (5,000 $\mu\text{m}$ ) particle with a specific gravity of 2.65 is established at 0.9455 ft/sec. Given the Pe of 1.71 at 0.20 cfs, the flowrate (Q) at which the AS-3 should remove 89% of 5 mm particles is computed as:

$$Q = (3.3 \cdot 3.83 \cdot 0.9455) / 1.71$$
$$Q = 8.99 \text{ cfs}$$

The maximum hydraulic capacity of the tested unit was 1.80 cfs. If the sediment removal efficiency performance curve generated from the test data is adjusted for 5 mm particles, the Aqua-Swirl<sup>®</sup> exhibits 99% sediment removal of those particles with a specific gravity of 2.65 up to the unit's maximum hydraulic capacity.

In order to account for floatables and organic material in the runoff, the specific gravity of the 5 mm particle can be lowered to 1.85. The settling velocity then decreases to 0.4856 ft/sec from the  $V_s$  cited above. The flowrate (Q) then becomes 1.80 cfs and equal to the maximum hydraulic capacity of the tested unit.

It is evident through the particle settling velocity calculations that the Aqua-Swirl<sup>®</sup> can achieve 89% removal of trash particles of at least 5 mm in diameter against influent materials having a specific gravity of 1.85 or greater up to the maximum hydraulic capacity of the device.

#### AQUA-SWIRL<sup>®</sup> FIELD TESTING

An Aqua-Swirl<sup>®</sup> Model AS-5 was independently field tested in Silver Spring, Maryland (metro Washington D.C.) over a 27 month period in accordance with the Technology Acceptance Reciprocity Partnership (TARP) Tier II field testing protocols. Testing was performed from March 2009 to June 2011. The purpose of the AS-5 field test is to gain technology verification by the New Jersey Corporation for Advanced Technology (NJCAT), followed by Field Test Certification by the New Jersey Department of Environmental Protection (NJDEP). The AS-5 demonstrated a net annual TSS removal efficiency of 86% against a clay loam textured sediment.

All particles size distribution (PSD) analyses were performed by the serial filtration method. Influent PSD data is summarized below in Table 2. Data indicates that 94% of the particulate is finer grained than 500  $\mu\text{m}$  (0.5 mm), while 72% of the particulate is less than 63  $\mu\text{m}$  (0.063 mm) in size. Thus, the influent  $d_{50}$  is less than 63  $\mu\text{m}$ . Organic material in the influent averages 33.2% of the TSS concentration. In general, organic material will have a specific gravity of 1.0 or less. The TSS removal efficiency of the AS-5 remained high while operating in the presence of approximately 30% (floatable) organic material.

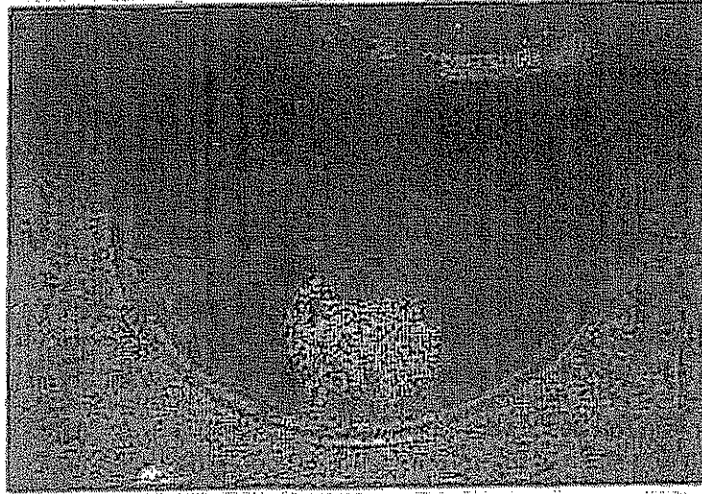
Table 2. AS-5 Influent PSD Summary  
(values listed as percent finer than each sieve/filter)

Storm	1,000 $\mu\text{m}$	500 $\mu\text{m}$	250 $\mu\text{m}$	125 $\mu\text{m}$	63 $\mu\text{m}$	1.5 $\mu\text{m}$
9/12/2010	100.00	97.41	92.48	84.44	62.96	0.00
12/1/2010	100.00	93.16	90.99	87.19	73.71	0.00
12/11/2010	100.00	92.04	91.59	85.08	78.56	0.00
Average	100.00	94.20	91.68	85.57	71.74	0.00
	Sand				Silt	

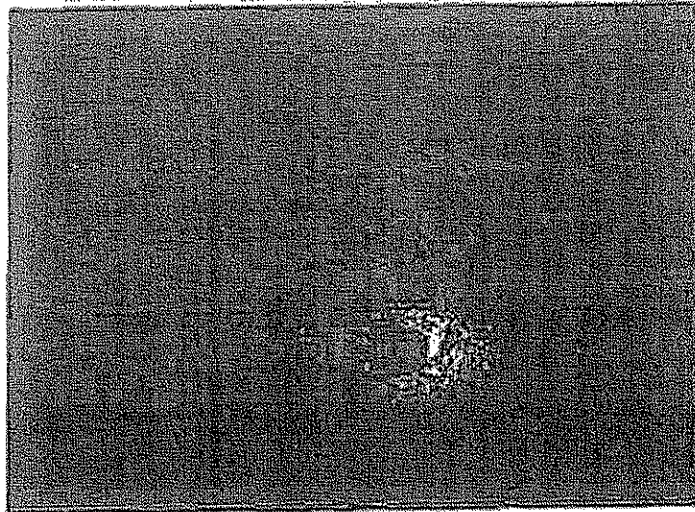
The AS-5 field test demonstrated that the Aqua-Swirl<sup>®</sup> is very effective at removing sand and silt sized particles as well as floatable organic material from stormwater runoff. Given these abilities, the Aqua-Swirl<sup>®</sup> technology will effectively remove larger sized particles including trash and floatable debris from runoff.

### **AQUA-SWIRL® FIELD OBSERVATIONS**

Numerous field observation examples are available to demonstrate that the Aqua-Swirl® is capable of capturing and retaining gross pollutants and floatables. Figures 2, 3 and 4 are example site photographs that clearly support the trash capture and retention capabilities of the Aqua-Swirl® technology.



**Figure 2. Floatables in swirl chamber of an AS-7. The effluent pipe is located on the left side of the photograph and below the vent pipe visible also on the left side of the swirl chamber.**



**Figure 3. Trash and floatables in an AS-6. Vent pipe is visible in the bottom of the photograph.**

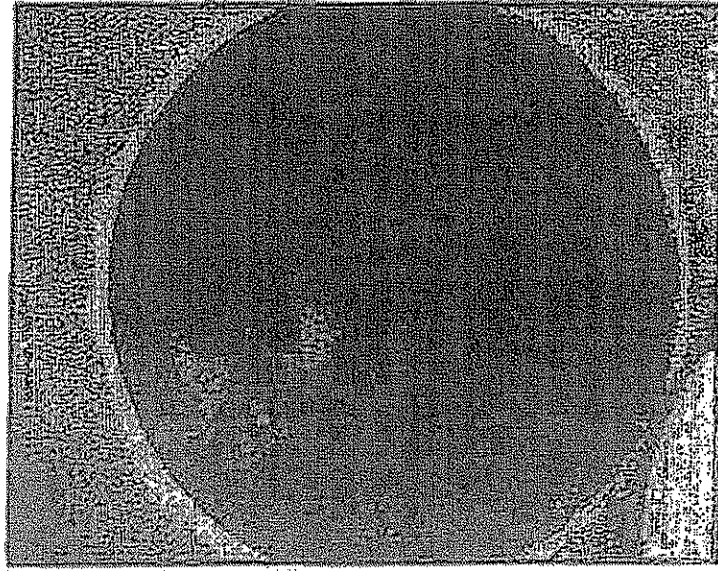


Figure 4. Trash and floatables in an AS-5. Vent pipe is at the top of the photograph.

#### INSPECTION & MAINTENANCE

The Aqua-Swirl<sup>®</sup> is easily inspected and maintained from the ground surface without the need to enter the swirl chamber. The swirl chamber is directly observed and accessible through the riser with no inaccessible chambers deeper within the device. As shown in the photographs above, materials are easily viewed within the swirl treatment chamber. A vacuum truck is typically used for maintenance event. Most maintenance events can be completed in less than 30 minutes provided that there are no access restrictions to the device itself. Additional information concerning inspections and maintenance can be provided.

#### CONCLUSIONS

As evident from the information provided herein, Aqua-Swirl<sup>®</sup> technology can achieve a very high level of performance for the removal of trash and sediment from stormwater runoff. The practicality of the Aqua-Swirl<sup>®</sup> design also allows for the facilitation of inspections and maintenance events thereby maximizing long term functionality and minimizing operational costs.

**AquaShield<sup>™</sup>**  
STORMWATER TREATMENT SOLUTIONS  
[www.AquaShieldInc.com](http://www.AquaShieldInc.com)

AquaShield, <sup>™</sup> Inc.  
2705 Kennetta Drive  
Chattanooga, Tennessee 37343  
(888) 344-9944



**Table 2. Aqua-Filter™ Stormwater Filtration System Sizing Chart**

Aqua-Filter™ Model	Water Quality Filtered Flow Rate <sup>1</sup>	Filtration Chamber Length	Approx. Treatment Train Length <sup>2</sup>	Stub-Out Pipe Outer Diameter
	(cfs)	(ft)	(ft)	(in)
AF-3.1	0.5	9.6	16	4
AF-3.2	1.0	12.0	18	6
AF-3.3	1.5	14.3	21	8
AF-4.4	2.0	16.6	24	10
AF-4.5	2.5	18.7	26	12
AF-4.6	3.0	21.0	31	12
AF-5.7	3.5	23.6	34	12
AF-5.8	4.0	25.9	36	12
AF-6.9	4.5	28.2	38	12
AF-6.10	5.0	30.5	40	12
AF-6.11	5.5	32.8	42	14
AF-6.12	6.0	35.6	45	14
AF-X.XX <sup>*</sup>	> 6.0	Custom	Custom	--

\*Higher water quality filtered flow rates can be designed with multiple filter chambers & larger swirls.

**Notes:**

- (1) The Water Quality Filtered Flow Rate is engineered to meet or exceed the water quality criteria established by local regulations. These systems are designed to capture the water-borne contaminants associated with fine sediment, nutrients, and metals.
- (2) The Aqua-Filter™ Stormwater Filtration System is a two (2)-component treatment train utilizing an Aqua-Swirl™ & Filter Chamber.

The filter media of the Aqua-Filter™ Stormwater Filtration System is initially light tan or white in color. When the media turns black it has become saturated from pollutant loading and requires replacement. Replacement of the filter media typically requires entry into the filter chamber by one of a two member maintenance crew. Confined space entry precautions should be taken by the maintenance crew when removing and replacing the filters. The filter media does not allow captured contaminants to be released once absorbed into the material. The spent filters and sediment generally do not require any special treatment or handling for disposal. All

# Aqua-Swirl™

## Inspection and Maintenance Manual for BMP Owners

(Note: Attach certifications for local regulatory authority including any applicable fees.)

### Site and Owner Information

Site Name: \_\_\_\_\_ Change in ownership since last inspection:  Y  N

Owner Name: \_\_\_\_\_

Owner Address: \_\_\_\_\_

Owner Phone Number: \_\_\_\_\_

Emergency Phone Number: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_

Time: \_\_\_\_\_

Inspector Name: \_\_\_\_\_

### Maintenance Items

#### Inspection

#### Floatable Debris and Oil

1. Remove manhole lid to expose liquid surface of Aqua-Swirl™.
2. Remove floatable debris with basket or net if any present.
3. If oil is present, measure its depth. Clean liquids from system if 1/2" or more oil is present (see "Cleaning" Figure 5).

**Note:** Water in an Aqua-Swirl™ can appear black like oil due to the dark body of the surrounding structure. Oil appears darker than water in the system and is usually accompanied by debris (e.g. Styrofoam, etc.) with obvious signs of oil stains. The depth of oil can be measured with an oil/water interface probe, a stadia rod with water phyllic paste, a coliwasa, or by simply collecting a representative sample with a jar attached to a rod.

#### Sediment Accumulation

Make measurements as follows (see Figures 1 and 2):

1. Lower measuring device (i.e. stadia rod) into Aqua-Swirl™ through service access provided. (See Figure 2)
2. Record distance to top of sediment pile (in): \_\_\_\_\_
3. Record distance to top of water (in): \_\_\_\_\_
4. Calculate distance to sediment minus distance to water (in): \_\_\_\_\_
5. Schedule cleaning if value in step 4 is 30" or less. (See Figure 3).

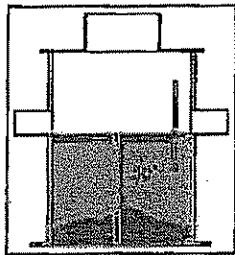


Figure 1



Figure 2

## Inspection (continued)

### Diversion Structures

If a diversion structure is present on the site, this should be inspected for the following items.

1. Inspect weir or other structure for structural decay or damage. Weirs are more susceptible to damage than off-set piping and should be checked to confirm that they are not crumbling, in the case of concrete or brick weirs, or decaying if a steel weir was used.
2. Inspect diversion structure and by-pass piping for signs of structural damage or blockage from debris or sediment accumulation.
3. Measure elevations on diversion weir or piping to ensure it is consistent with site plan design.
4. Inspect downstream structure in diversion system for signs of blockage or structural failure.

## Cleaning

Schedule cleaning with local vector company or AquaShield™'s Maintenance Department to remove sediments, oils, and other floatable pollutants with a vector trailer. The captured sediment generally does not require any special treatment or handling for disposal. AquaShield recommends that all materials removed during the maintenance process be handled and disposed of in accordance with local and state requirements.



Figure 3

## Maintenance Schedule

### During Construction

Inspect the Aqua-Swirl™ every three months and clean the system as needed. The Aqua-Swirl™ should be inspected and cleaned at the end of construction regardless of whether it has reached its sediment or oil storage capacity.

### First Year Post-Construction

Inspect the Aqua-Swirl™ every three months and clean the system as needed. Inspect and clean the system once annually regardless of whether it has reached its sediment or floatable pollutant storage capacity.

### Second and Subsequent Years Post-Construction

If the Aqua-Swirl™ did not reach full sediment or floatable pollutant capacity in the First Year Post-Construction, the system can be inspected and cleaned once annually.

If the Aqua-Swirl™ reached full sediment or floatable pollutant capacity in less than 12 months in the First Year Post-Construction, the system should be inspected once every six months and cleaned as needed. The Aqua-Swirl™ should be cleaned annually regardless of whether it reaches its sediment or floatable pollutant capacity.

### Bypass Structures

Bypass structures should be inspected whenever the Aqua-Swirl™ is inspected and maintained as needed.

**Maintenance Company Information**

Company Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Contact: \_\_\_\_\_

Office Phone: \_\_\_\_\_

Mobile Phone: \_\_\_\_\_

Pager: \_\_\_\_\_



**Activity Log**

Date of cleaning: \_\_\_\_\_ (Next inspection should be 3 months from this date for the first year).

Time of cleaning: \_\_\_\_\_

Date of next inspection: \_\_\_\_\_

Floatable debris present (Y/N)? \_\_\_\_\_

Oil present (Y/N)? \_\_\_\_\_ Oil depth (inches): \_\_\_\_\_

**Structural Conditions and Comments**

Any structural damage?	Y	N	Where? _____
Any evidence of structural wear?	Y	N	Where? _____
Odors present?	Y	N	Describe: _____
Any plugging?	Y	N	Describe: _____

**NOTES**

Additional Comments and/or Actions to Be Taken	Time Frame

**NOTES:**

- 1. Attach site plan showing Aqua-Swirl™ location.**
- 2. Attach detail drawing showing Aqua-Swirl™ dimensions and model number.**
- 3. If a diversion structure is used, attach details showing basic design and elevations.**

# Aqua-Swirl™

## TABULAR MAINTENANCE SCHEDULE

**Date Construction Started:** \_\_\_\_\_

**Date Construction Ended:** \_\_\_\_\_

During Construction												
Activity	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
Inspect and Clean as Needed			X			X			X			X
Inspect Bypass Structures (if applicable) and Maintain As Needed			X			X			X			X
Clean System*												X*

\* The Aqua-Swirl™ should be cleaned once a year regardless of whether it has reached full pollutant storage capacity. In addition, the system should be cleaned at the end of construction regardless of whether it has reach full pollutant storage capacity.

First Year Post-Construction												
Activity	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
Inspect and Clean as Needed			X			X			X			X
Inspect Bypass Structures (if applicable) and Maintain As Needed			X			X			X			X
Clean System*												X*

\* The Aqua-Swirl™ should be cleaned once a year regardless of whether it has reached full pollutant storage capacity.

Second and Subsequent Years Post-Construction												
Activity	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
Inspect and Clean as Needed*												X*
Inspect Bypass Structures (if applicable) and Maintain As Needed												X*
Clean System*												X*

\*If the Aqua-Swirl™ did not reach full sediment or floatable pollutant capacity in the First Year Post-Construction, the system can be inspected and cleaned once annually.

If the Aqua-Swirl™ reached full sediment or floatable pollutant capacity in less than 12 months in the First Year Post-Construction, the system should be inspected once every six months (more frequently if past history warrants) and cleaned as needed. The Aqua-Swirl™ should be cleaned annually regardless of whether it reaches its sediment or floatable pollutant capacity.

Prepared by:

\_\_\_\_\_  
PHILIP J. MORIN III, ESQ.

### DEED OF RESTRICTIVE COVENANT

THIS DEED OF RESTRICTIVE COVENANT is made as of this \_\_\_ day of April, 2013 by the NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (the "LANDLORD"), who owns property located at 1040 Morris Avenue, Block 105, Lot 13 and 14 ("Property") as well as KEAN UNIVERSITY (the "TENANT") who leases the Property pursuant to the 1998 B Agreement identified in the resolution attached hereto as Exhibit "A", to the STATE OF NEW JERSEY, DEPARTMENT OF TRANSPORTATION ("STATE");

#### WITNESSETH:

Purpose. This Restrictive Covenant is being provided by the LANDLORD, and will be maintained by the TENANT, or future occupants, as part of a requirement by the STATE for a connection and discharge storm water drainage permit. In consideration of being permitted to discharge storm water via a pipe to an existing sewer main that is currently located under Route 82, the TENANT hereby agrees to abide by the covenants, terms and conditions as set forth in this Deed of Restrictive Covenant and Exhibit "B" annexed hereto

Said connection is being done in conjunction with the redevelopment of the Property. The New Jersey Department of Transportation has approved such connection and discharge pursuant to Permit No. D-082-1-12-0015430, annexed hereto as Exhibit "B" and executed January 9, 2012.

Promises by Tenant: The TENANT hereby agrees that in conjunction and consideration of permission to discharge storm water via a pipe to an existing sewer main, the TENANT has installed and shall maintain an AQUA-SWIRL Model AS-8 Concentrator ("EQUIPMENT") for the purposes of removing trash, sediment, floating debris and free-floating oil from storm water runoff. A copy of the owner's manual, including maintenance schedule is annexed hereto as Exhibit "C". If said EQUIPMENT needs to be replaced, such new EQUIPMENT, or its functional equivalent, shall be approved by the STATE and all terms and conditions herein shall be complied with by the TENANT.

Promises by Landlord. The LANDLORD has agreed and consented to the placing of this restrictive covenant on the PROPERTY, however all maintenance obligations in complying with the terms herein, shall rest solely with the TENANT, or future occupant.

Term. This Deed of Restrictive Covenant shall apply to the Property immediately upon recordation of this Deed and the TENANT shall comply with the restrictive covenants herein, and shall abide by such maintenance schedule and best management practices to ensure correct operation of said storm water system. This Deed of Restrictive Covenant shall run with the land and remain on said Property in perpetuity, or for as long as said storm water discharge pipe is connected to such main.

Enforcement of Restrictions: The TENANT, and/or any future occupant, of the Property shall submit any other information, documents, or certifications requested by the STATE, which shall be deemed reasonably necessary to substantiate the TENANT'S (or any future occupant's) continuing compliance with the provisions of the restrictions contained herein.



Signatures: The LANDLORD and TENANT sign this Deed of Restrictive Covenant as of the date at the top of the first page.

WITNESS:

\_\_\_\_\_

By: \_\_\_\_\_  
Derek S. Hansel, Executive Director  
on behalf of the NEW JERSEY  
EDUCATIONAL FACILITIES AUTHORITY

WITNESS:

\_\_\_\_\_

By: \_\_\_\_\_  
on behalf of Kean University

**Record and Return to:**

Philip J. Morin III, Esq.  
FLORIO, PERRUCCI, STEINHARDT & FADER  
218 Route 17 North, Suite 410  
Rochelle Park, New Jersey 07662

**ACKNOWLEDGEMENT**

STATE OF NEW JERSEY            )  
  ) S.S.:  
COUNTY OF MIDDLESEX        )

On \_\_\_\_\_, 2013, before me, the undersigned officer, \_\_\_\_\_, personally appeared and personally known to me (proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged him/herself to be the \_\_\_\_\_ of the New Jersey Educational Facilities Authority, and that he/she executed the same in his/her capacity, as such \_\_\_\_\_, being authorized to do so on behalf of the corporation, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation, and received a true and correct copy of this instrument and of all other documents referred to therein.

Sworn and subscribed to  
Before me this \_\_\_\_\_  
day of \_\_\_\_\_, 2013

\_\_\_\_\_  
A Notary Public of New Jersey

**ACKNOWLEDGEMENT**

STATE OF NEW JERSEY            )  
  ) S.S.:  
COUNTY OF UNION                )

On \_\_\_\_\_, 2013, before me, the undersigned officer, \_\_\_\_\_, personally appeared and personally known to me (proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged him/herself to be the \_\_\_\_\_ of Kean University, and that he/she executed the same in his/her capacity, as such \_\_\_\_\_, being authorized to do so on behalf of the corporation, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation, and received a true and correct copy of this instrument and of all other documents referred to therein.

Sworn and subscribed to  
Before me this \_\_\_\_\_  
day of \_\_\_\_\_, 2013

\_\_\_\_\_  
A Notary Public of New Jersey

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
APPROVING THE APPOINTMENT OF A FINANCIAL PRINTER**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, P.L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and is authorized to issue its obligations to provide a means for New Jersey public and private colleges and universities to obtain financing to construct educational facilities as defined in the Act; and
- WHEREAS:** The policies and procedures of the Authority with regard to the selection of professionals are governed, inter alia, by Executive Order No. 26 (Whitman) ("EO 26") which took effect on January 1, 1995 and which supersedes Executive Orders No. 79 and 92 and Executive Order No. 37 (Corzine) ("EO 37") which took effect on November 25, 2006; and
- WHEREAS:** The Authority previously retained Wold Financial Printing ("Wold") to provide financial printing services; and
- WHEREAS:** The Authority's contract with Wold for such services will expire on April 26, 2013; and
- WHEREAS:** The staff of the Authority distributed a Request for Proposals for Financial Printing services dated January 31, 2013 (the "RFP") to eighteen (18) firms and posted the RFP on the Authority's and the State of New Jersey's websites; and
- WHEREAS:** The Authority received responses from four (4) firms (the "Responses"); and
- WHEREAS:** The Authority formed an Evaluation Committee consisting of the Authority's Project Manager and Associate Project Manager in accordance with Paragraph 13 of EO 37; and
- WHEREAS:** The Evaluation Committee reviewed the Responses on the basis of factors outlined in EO 26 and EO 37, including qualifications and experience, expertise, price, references and geographic location; and
- WHEREAS:** The responsive firms and their respective scores and fees are as follows:

<u>Firm</u>	<u>Evaluator 1</u>	<u>Evaluator 2</u>	<u>Total Score</u>	<u>Fee*</u>
Wold Financial Printing	99.5	99	198.50	\$1,000
ImageMaster, LLC	95.5	97	192.50	\$1,180
MuniDeals	71	70	141	\$2,500
McElwee & Quinn, LLC	60	61.5	121.5	\$2,796

\* Fee based on scenario requested in RFP of 150 Preliminary Official Statements at 100 double sided pages per book and 150 Official Statements at 100 double sided pages per book, including charges for electronic distribution and perfect bound.

**WHEREAS:** The Evaluation Committee recommends the appointment of Wold Financial Printing for a period of two (2) years with an optional one (1) year extension at the discretion of the Authority, commencing on the effective date of this Resolution, unless terminated earlier in the sole discretion of the Authority; and

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

**SECTION 1.** The Authority hereby authorizes the engagement of Wold Financial Printing to serve as the Authority's Financial Printer for a period of two (2) years with an optional one (1) year extension at the discretion of the Authority, commencing on the effective date of this Resolution subject to the terms and conditions set forth in this Resolution, the RFP and the Firm's Response, unless terminated earlier in the sole discretion of the Authority.

**SECTION 2.** The Authority hereby authorizes the Executive Director to take and do any and all acts and things as may be necessary or desirable in connection with the engagement of Wold Financial Printing as the Financial Printer of the Authority.

**SECTION 3.** This Resolution shall take effect in accordance with the Act.

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

**AYE:** Roger B. Jacobs  
Ridgeley Hutchinson  
Andrew Sidamon-Eristoff (represented by Steven Petrecca)  
Rochelle Hendricks (represented by Gregg Edwards)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Joshua Hodes

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

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT FOR 2012**

**Adopted: March 21, 2013**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") annually prepares financial statements and this year engaged the independent auditing firm of Ernst & Young, LLP (the "Independent Auditors") to perform an audit of the Authority's financial statements for the year ended December 31, 2012 (the "2012 Financial Statements"); and
- WHEREAS:** The members of the Authority's Audit Committee have received and reviewed the 2012 Financial Statements and the unqualified Report of the Independent Auditors thereon dated March 12, 2013 (the "Independent Auditors' Report"); and
- WHEREAS:** The members of the Authority's Audit Committee have met with representatives of the Independent Auditors and have discussed with them the 2012 Financial Statements and the Independent Auditors' Report; and
- WHEREAS:** The members of the Authority have received the 2012 Financial Statements and the Independent Auditors' Report; and
- WHEREAS:** The members of the Authority's Audit Committee have recommended that the members of the Authority accept the 2012 Financial Statements and the Independent Auditors' Report; and
- WHEREAS:** The members of the Authority wish to accept and approve the 2012 Financial Statements and the Independent Auditors' Report.

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

- SECTION 1.** The Authority hereby accepts and approves the 2012 Financial Statements and the Independent Auditors' Report, as attached hereto and incorporated by reference as if set forth in full herein.
- SECTION 2.** This resolution shall take effect in accordance with N.J.S.A. 18A:72A-4(i).

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

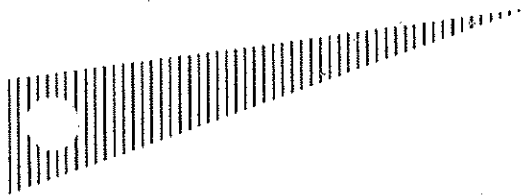
**AYE:** Roger B. Jacobs  
Ridgeley Hutchinson  
Andrew Sidamon-Eristoff (represented by Steven Petrecca)  
Rochelle Hendricks (represented by Gregg Edwards)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Joshua Hodes

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



## Independent Auditors' Report on Bond Resolution Compliance

The Members of the  
New Jersey Educational Facilities Authority

We have audited, in accordance with auditing standards generally accepted in the United States, the balance sheet of the New Jersey Educational Facilities Authority as of December 31, 2012, and the related statement of revenues, expenses, and changes in fund net assets, and cash flows for the year then ended, and have issued our report thereon dated March 12, 2013.

Pursuant to the General Revenue Bond Resolution adopted October 10, 1968 and amended January 12, 1971, the General Higher Educational Facilities Revenue Bond Resolution adopted October 10, 1968 and amended April 13, 1971, applicable Series Resolutions and applicable Trust Indentures during the period under audit, the Authority had outstanding the authorized bonds and obligations listed in Exhibit A of this report as of December 31, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that the New Jersey Educational Facilities Authority failed to comply with the terms, covenants, provisions, or conditions of the Resolutions and Indentures referred to above, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such non-compliance. In addition, in our opinion, on December 31, 2012, the balance in the Debt Service Reserve Funds and the Renewal and Replacement Accounts for each outstanding bond issue where applicable and the insurance coverage maintained meet the requirements of the aforementioned General Resolutions, applicable Series Resolutions and applicable Trust Indentures.

This report is intended solely for the information and use of the Members and management of the New Jersey Educational Facilities Authority and the Trustees under the Resolutions and Indentures and is not intended to be, and should not be, used by anyone other than these specified parties.

*Ernst & Young LLP*

March 12, 2013



## New Jersey Educational Facilities Authority

## Outstanding Bonds and Obligations

December 31, 2012

Institution	Issue
Caldwell College	– 2006 Series F
Centenary College	– 2003 Series A – 2006 Series J – 2007 Series B – 2010 Series D
Drew University	– 2003 Series C – 2007 Series D – 2008 Series B – 2008 Series I – 2010 Series C
Essex County	– Series 1999 C
Fairleigh Dickinson University	– 2002 Series D – 2004 Series C – 2006 Series G – 2006 Series H
Felician College	– 2006 Series I
Georgian Court University	– 1998 Series, Project B – 2003 Series, Project C – 2007 Series D – 2007 Series H
Hudson County	– Series 1999 D
Hudson County Community College	– Series 1999 G
Institute for Advanced Study	– 2001 Series A – 2006 Series B – 2006 Series C – 2008 Series C

New Jersey Educational Facilities Authority  
 Outstanding Bonds and Obligations (continued)

December 31, 2012

Institution	Issue
Institute for Defense Analyses	– 2000 Series D
Kean University	– Series 1998 B
	– Series 2003 D
	– Series 2005 B
	– Series 2007 D
	– 2007 Tax-Exempt Lease
	– Series 2009 A
	– 2010 Tax-Exempt Lease – 2011 Tax-Exempt Lease
Middlesex County	– Series 1999 E
Montclair State University	– Series 2002 F
	– Series 2003 E
	– Series 2003 L
	– Series 2006 A
	– Series 2006 J
	– Series 2007 A
	– Series 2008 J
New Jersey City University	– Series 2002 A
	– Series 2003 B
	– Series 2007 F
	– Series 2008 E
	– Series 2008 F
	– Series 2010 F
	– Series 2010 G

New Jersey Educational Facilities Authority  
Outstanding Bonds and Obligations (continued)

December 31, 2012

Institution	Issue
New Jersey Institute of Technology	- Series 2001 H – Taxable
	- Series 2010 H
	- Series 2010 I
Passaic County	- Series 1999 F
Passaic County Community College	- Series 2010 C
Princeton Theological Seminary	- 2002 Series G
	- 2009 Series B
	- 2010 Series A
Princeton University	- Various Commercial Paper
	- 2003 Series D
	- 2003 Series E
	- 2004 Series D
	- 2005 Series A
	- 2005 Series B
	- 2006 Series D
	- 2006 Series E
	- 2007 Series E
	- 2007 Series F
	- 2008 Series J
	- 2008 Series K
	- 2010 Series B
- 2011 Series B	
Ramapo College of New Jersey	- Series 2003 F
	- Series 2003 G
	- Series 2003 H
	- Series 2004 E
	- Series 2006 D
	- Series 2006 I

New Jersey Educational Facilities Authority  
 Outstanding Bonds and Obligations (continued)

December 31, 2012

Institution	Issue
Ramapo College of New Jersey (continued)	<ul style="list-style-type: none"> <li>- Series 2011 A</li> <li>- Series 2012 B</li> </ul>
Rider University	<ul style="list-style-type: none"> <li>- 2012 Series A</li> </ul>
Rowan University (Formerly Glassboro State College) * Glassboro State College issue	<ul style="list-style-type: none"> <li>- Series 1983 D*</li> <li>- Series 2003 I</li> <li>- Series 2004 C</li> <li>- Series 2005 D</li> <li>- Series 2006 G</li> <li>- Series 2007 B</li> <li>- Series 2008 B</li> <li>- Series 2011 C</li> </ul>
Saint Peter's College	<ul style="list-style-type: none"> <li>- 2007 Series G</li> <li>- 2007 Series I</li> <li>- 2008 Series H</li> </ul>
Seton Hall University	<ul style="list-style-type: none"> <li>- 2008 Series D</li> <li>- 2008 Series E</li> <li>- 2009 Series C</li> <li>- 2011 Series A</li> </ul>

New Jersey Educational Facilities Authority  
 Outstanding Bonds and Obligations (continued)

December 31, 2012

Institution	Issue
Stevens Institute of Technology	– 1998 Series I
	– 2007 Series A
The College of New Jersey	– Series 2008 D
	– Series 2010 A
	– Series 2010 B
	– Series 2012 A
The College of Saint Elizabeth	– 2008 Series F
The Richard Stockton College of New Jersey	– Series 1988 A
	– Series 2005 F
	– Series 2006 F
	– Series 2007 G
	– Series 2008 A
Thomas Edison State College	– 2007 Tax-Exempt Lease
	– 2010 Tax-Exempt Lease
	– 2011 Tax-Exempt Lease
	– 2011 Series D
University of Medicine and Dentistry of New Jersey	– Series 2009 B
William Paterson University of New Jersey	– Series 2004 A
	– Series 2005 E
	– Series 2008 C
	– Series 2012 C
	– Series 2012 D

New Jersey Educational Facilities Authority  
Outstanding Bonds and Obligations (continued)

December 31, 2012

<b>Institution</b>	<b>Issue</b>
Treasurer, State of New Jersey	<ul style="list-style-type: none"><li>- Series 1999 A, County College Capital Project Fund</li><li>- Series 2002 A, Higher Education Capital Improvement Fund</li><li>- Series 2004 A, Higher Education Capital Improvement Fund</li><li>- Series 2005 A, Higher Education Capital Improvement Fund</li><li>- Series 2006 A, Higher Education Capital Improvement Fund</li><li>- Series 2001 A, Dormitory Safety Trust Fund</li><li>- Series 2001 B, Taxable, Dormitory Safety Trust Fund</li><li>- Series 2003 A, Dormitory Safety Trust Fund</li><li>- Series 2002 A, Library Grant Program</li></ul>



New Jersey Educational Facilities Authority

2012 financial statement audit results



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March 15, 2013

The Audit Committee of the New Jersey Educational Facilities Authority

Dear Members of the Audit Committee,

We are pleased to present the results of our audit of the financial statements of the New Jersey Educational Facilities Authority (the "Authority"). This report also includes the status of our final procedures.

We received the full support and assistance of the Authority's personnel in conducting our audit. We appreciate this opportunity to share our insights resulting from our audit of the Authority.

At Ernst & Young, we continually evaluate the quality of our professionals' work, with a focus on our goal to deliver remarkable client service. We strive to provide you with audit services of the highest quality that will meet or exceed your expectations, and we encourage you to participate in Assessment of Service Quality (ASQ) process to provide your input on our performance. The ASQ process is a critical tool in enabling us to continually monitor and improve the quality of our audit services to the Authority.

This report is intended solely for the information and use of the Audit Committee, the Board and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to meeting with you to discuss the contents of this report and answer any questions you may have about the results of our audit.

Very truly yours,

*Ernst & Young LLP*



## Table of contents

- ▶ Deliverables
- ▶ Required communications
- ▶ 2012 audit results
  - ▶ Financial statement accounts and disclosures
  - ▶ Fraud considerations and the risk of management override
  - ▶ Timing of required communications

### Appendices:

- ▶ Appendix A - Independence considerations
- ▶ Appendix B - Peer review report
- ▶ Appendix C - Financial Analysis

# Deliverables

Services and deliverables	Status/Update
---------------------------	---------------

## Opinions

- ▶ Express an opinion on the financial statements of the Authority
  - ▶ Express an opinion on the Authority's compliance with its various bond resolutions
- ▶ Status of 2012 audit:
- ▶ Obtain a letter of representations from management.
  - ▶ Engagement quality review to be completed.

## Internal Control Communications

- ▶ Issue a written communication to management and the Audit Committee describing significant deficiencies or material weaknesses, if any, identified during our audit.
  - ▶ Issue a management letter that provides our recommendations regarding internal controls and opportunities for improvement of efficiency, based on observations made during the course of our audit.
  - ▶ Issue a Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
- ▶ No material weakness letter to be issued

# Required communications

Area	Comments
<p><b>Auditor's responsibilities under generally accepted auditing standards</b></p> <p>The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States, as established by the American Institute of Certified Public Accountants, to obtain reasonable, rather than absolute assurance about whether the financial statements are free of material misstatement.</p> <p>An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we will express no such opinion.</p>	<p>Our responsibilities are included in our audit engagement letter. A copy of such agreement has previously been provided to you.</p> <p>Upon completion of our remaining audit procedures, we currently expect to issue an unqualified opinion on the Authority's financial statements for the year ended December 31, 2012.</p>
<p><b>Our views about the qualitative aspects of the Authority's significant accounting practices</b></p> <p>We have open and constructive discussions with those charged with governance about qualitative aspects of the entity's significant accounting practices, including acceptability. These discussions may include:</p> <ul style="list-style-type: none"><li>▶ The appropriateness of accounting policies to the particular circumstances of the Authority, including the adoption of, or a change in, an accounting policy</li><li>▶ The effect of significant accounting policies in controversial or emerging areas</li><li>▶ Significant accounting estimates</li><li>▶ Financial statement disclosures and other related matters</li></ul> <p><b>Other information in documents containing audited financial statements</b></p> <p>AICPA AU section 550 establishes the auditor's responsibility for other information prepared by management that accompanies the audited financial statements. If the Authority includes other information in documents containing auditing financial statements, we review such other information and consider whether such information, or the manner of its presentation, is materially inconsistent with the audited financial statements. If we conclude that a material inconsistency exists, we determine whether the financial statements, our auditor's report, or, both require revision.</p>	<p>The significant policies of the Authority are described in Note 2 to the financial statements. The Authority's policies are consistent with generally accepted accounting principles.</p> <p>We will review any other documents containing audited financial statements (eg annual report), as applicable, to determine whether such information is consistent with the audited financial statements.</p>

# Required communications

Area	Comments
<p><b>Our views about the qualitative aspects of the Authority's significant accounting practices:</b></p> <ul style="list-style-type: none"><li>▶ The appropriateness of accounting policies to the particular circumstances of the Authority including, the adoption of, or a change in, an accounting policy</li></ul> <p>As part of our discussion about the qualitative aspects of the Authority's significant accounting practices, we discuss our views about the adoption of, or a change in accounting policies which may include the following:</p> <ul style="list-style-type: none"><li>▶ The initial selection of new, or changes in, significant accounting policies, including the application of new accounting pronouncements</li><li>▶ The effect of the timing and method of adopting a change in accounting policy on current and future earnings of the entity (or expected new accounting pronouncements)</li><li>▶ The appropriateness of the accounting policies to the particular circumstances of the entity</li><li>▶ Where acceptable alternative accounting policies exist, the identification of financial statement items that are affected by the choice of significant policies as well as information on accounting policies used by similar entities</li></ul>	<p>There were no new standards adopted by the Authority this year.</p>
<p><b>Our views about the qualitative aspects of the Authority's significant accounting practices:</b></p> <ul style="list-style-type: none"><li>▶ The effect of significant accounting policies in controversial or emerging areas</li></ul> <p>As part of our discussion about the qualitative aspects of the Authority's significant accounting practices, we may discuss with those charged with governance effects of significant accounting policies in controversial or emerging areas (or those unique to an industry), particularly when there is a lack of authoritative guidance or consensus.</p>	<p>There were no significant accounting policies used by the Authority in controversial or emerging areas for which there is a lack of authoritative guidance.</p>

# Required communications

Area	Comments
<p><b>Our views about the qualitative aspects of the Authority's significant accounting practices:</b></p> <ul style="list-style-type: none"> <li>▶ Significant accounting estimates</li> </ul> <p>As part of our discussion about the qualitative aspects of the Authority's significant accounting practices, we discuss our views about the Authority's accounting estimates which may include the following:</p> <ul style="list-style-type: none"> <li>▶ Management's identification of accounting estimates</li> <li>▶ Management's process for making accounting estimates</li> <li>▶ Risks of material misstatement</li> <li>▶ Indicators of possible management bias</li> <li>▶ Disclosure of estimation uncertainty in the financial statements</li> </ul>	<p>Management makes estimates and assumptions in preparing the financial statements when evaluating the necessity for reserves for uncollectible receivables as well as developing the calculation of other postemployment benefits and payroll related liabilities. The methodology used in calculating these estimates was consistent with prior years.</p>
<p><b>Significant difficulties encountered in dealing with management when performing the audit</b></p> <p>We inform those charged with governance of any significant difficulties encountered in dealing with management related to the performance of the audit which may include such matters as:</p> <ul style="list-style-type: none"> <li>▶ Significant delays in management providing required information</li> <li>▶ An unnecessarily brief time within which to complete the audit</li> <li>▶ The unavailability of expected information</li> <li>▶ Restrictions imposed on us by management</li> <li>▶ Management's unwillingness to provide information about management's plans for dealing with the adverse effects of the conditions or events that lead us to believe there is substantial doubt about the entity's ability to continue as a going concern.</li> </ul>	<p>There were none.</p>

# Required communications

Area	Comments
<p><b>Unrecorded misstatements</b></p> <p>We discuss with those charged with governance uncorrected misstatements and the effect that they may have on our opinion in the auditor's report. We also discuss with those charged with governance the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.</p> <p>In addition, we discuss with those charged with governance the implications of a failure to correct known and likely misstatements, if any, considering qualitative as well as quantitative considerations, including the possible implications in relation to future financial statements.</p>	<p>There were no unrecorded misstatements.</p>
<p><b>Material corrected misstatements</b></p> <p>We discuss with those charged with governance material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. In addition, we may discuss with those charged with governance other corrected immaterial misstatements, such as frequently recurring immaterial misstatements that may indicate a particular bias in the preparation of the financial statements.</p>	<p>There were no material corrected misstatements brought to the attention of management as a result of such procedures.</p>
<p><b>Disagreements with management</b></p> <p>We discuss with those charged with governance any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Authority's financial statements or our auditor's report. For purposes of this discussion, disagreements do not include differences of opinion based on incomplete facts or preliminary information that are later resolved.</p>	<p>There were none.</p>
<p><b>Representations we are requesting from management</b></p> <p>We discuss with those charged with governance representation we are requesting from management.</p>	<p>We will obtain the standard letter of representation from management.</p>

# Required communications

Area	Comments
<p><b>Management's consultation with other accountants</b></p> <p>When we are aware that management has consulted with other accountants about auditing or accounting matters, we discuss with those charged with governance our views about significant matters that were the subject of such consultation.</p> <p><b>Significant issues, if any, arising from the audit that were discussed, or the subject of, correspondence with management</b></p> <p>We discuss with those charged with governance any significant matters that were discussed with, or the subject of correspondence, with management, including:</p> <ul style="list-style-type: none"> <li>▶ Business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatements</li> <li>▶ Discussions or correspondence in connection with our initial or recurring retention as the auditor, including, among other matters, any discussions regarding the application of accounting principles and auditing standards</li> </ul> <p><b>Communication of independence matters</b></p> <p>Although the auditor's report affirms our independence, in certain situations, we discuss with those charged with governance circumstances of relationships (e.g. financial interests, business or family relationships, or non-audit services provided or expected to be provided) that in our professional judgment may reasonably be thought to bear on independence and that we gave significant consideration to in reaching the conclusion that independence has not been impaired.</p> <p><b>Fraud and illegal acts involving senior management and fraud and illegal acts that cause a material misstatement of the financial statements</b></p> <p>We communicate with those charged with governance fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements. In addition, we discuss any misappropriations perpetrated by lower level employees, based on our understanding with those charged with governance regarding the nature and extent of communications with them about such matters.</p>	<p>None of which we are aware.</p> <p>None</p>
	<p>There are no matters that, in our professional judgment, may reasonably be thought to bear on our independence or that we gave significant consideration to in reaching the conclusion that independence has not been impaired.</p>
	<p>We are not aware of any matters that require communication. Refer to the "Fraud considerations" section for more information about our procedures related to the risks of material misstatement due to fraud.</p>

# Required communications

Area	Comments
<p><b>Significant deficiencies and material weaknesses in internal control</b></p> <p>We communicate all significant deficiencies and material weaknesses in internal control that were identified during the course of our audit.</p>	<p>No material weaknesses were noted.</p>
<p><b>AICPA ethics ruling regarding third-party service providers</b></p> <p>From time to time and depending upon the circumstances, third-party service providers, independent contractors, and consultants to Ernst &amp; Young may participate in providing professional services. AICPA Ethics Ruling No. 112 under Rule 102, <i>Integrity and Objectivity</i>, requires that we inform clients whenever we use a third-party service provider in providing professional services to a client. The Rule has broadly defined "third-party service provider" to include an individual who is not employed by our US firm. Accordingly, third-party service providers might include, but not be limited to, the following examples: non US personnel who work for Ernst &amp; Young affiliate firms (e.g., Ernst &amp; Young United Kingdom), non US personnel working in the US on a foreign secondment, non US personnel working at Ernst &amp; Young shared service centers.</p>	<p>No services were subcontracted or completed by a third-party service provider.</p>
<p><b>Other findings or issues regarding the oversight of the financial reporting process</b></p> <p>We communicate other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.</p>	<p>There are no other findings or issues arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.</p>



# 2012 audit results

## Financial statement accounts and disclosures

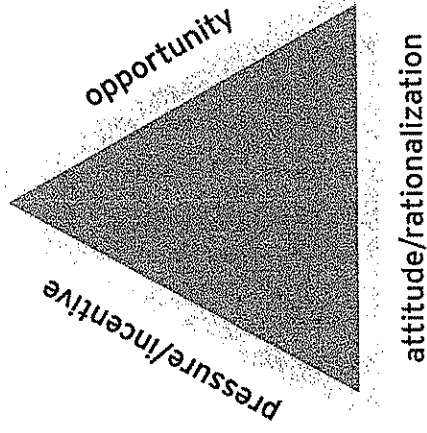
Key issue/risk area	Summary of procedures and findings
Revenue	
Revenue recognition	<ul style="list-style-type: none"><li>▶ We tested the internal controls over cash receipts as well as vouched investment income. We also recalculated, on a test basis, administrative fees recognized as revenue. No exceptions noted.</li></ul>
Expenses	
Operating expenses and project disbursements	<ul style="list-style-type: none"><li>▶ We tested the internal controls over project disbursements/operating disbursements. No exceptions noted.</li></ul>
Assets	
Cash and investments	<ul style="list-style-type: none"><li>▶ We performed an evaluation of the accounting and reporting related to cash, investments and investment risk under GASB 40. We confirmed cash and investments and tested the valuation of the portfolio. No exceptions were noted.</li></ul>
Capital assets	<ul style="list-style-type: none"><li>▶ We vouched additions to capital assets and tested for classification errors. Depreciation expense was also recalculated. No exceptions were noted.</li></ul>
Liabilities	
Litigation and loss contingencies	<ul style="list-style-type: none"><li>▶ We obtained written confirmation from the Authority's counsel regarding outstanding or pending litigation.</li></ul>
Accounts Payables and accrued liabilities	<ul style="list-style-type: none"><li>▶ We tested the analysis of accounts payables and accrued liabilities. No exceptions noted.</li></ul>
Obligations for postemployment benefits other than pensions	<ul style="list-style-type: none"><li>▶ A new actuarial valuation was not required in the prior year, we performed testing of the census data used to calculate the obligation and evaluated the assumptions utilized by the Authority's independent actuary in completing their actuarial valuation.</li></ul>
Net assets	<ul style="list-style-type: none"><li>▶ We tested changes to net assets and evaluated the classification of net asset balances. No exceptions noted.</li></ul>

## Fraud considerations and the risk of management override

We are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or by fraud (SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*).

Our audit procedures will encompass the requirements of SAS 99: brainstorming, gathering information to facilitate the identification of and response to fraud risks and performing mandatory procedures to address the risk of management override (including examining journal entries, reviewing accounting estimates and evaluating the business rationale of significant unusual transactions).

- ▶ We evaluate the risk of management override using the fraud triangle and consider the actions management has taken to respond to those risks.
- ▶ We consider, among other things:
  - Code of conduct/ethics
  - Effective and independent oversight by audit committee
  - Process for dealing with whistle-blower allegations
  - Adequacy of internal audit oversight of activity
  - Entity's risk assessment processes
- ▶ Role and oversight responsibilities of the audit committee:
  - Management's assessment of the risks of fraud
  - Programs and controls to mitigate the risk of fraud
  - Process for monitoring multiple locations for fraud
  - Management communication to employees on its views on business practices and ethical behavior



*Occupational Fraud and Abuse*, by Joseph T. Wells, CPA, CFR  
(Obsidian Publishing Co, 1997);

*Fraud Examination*, by W. Steve Albrecht (Thomson South-Western Publishing, 2003)

# Timing of required communications

	Communicate when event occurs	Communicate on a timely basis, at least annually
Our responsibility under generally accepted auditing standards, including discussion of the type of opinion we are issuing		X
Overview of planned scope and timing		X
Other information in documents containing audited financial statements		X
Our views about the qualitative aspects of the Authority's significant accounting practices, including:		
• The appropriateness of accounting policies to the particular circumstances of the company including, the adoption of, or a change in, an accounting policy	X	
• The effect of significant accounting policies in controversial or emerging areas	X	
• Significant accounting estimates		X
• Financial statement disclosures and related matters		X
Significant difficulties encountered in dealing with management when performing the audit	X	
Unrecorded misstatements		X
Material corrected misstatements		X
Disagreements with management	X	
Representations we are requesting from management		X
Management's consultations with other accountants	X	
Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management	X	
Communication of independence matters	X	
Fraud and illegal acts involving senior management and fraud and illegal acts that cause a material misstatement of the financial statements	X	
Significant deficiencies and material weaknesses in internal control		X
AICPA ethics ruling regarding third-party service providers		X
Other findings or issues regarding the oversight of the financial reporting process	X	

## Appendix A - Independence considerations

# The independence landscape

The AICPA's auditor independence rules, interpretations and rulings are founded on the following seven broad categories of threats to an auditor's independence, whether in fact or appearance:

- ▶ Self-review, such as an auditor auditing his/her own work
- ▶ Advocacy, such as an auditor promoting an audit client's interests or position
- ▶ Adverse interest, such as actions or interests that are in opposition between the auditor and the audit client
- ▶ Familiarity, such as inappropriate relationships, including certain employment relationships
- ▶ Undue influence, such as coercing or exercising excessive influence over the auditor
- ▶ Financial self-interest, such as an auditor having financial interests in the audit client
- ▶ Management participation, such as an auditor functioning in the role of management

The AICPA categorizes safeguards that may mitigate or eliminate threats to independence into three broad categories:

- ▶ Safeguards created by the profession, legislation or regulation
- ▶ Safeguards implemented by the audit client
- ▶ Safeguards implemented by the audit firm, including policies and procedures to implement professional and regulatory requirements

Such safeguards address the threats to independence so as to reduce the risk that an auditor is not independent or would be perceived by a reasonable and informed third party having knowledge of all relevant information as not being independent.

# Ernst & Young's focus on independence

Independence is fundamental to EY, our audit clients, and the public interest. Our approach to maintaining independence includes implementing policies, processes and systems with both "prevent" and "detect" type controls to provide reasonable assurance that a breach of independence will not occur and, in the event one does, will not go undetected nor unremediated. We proactively reexamine, monitor and test our policies, processes and systems so that they are current, thorough and effective. We reinforce our policies, processes and systems through continuous independence training of our professionals. We continually reinforce to all our people that compliance with our independence policies is essential, and that non-compliance has consequences.

## **Independence Organization**

- ▶ Global network of independence leaders in every country where we operate
- ▶ Independence specialists support the global network
- ▶ Clear accountability - centralized independence functions report to Global Managing Partner - Quality and Risk Management (Q&RM) and Americas Vice Chair - Q&RM

## **Independence Processes and Systems**

- ▶ Monitoring of compliance with our firm's independence requirements relating to matters such as investment holdings, lending relationships and family employment relationships, which are periodically confirmed by our professionals
- ▶ Monitoring business relationships between EY and our audit clients and their officers, directors, and substantial shareholders
- ▶ Detailed programs and procedures to evaluate independence in connection with client acceptance and ongoing monitoring
- ▶ Consultation processes and documented conclusions

## **Independence Policies**

- ▶ EY Global independence policies based on International Federation of Accountants (IFAC) and SEC rules, unless local independence rules are more restrictive
- ▶ A comprehensive independence manual with rules all in one place
- ▶ A Code of Conduct that highlights the importance of maintaining our objectivity and independence and with which our personnel are required to confirm their compliance annually

## **Independence Training and Compliance**

- ▶ Mandatory, continuous independence training for all professionals globally
- ▶ Independence content is included in many other core learning and industry related programs
- ▶ Conducting ongoing compliance audits of partners and other professionals regarding personal independence
- ▶ Global Independence Compliance Team focused on scope of services and business relationships

## Ernst & Young's personal independence reporting

- ▶ Robust, web-based independence monitoring system facilitates reporting and monitoring for client-serving personnel
- ▶ Annual confirmations for partners and client-serving employees
- ▶ Quarterly confirmations for managers through partners
- ▶ Compliance audits cover all Firm leaders on a three-year cycle, US partners on a five-year cycle, newly promoted partners and direct admit partners before starting
- ▶ All global partners have been audited
- ▶ Compliance audits include review of tax returns of personnel, dependents, trusts, and spouses
- ▶ Failure to sign a quarterly confirmation triggers a compliance audit
- ▶ Personnel must sign our Code of Conduct annually

## Independence considerations for the Authority

- ▶ Ensuring auditor independence is a responsibility of both the auditor and the Authority, with the Authority's management, the Board, and Audit Committee having a shared responsibility to ensure that the auditors are independent. Accordingly, companies should have policies and procedures in place to ensure their auditor is and remains independent.
- ▶ Independence considerations for your Authority could include:
  - ▶ Approaching auditor independence compliance like a system of internal controls, including both prevent and detect controls
  - ▶ Evaluating your reporting and confirmation process for financial, employment, family and business interests, and relationships
  - ▶ Maintaining the proper Tone at the Top - communicating the importance of independence and conflicts of interest
  - ▶ Assigning a person with the responsibility of understanding the independence rules and interfacing with auditors



## Appendix B - Peer review report



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System Review Report

To the Partners of Ernst & Young LLP  
 and the National Peer Review Committee of the AICPA Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the firm) applicable to non-SBC issuers, in effect for the year ended June 30, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/peerreview](http://www.aicpa.org/peerreview).

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards, audits of employee benefit plans, and audits performed under FDICIA.

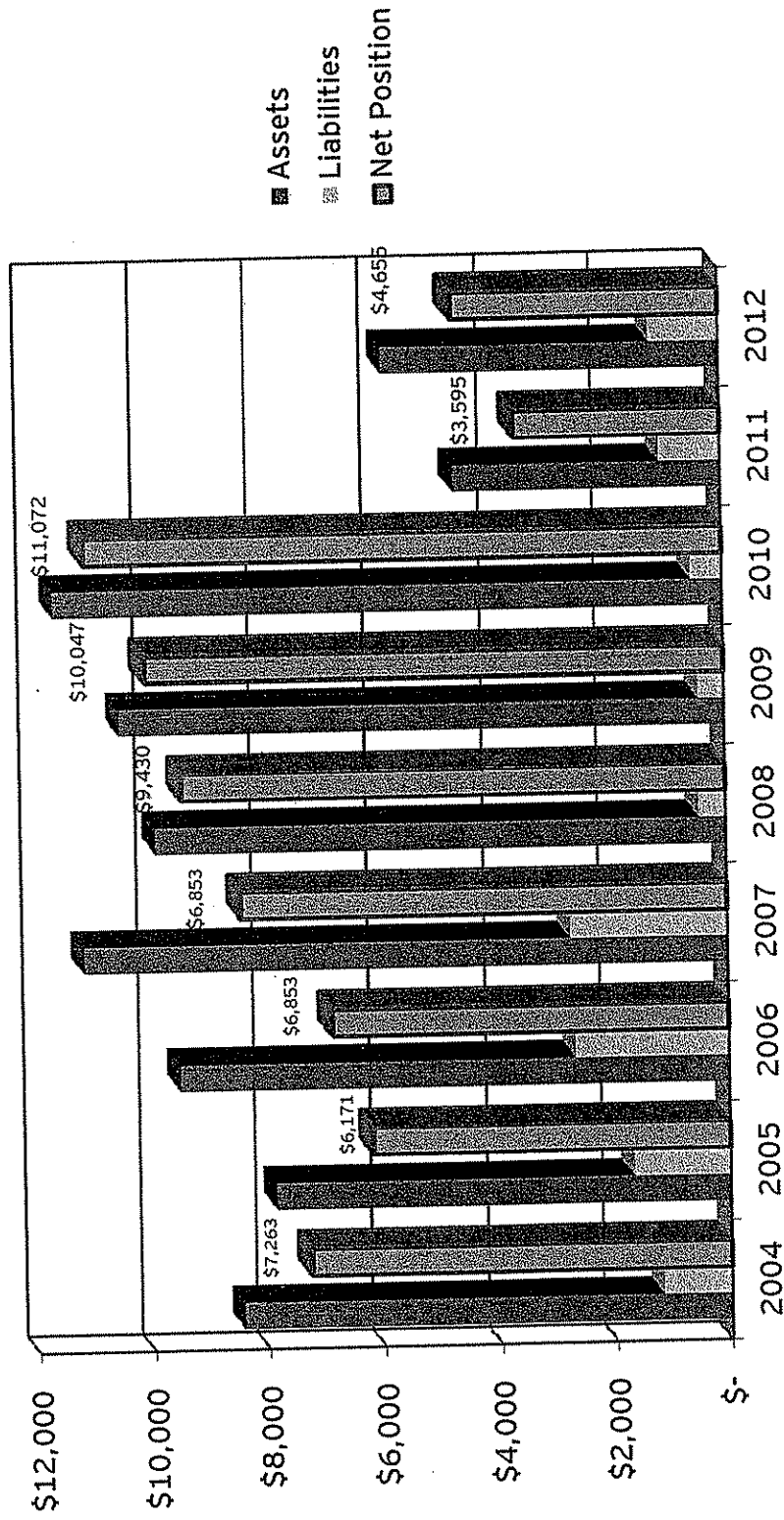
In our opinion, the system of quality control for the accounting and auditing practice of Ernst & Young LLP, applicable to non-SBC issuers, in effect for the year ended June 30, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiencies* or *fail*. Ernst & Young LLP has received a peer review rating of *pass*.

KPMG LLP

December 06, 2010

## Appendix C - Financial Analysis

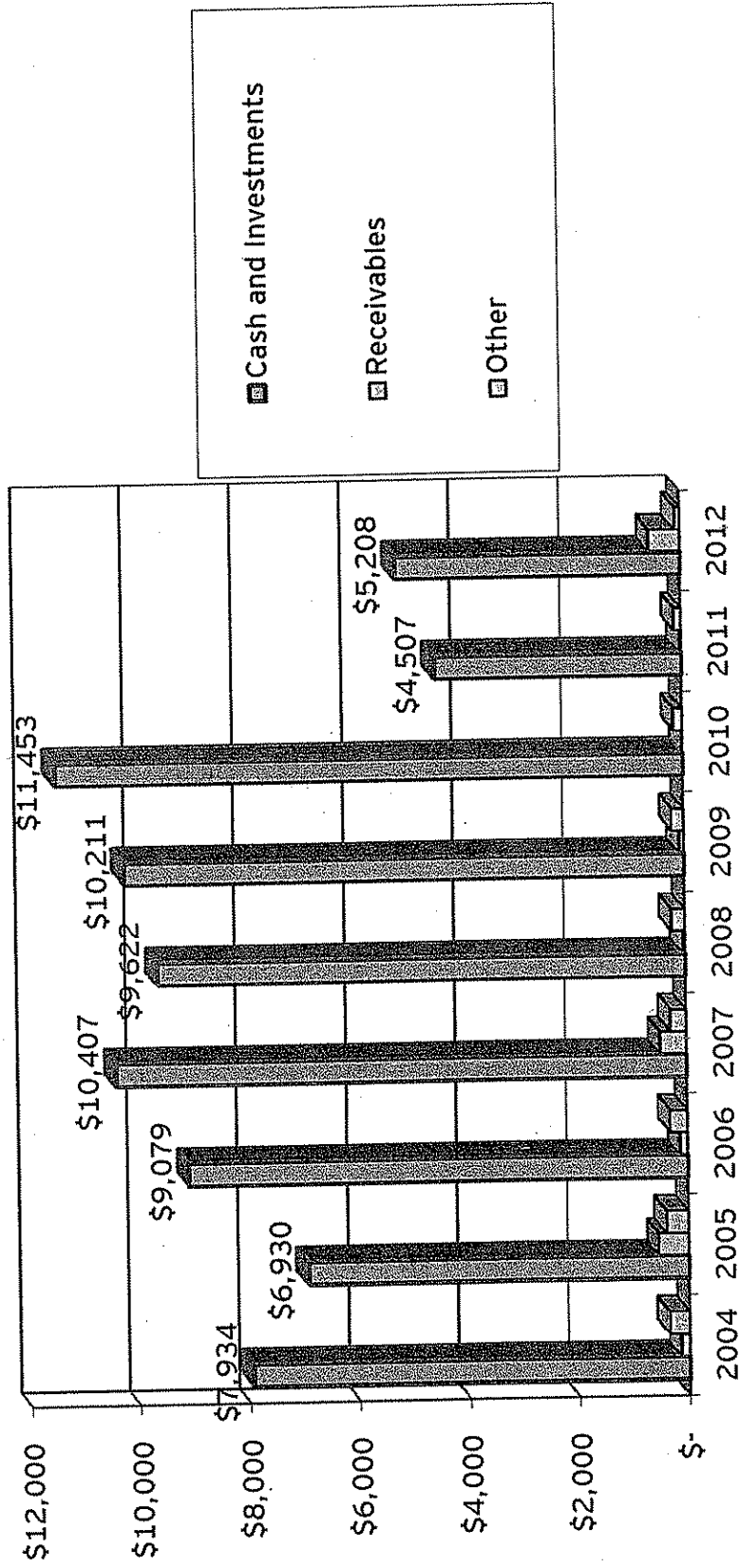
# NJ Educational Facilities Authority Analysis of Net Position (2004 - 2012) (in thousands)



\* Net assets includes \$5.5 million the Authority has designated as a reserve.

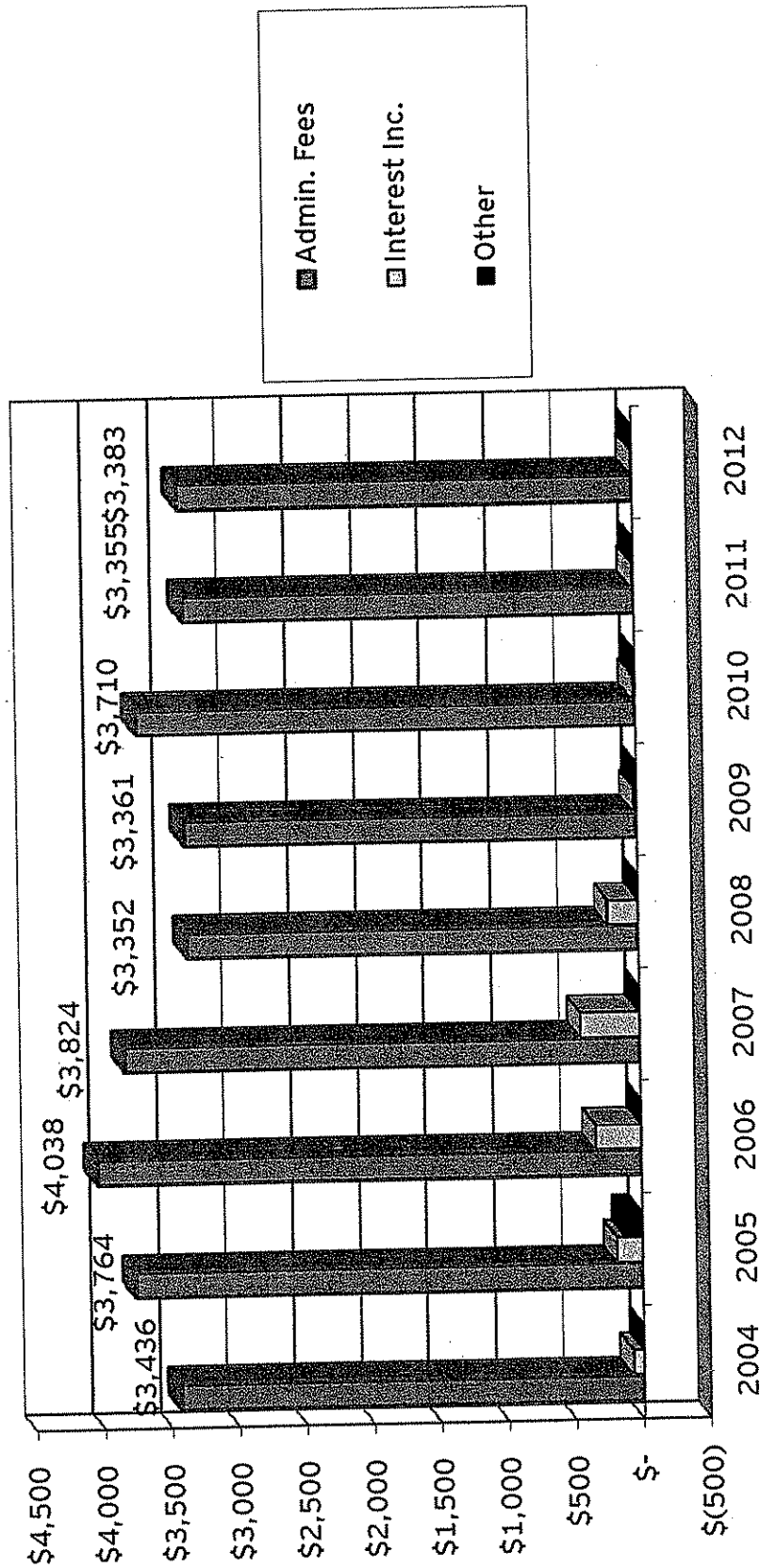
# NJ Educational Facilities Authority

## Components of Total Assets (2004 - 2012) (in thousands)



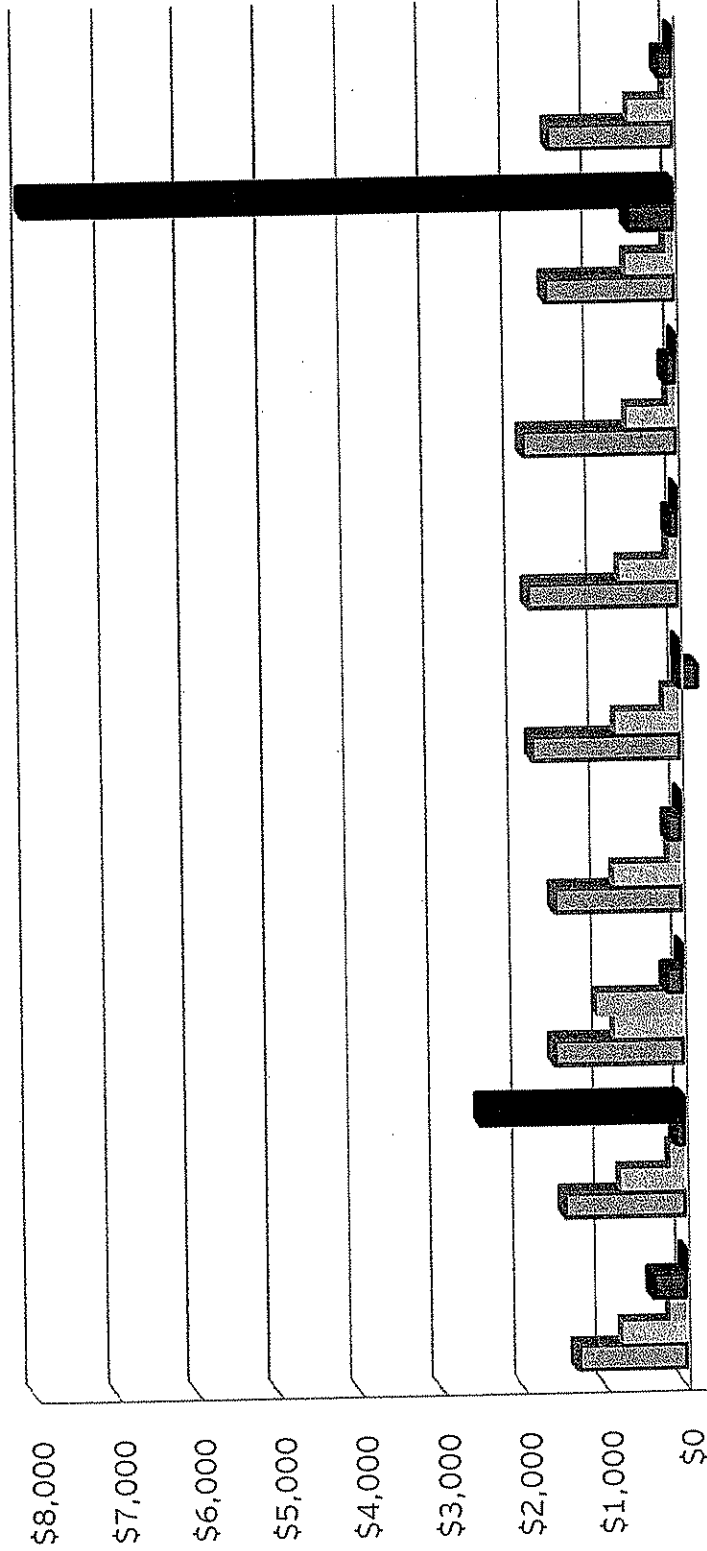
# NJ Educational Facilities Authority

## Analysis of Revenues (2004 - 2012) (in thousands)



# NJ Educational Facilities Authority

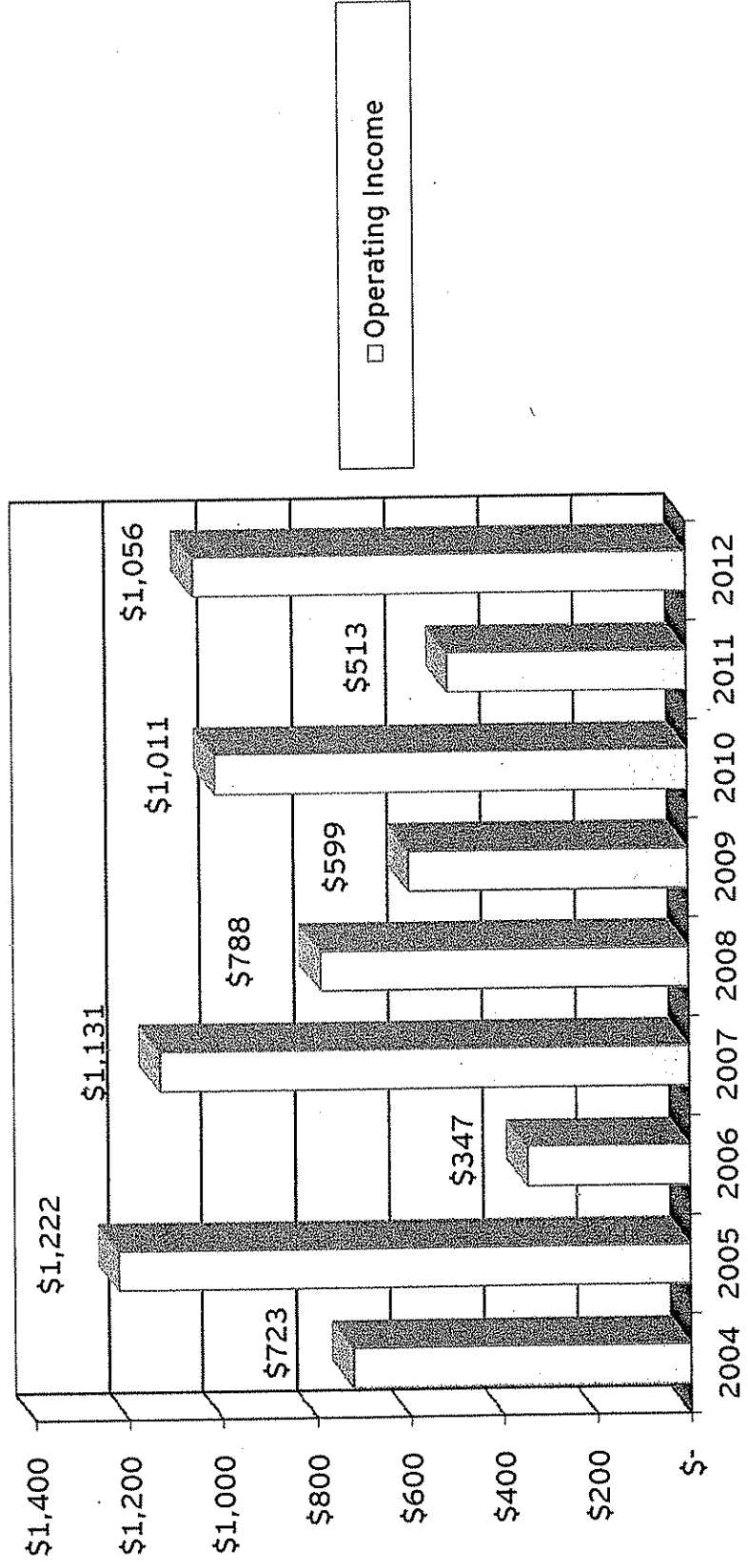
Expenses (2004 - 2012) (in thousands)



	2004	2005	2006	2007	2008	2009	2010	2011	2012
Salaries and related	\$1,337	\$1,480	\$1,585	\$1,565	\$1,817	\$1,840	\$1,885	\$1,588	\$1,532
G&A	788	793	850	834	793	716	602	592	538
Professional fees	193	171	1,070	138	174	109	92	100	87
Provision for OPEB	395	97	186	156	-221	96	120	562	168
State of NJ Reimbursement	0	2,500	0	0	0	0	0	8,000	0

# NJ Educational Facilities Authority

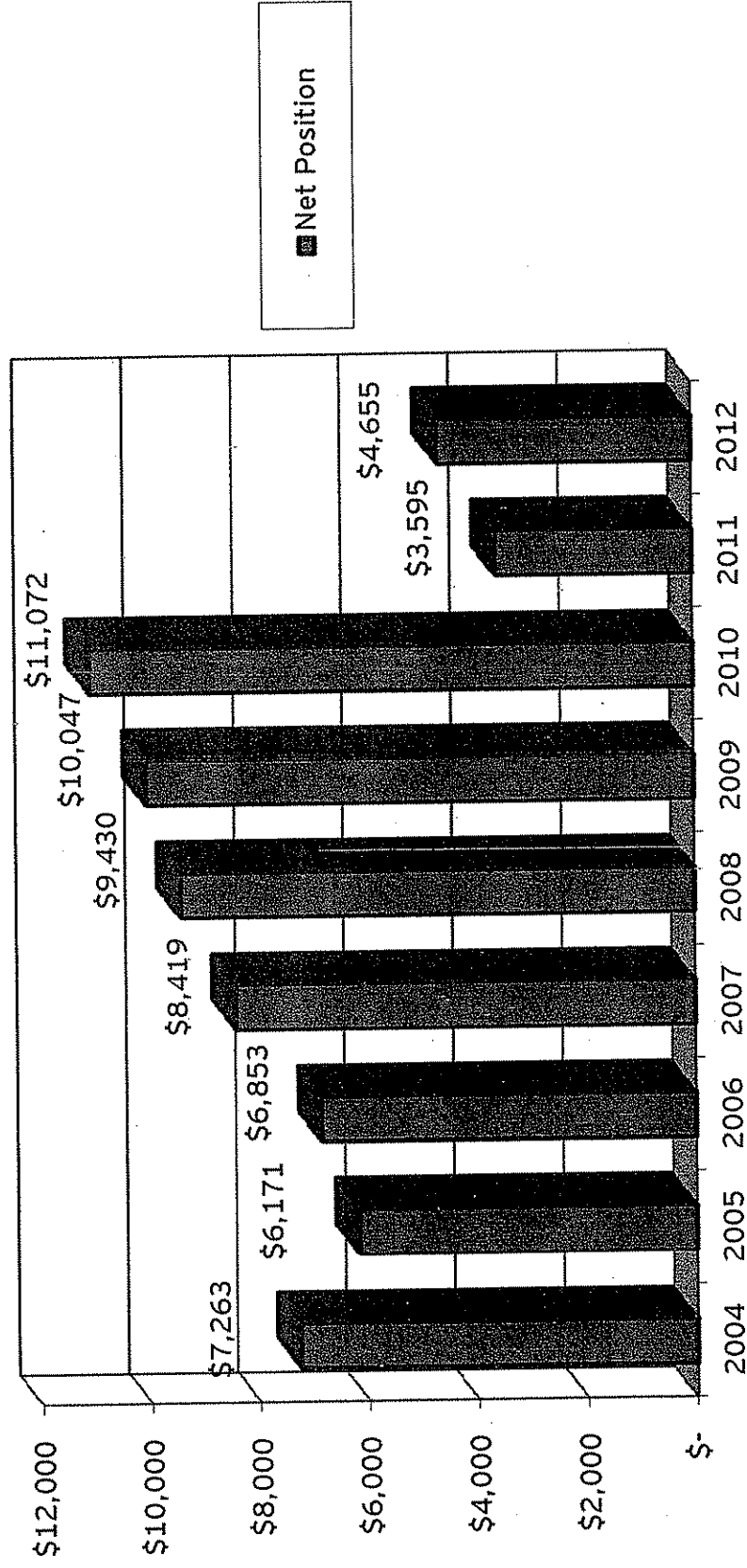
## Operating Income by Year (2004 - 2012) (in thousands)





# NJ Educational Facilities Authority

## Net Position Comparison by Year (2004 - 2012) (in thousands)



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FINANCIAL STATEMENTS AND  
SUPPLEMENTAL FINANCIAL INFORMATION

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)  
Years Ended December 31, 2012 and 2011  
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**



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## Report of Management

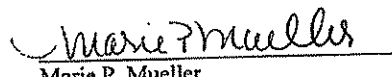
Management of the Authority is responsible for the preparation, integrity, and fair presentation of these financial statements. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States, and, consequently, they reflect certain amounts based upon the best estimates and judgment of management.

The financial statements have been audited by the independent firm of Ernst & Young LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Authority. The independent auditor's opinion is presented on page 2.

The Authority maintains a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, that financial statements are prepared in accordance with accounting principles generally accepted in the United States, that assets of the Authority are properly safeguarded, and that the covenants of all financing agreements are honored. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can provide only reasonable assurance that its goals are achieved.

Consistent with Executive Order No. 122, the Authority, through its Audit and Evaluation Committees, engages the independent auditors. The Audit and Evaluation Committees comprise individuals who are not employees of the Authority, and who meet certain standards of independence and financial expertise. The Audit Committee periodically meets with the independent auditors, and is responsible for assisting the Members of the Authority in overseeing the Authority's compliance with legal, regulatory and ethical requirements, as well as overseeing the integrity and quality of the Authority's financial statements. The independent auditors have unrestricted access to the Audit Committee.

  
Derek S. Hansel  
Executive Director

  
Marie P. Mueller  
Controller

March 12, 2013

### **Required Supplementary Information**

Accounting principles generally accepted in the United States require that management's discussion and analysis and the schedule of funding progress on pages 5 – 7 and page 20, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary and Other Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplemental financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplemental financial information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Authority's internal control over financial reporting and compliance.

*Ernst + Young LLP*

March 12, 2013

## Condensed Financial Information

The following table represents condensed balance sheet information and changes between December 31, 2011 and December 31, 2012 and between December 31, 2010 and December 31, 2012:

	2012	2011	2010	Increase (Decrease) 2011 to 2012	Increase (Decrease) 2010 to 2011
Current assets	\$ 5,785,871	\$ 4,550,043	\$ 11,478,450	27.16%	(60.36%)
Capital assets, net	81,490	110,140	140,939	(26.01%)	(21.85%)
Total assets	5,867,361	4,660,183	11,619,389	25.90%	(59.89%)
Current liabilities	235,102	254,185	292,387	(7.51%)	(13.07%)
Noncurrent liabilities	976,949	810,841	254,632	20.49%	218.44%
Total liabilities	1,212,051	1,065,026	547,019	13.80%	94.70%
Total net position	\$ 4,655,310	\$ 3,595,157	\$ 11,072,370	28.49%	(67.53%)

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Net Position, and changes between 2011 and 2012 and between 2010 and 2011:

	2012	2011	2010	Increase (Decrease) 2011 to 2012	Increase (Decrease) 2010 to 2012
Operating revenues:					
Administrative fees	\$ 3,383,100	\$ 3,355,088	\$ 3,710,465	0.83%	(9.58%)
Total operating revenues	3,383,100	3,355,088	3,710,465		
Operating expenses:					
Salaries and related expenses	1,532,384	1,587,923	1,884,807	(3.50%)	(15.75%)
Provision for postemployment benefits	168,100	562,000	120,000	(70.09%)	368.33%
General expenses	626,107	691,803	694,480	(9.50%)	(.39%)
Total operating expenses	2,326,591	2,841,726	2,699,287	(18.13%)	(5.28%)
Net operating income	1,056,509	513,362	1,011,178	105.80%	(49.23%)
Nonoperating revenues (expenses):					
Investment income	3,644	9,425	14,066	(61.34%)	(32.99%)
Payment to the State of New Jersey	—	(8,000,000)	—	(100.00%)	100.00%
Change in net position	1,060,153	(7,477,213)	1,025,244	(114.18%)	(829.31%)
Net position beginning of year	3,595,157	11,072,370	10,047,126	(67.53)%	10.20%
Net position end of year	\$ 4,655,310	\$ 3,595,157	\$ 11,072,370	29.49%	(67.53%)

## Analysis of Overall Financial Position and Results of Operations

The Authority's solid financial position and strong operating results continued.

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Statements of Net Position

	December 31	
	2012	2011
<b>Assets</b>		
Current assets:		
Cash	\$ 77,838	\$ 94,026
Investments, principally U.S. Government obligations	5,130,603	4,413,444
Fees receivable	564,823	27,147
Prepaid expenses and other assets	12,607	15,426
Total current assets	5,785,871	4,550,043
Noncurrent assets:		
Capital assets, at cost, less accumulated depreciation of \$625,625 and \$590,487 during 2012 and 2011, respectively	81,490	110,140
Total assets	5,867,361	4,660,183
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	235,102	254,185
Noncurrent liabilities:		
Postemployment benefits other than pension	948,580	780,480
Project obligations	28,369	30,361
Total noncurrent liabilities	976,949	810,841
Total liabilities	1,212,051	1,065,026
Net position:		
Invested in capital assets	81,490	110,140
Unrestricted	4,573,820	3,485,017
Total net position	\$ 4,655,310	\$ 3,595,157

*See accompanying notes.*

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Statements of Cash Flows

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities</b>		
Cash received from administrative fees	\$ 2,848,243	\$ 3,337,945
Cash payments for operating expenses	(2,144,428)	(2,280,149)
Net cash provided by operating activities	703,815	1,057,796
<b>Cash flows from investing activities</b>		
Purchase of investments	(7,974,092)	(7,727,132)
Sale and maturity of investments	7,258,092	14,700,150
Investment income	2,485	11,867
Net cash (used in) provided by investing activities	(713,515)	6,984,885
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(6,488)	(12,771)
Payment to State of New Jersey	-	(8,000,000)
Net cash used in capital and related financing activities	(6,488)	(8,012,771)
Net (decrease) increase in cash	(16,188)	29,910
Cash at beginning of year	94,026	64,116
Cash at end of year	\$ 77,838	\$ 94,026
<b>Reconciliation of net operating income to net cash provided by operating activities:</b>		
Net operating income	\$ 1,056,509	\$ 513,362
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	35,138	43,570
Changes in assets and liabilities:		
Fees receivable	(537,676)	(18,837)
Prepaid expenses and other assets	2,819	1,694
Accounts payable and accrued expenses	(19,083)	(38,202)
Project obligations	(1,992)	(5,791)
Postemployment benefits other than pension	168,100	562,000
Net cash provided by operating activities	\$ 703,815	\$ 1,057,796
<b>Supplemental schedule of noncash investing activities</b>		
Change in fair value of investments	\$ 1,159	\$ (2,442)

*See accompanying notes.*



New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)

**2. Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets, which consist of furniture and equipment, are carried at cost and depreciated over their useful lives using the straight-line method.

**Recent Accounting Standard**

In June 2011, GASB issued Statement No. 64, *Derivative Instruments; Application of Hedge Accounting Termination Provisions* ("GASB 64"). The objective of this Statement is to clarify GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as it applies to termination provisions when a counterparty of an interest rate or commodity swap is replaced. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. GASB 64 will not have an impact on the Authority.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"). The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority has not completed the process of evaluating the impact that will result from adopting GASB 65.

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012* ("GASB 66"). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority does not anticipate the implementation of GASB 66 will have an impact on its financial statements.

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)

3. Cash and Investments (continued)

Investments of the Authority comprise the following:

	<u>2012</u>	<u>2011</u>
Investments:		
U.S. Treasury Bills	\$ 5,129,406	\$ 4,392,874
Money Market Mutual Fund	1,197	20,570
Total investments	<u>\$ 5,130,603</u>	<u>\$ 4,413,444</u>

In 2012 and 2011, the Authority had \$1,197 and \$20,570, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury. All investments are carried at fair value.

In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash and Investments.

- (a) Custodial Credit Risk – The Authority’s deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name. The deposit risk is that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority’s investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority and are held by either: the counterparty or the counterparty’s trust department or agent but not in the Authority’s name. The risk is that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At December 31, 2012 and 2011, the Authority’s bank balances were not exposed to custodial credit risk since the full amount was covered by FDIC insurance.

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)

**3. Cash and Investments (continued)**

For the years ended December 31, 2012 and 2011, investment income comprised the following:

	2012	2011
Interest earnings	\$ 2,485	\$ 11,867
Net increase (decrease) in fair value of investments	1,159	(2,442)
	\$ 3,644	\$ 9,425

**4. Retirement Plans**

The Authority's employees participate in the Public Employees Retirement System of New Jersey (PERS), a cost sharing multiple-employer defined benefit plan. The Authority's contribution is determined by State statute and is based upon an actuarial computation performed by the PERS. All benefits are established by State statute. The Authority's required contribution and pension expense for the years ended December 31, 2012, 2011 and 2010 was \$159,649, \$148,697 and \$119,824, respectively. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage range of contributions, as determined by PERS, was 6.64% effective July 2012, 6.5% effective October 2011 and 5.5% prior to that back to 2009.

The PERS is administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employees hired after July 1, 2007 participate in PERS, the defined benefit plan, up to the annual maximum wage for social security. The employee contributions based on wages in excess of the annual maximum wage are contributed to the Defined Contribution Retirement Program (DCRP). The Authority contributes 3% to the participants' accounts on wages in excess of the social security limit.

In addition to the Plans noted above, employees may elect to make tax-deferred contributions to a 457 deferred compensation plan.

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)

**5. Postemployment Benefits Other Than Pension (continued)**

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for fiscal years 2009 through 2012 were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost (Benefit)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$ 168	0.00%	\$ 948
December 31, 2011	562	0.00%	780
December 31, 2010	120	0.00%	218

In April 2008, the Authority established and funded an irrevocable trust in the amount of \$2,000,000 to pay for the employee postemployment medical benefits. At December 31, 2012 and 2011, the fair value of this trust fund was \$1,851,610 and \$1,921,510, respectively. As of December 31, 2012 and 2011, the actuarial liability for benefits was \$2,799,610 and \$2,701,510, respectively, which, due to the establishment of the trust, is now approximately 66% funded. The difference of 34% is reported as a liability on the Authority's books.

The most recent actuarial valuation date is January 1, 2011. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)

**8. Net Position (continued)**

- **Unrestricted** is the remaining net position, which can be further categorized as designated or undesignated. The designated position is not governed by statute or contract but is committed for specific purposes pursuant to Authority policy and/or directives. The designated position includes funds and assets committed to working capital.

**Changes in Net Position**

The changes in net position are as follows:

	<b>Invested in Capital Assets</b>	<b>Unrestricted</b>	<b>Total</b>
Net position at December 31, 2010	\$ 140,939	\$ 10,931,431	\$ 11,072,370
Net position change	-	(7,477,213)	(7,477,213)
Capital asset additions	12,771	(12,771)	-
Depreciation	(43,570)	43,570	-
Net position at December 31, 2011	110,140	3,485,017	3,595,157
Net position change	-	1,060,153	1,060,153
Capital asset additions	6,488	(6,488)	-
Depreciation	(35,138)	35,138	-
Net position at December 31, 2012	<u>\$ 81,490</u>	<u>\$ 4,573,820</u>	<u>\$ 4,655,310</u>

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Statements of Changes in Trustee Held Funds

	Year Ended December 31	
	2012	2011
Funds held in trust at beginning of year	\$ 416,054,612	\$ 549,554,797
Additions:		
Proceeds from sale of bonds and issuance of notes:		
Par amount	240,620,000	370,033,000
Bond premium (discount), net	15,240,523	21,099,221
Annual loan and rental requirements	426,198,785	417,669,848
Investment income	3,464,656	1,938,789
U.S. Government debt service subsidies	1,874,814	1,758,840
Change in investment valuation reserve	(115,562)	(298,012)
Total additions	687,283,216	812,201,686
Deductions:		
Debt service:		
Interest	248,101,741	255,769,946
Principal	176,374,142	165,386,877
Project costs	260,601,859	421,854,266
Issuance costs	1,835,137	1,994,418
Administrative fees	3,385,740	3,353,044
College and university contributions returned	360,257	3,449,309
Transfers to escrow accounts for defeasance of refunded issues	157,360,281	93,894,011
Total deductions	848,019,157	945,701,871
Decrease in funds held in trust	(160,735,941)	(133,500,185)
Funds held in trust at end of year	\$ 255,318,671	\$ 416,054,612

*The accompanying notes to supplemental financial statements are an integral part of this statement.*

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Supplemental Financial Statements

December 31, 2012

**1. Introduction**

Under the terms of the Authority's enabling legislation, the Authority has the power to issue bonds and notes on behalf of public and private institutions of higher education in the State of New Jersey. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

Because the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. The supplemental financial statements presented herein include information pertaining to funds held by Trustees of the various bond and note issuances of the Authority.

**2. Significant Accounting Policies**

The Trustee Held Funds as presented is an agency fund and as such is custodial in nature and does not present results of operations and utilizes the accrual basis of accounting.

**3. Funds Held in Trust**

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Construction funds	\$ 180,265,008	\$ 327,129,535
Debt service funds	2,572,503	1,567,489
Debt service reserve funds	65,808,789	80,653,538
Renewal and replacement accounts	6,672,371	6,704,050
	<u>\$ 255,318,671</u>	<u>\$ 416,054,612</u>

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Supplemental Financial Statements (continued)

**5. Loans and Leases Receivable (continued)**

Restricted fund receivables comprise the following:

	December 31	
	2012	2011
Loans:		
Institute for Advanced Study	\$ 52,915,000	\$ 54,970,000
Princeton University	1,796,772,500	1,818,577,500
Mortgages:		
Caldwell College	17,605,000	18,335,000
Centenary College	36,184,066	37,245,341
College of Saint Elizabeth	21,790,000	22,390,000
Drew University	68,458,571	68,494,915
Fairleigh Dickinson University	90,877,249	94,589,315
Felician College	7,775,000	8,400,000
Georgian Court University	27,046,916	27,955,705
Institute for Defense Analyses	12,680,000	13,185,000
New Jersey Institute of Technology	75,427,500	137,885,000
Princeton Theological Seminary	98,750,000	102,435,000
Rider University	50,247,500	46,455,000
Saint Peter's College	39,211,471	41,169,728
Seton Hall University	104,547,917	111,975,416
Stevens Institute of Technology	75,102,500	76,557,500
University of Medicine and Dentistry of New Jersey	252,045,000	258,075,000
Leases:		
Kean University	344,452,739	353,592,231
Montclair State University	333,135,000	342,705,000
New Jersey City University	129,355,000	131,887,500
Passaic County Community College	13,512,500	13,635,000
Ramapo College of New Jersey	263,650,000	227,575,000
Rowan University (formerly Glassboro State College)	293,787,500	304,832,500
Thomas Edison State College	9,970,238	10,642,805
The College of New Jersey	353,810,000	360,825,000
The Richard Stockton College of New Jersey	237,489,000	243,336,500
The William Paterson University of New Jersey	169,752,500	157,587,500
Higher Education Capital Improvement Fund	358,095,000	384,265,000
County College Capital Projects Fund	4,475,000	6,575,000
Dormitory Safety Trust Fund	23,240,000	28,880,000
Library Grant Program	29,220,000	31,465,000
	<b>\$ 5,391,380,667</b>	<b>\$ 5,536,499,456</b>



New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Supplemental Financial Statements (continued)

**6. Bonds, Notes and Leases Payable (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2012	2011
<b>Bonds Payable (continued)</b>					
Higher Education Capital					
Improvement Fund:					
Series 2000 A	\$ 132,800,000	9/1/2020	5.242%	\$ —	\$ 6,795,000
Series 2000 B	145,295,000	9/1/2020	5.003%	—	7,595,000
Series 2002 A	194,590,000	9/1/2022	4.599%	3,890,000	11,470,000
Series 2004 A	76,725,000	9/1/2024	4.352%	33,875,000	37,215,000
Series 2005 A	169,790,000	9/1/2019	4.121%	168,030,000	168,310,000
Series 2006 A	155,460,000	9/1/2024	4.421%	152,300,000	152,880,000
Institute for Advanced Study:					
2001 Series A	11,000,000	7/1/2031	5.101%	1,940,000	2,215,000
2006 Series B	29,600,000	7/1/2031	3.990%	27,500,000	28,400,000
2006 Series C	20,000,000	7/1/2036	Variable	18,000,000	18,400,000
2008 Series C	11,255,000	7/1/2021	3.619%	5,475,000	5,955,000
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	Variable	12,680,000	13,185,000
Kean University:					
Series 1998 B	25,995,000	7/1/2027	4.872%	5,345,000	5,805,000
Series 2003 D	75,000,000	7/1/2033	4.811%	9,885,000	11,615,000
Series 2005 B	101,915,000	7/1/2037	4.681%	20,945,000	23,145,000
Series 2007 D	117,795,000	7/1/2039	4.553%	112,055,000	114,040,000
Series 2009 A	179,380,000	9/1/2036	6.404%	179,380,000	179,380,000
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	29,220,000	31,465,000
Montclair State University:					
Series 2002 F	78,500,000	7/1/2032	4.489%	20,125,000	22,375,000
Series 2003 E	23,425,000	7/1/2033	4.445%	18,100,000	18,100,000
Series 2003 L	94,540,000	7/1/2034	4.541%	25,645,000	27,800,000
Series 2006 A	98,090,000	7/1/2036	4.816%	88,705,000	90,650,000
Series 2006 B	9,970,000	7/1/2012	4.133%	—	2,180,000
Series 2006 J	154,110,000	7/1/2034	4.300%	153,595,000	154,110,000
Series 2007 A	6,150,000	7/1/2021	4.022%	5,050,000	5,475,000
Series 2008 J	27,545,000	7/01/2038	5.100%	26,480,000	27,020,000

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Supplemental Financial Statements (continued)

**6. Bonds, Notes and Leases Payable (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2012	2011
<b>Bonds Payable (continued)</b>					
Ramapo College of New Jersey:					
Series 1998 G	\$ 16,845,000	7/1/2028	4.832%	\$ —	7,685,000
Series 2002 H	28,655,000	7/1/2032	4.485%	—	14,695,000
Series 2002 I	2,145,000	7/1/2032	4.485%	—	1,050,000
Series 2002 J	29,620,000	7/1/2032	4.485%	—	15,195,000
Series 2003 F	1,820,000	7/1/2013	3.257%	255,000	495,000
Series 2003 G	9,300,000	7/1/2013	3.110%	800,000	1,575,000
Series 2003 H	18,930,000	7/1/2029	4.346%	16,705,000	17,365,000
Series 2004 E	53,980,000	7/1/2034	4.630%	12,395,000	13,140,000
Series 2006 D	49,085,000	7/1/2036	4.521%	33,845,000	34,925,000
Series 2006 I	106,820,000	7/1/2036	4.417%	105,490,000	105,835,000
Series 2011 A	19,090,000	7/1/2021	3.325%	17,470,000	19,090,000
Series 2012 B	80,670,000	7/1/2042	3.689%	80,670,000	—
Rider University:					
2002 Series A	27,560,000	7/1/2017	4.709%	—	13,960,000
2004 Series A	14,735,000	7/1/2034	5.301%	—	13,075,000
2007 Series C	22,000,000	7/1/2037	5.172%	—	20,830,000
2012 Series A	52,020,000	7/1/2037	3.741%	52,020,000	—
Rowan University (formerly Glassboro State College):					
Series 1983 D	3,500,000	7/1/2013	3.000%	180,000	355,000
Series 2002 K	14,920,000	7/1/2033	4.866%	—	340,000
Series 2003 I	64,910,000	7/1/2030	4.714%	1,955,000	3,815,000
Series 2004 C	61,275,000	7/1/2034	4.697%	4,525,000	6,655,000
Series 2005 D	51,840,000	7/1/2030	4.532%	47,525,000	49,280,000
Series 2006 G	69,405,000	7/1/2031	4.362%	63,585,000	65,090,000
Series 2007 B	121,355,000	7/1/2034	4.266%	117,340,000	118,650,000
Series 2008 B	35,205,000	7/1/2027	4.839%	35,205,000	35,205,000
Series 2011 C	30,045,000	7/1/2025	3.705%	28,410,000	30,045,000

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Supplemental Financial Statements (continued)

**6. Bonds, Notes and Leases Payable (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2012	2011
<b>Bonds Payable (continued)</b>					
University of Medicine and Dentistry of New Jersey:					
Series 2009 B	\$ 258,075,000	12/1/2032	7.472%	\$ 252,045,000	\$ 258,075,000
The William Paterson University of New Jersey:					
Series 2002 E	42,125,000	7/1/2027	4.714%	—	15,455,000
Series 2004 A	30,035,000	7/1/2028	4.131%	2,300,000	21,855,000
Series 2005 E	42,295,000	7/1/2030	4.546%	37,580,000	39,030,000
Series 2008 C	88,670,000	7/1/2038	4.724%	82,235,000	84,150,000
Series 2012 C	33,815,000	7/1/2042	2.955%	33,815,000	—
Series 2012 D	21,860,000	7/1/2028	2.489%	17,290,000	—
<b>Notes Payable</b>					
Princeton University:					
Various Commercial Paper	120,000,000*	N/A	Variable	46,100,000	17,570,000
<b>Leases Payable</b>					
Kean University	916,666	6/1/2014	4.064%	50,239	169,731
Kean University	10,000,000	7/1/2020	3.140%	7,750,000	8,750,000
Kean University	15,000,000	2/15/2021	2.820%	12,375,000	13,875,000
Thomas Edison State College	1,800,000	3/8/2012	3.647%	—	38,708
Thomas Edison State College	2,700,000	9/28/2022	Variable	764,235	1,151,388
Thomas Edison State College	700,000	9/14/2015	2.370%	395,232	532,691
Thomas Edison State College	948,000	7/1/2019	2.427%	810,772	920,018
Treasurer, State of New Jersey, Series 1999 A	19,295,000	9/1/2014	4.705%	840,000	1,225,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	800,000	1,180,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	1,360,000	2,000,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	770,000	1,130,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	350,000	515,000
Hudson County Community College (Chapter 78), Series 1999 G	2,035,000	9/1/2014	5.177%	355,000	525,000
				<u>\$ 5,436,335,251</u>	<u>\$ 5,581,781,540</u>

\* Maximum authorized amount.

\*\* Build America Bond

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Supplemental Financial Statements (continued)

**7. Refunded Bond Issues (continued)**

Refunded bonds outstanding at December 31, 2012 comprise the following:

Issue	Principal Amount Outstanding December 31, 2012	Refunded Issues		Debt Service Savings	Refunding Issues		
		Principal Amount Refunded	Call Date		Date of Issuance	Issue	Original Amount of Issue
Higher Educational Capital Improvement Fund Series 2002 A	\$ --	\$ 41,850,000	9/1/2012	\$ 5,080,385	8/10/2005	Series 2005 A	\$ 169,790,000
Princeton University 2003 Series E	25,000,000	25,000,000	7/1/2013	4,243,735	4/12/2005	2005 Series A	139,590,000
2004 Series D	31,470,000	31,470,000	7/1/2014				
The William Paterson University of New Jersey Series 2002 E	--	11,305,000	7/1/2012	1,420,584	11/10/2005	Series 2005 E	42,295,000
Princeton University 2003 Series E	5,950,000	5,950,000	7/1/2013	2,755,549	8/10/2006	2006 Series E	45,500,000
2004 Series D	49,045,000	49,045,000	7/1/2014				
2005 Series B	7,820,000	7,820,000	7/1/2015				
Rowan University Series 2002 K	--	4,805,000	7/1/2012	738,003	11/16/2006	Series 2006 G	69,405,000
Series 2003 I	17,225,000	17,385,000	7/1/2013				
Higher Education Capital Improvement Fund Series 2002 A	--	102,810,000	9/1/2012	4,438,363	10/26/2006	Series 2006 A	155,460,000
Series 2004 A	22,760,000	22,760,000	9/1/2014				
Ramapo College of New Jersey Series 2002 H	--	8,795,000	7/1/2012	3,510,943	11/28/2006	Series 2006 I	106,820,000
Series 2002 I	--	615,000	7/1/2012				
Series 2002 J	--	8,835,000	7/1/2012				
Series 2004 E	40,300,000	40,300,000	7/1/2014				
Series 2006 D	11,145,000	11,145,000	7/1/2016				
Montclair State University Series 2002 F	43,775,000	56,125,000	7/1/2015	6,194,157	12/14/2006	Series 2006 J	154,110,000
Series 2003 L	55,500,000	64,290,000	7/1/2014				
New Jersey City University Series 2002 A	--	11,785,000	7/1/2012	696,503	4/4/2007	Series 2007 F	17,910,000
Kean University Series 2003 D	54,420,000	60,395,000	7/1/2013	14,985,307	4/13/2007	Series 2007 E	156,240,000
Series 2005 B	71,035,000	77,530,000	7/1/2016				

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

Notes to Supplemental Financial Statements (continued)

**7. Refunded Bond Issues (continued)**

Issue	Principal Amount Outstanding December 31, 2012	Refunded Issues		Debt Service Savings	Refunding Issues		
		Principal Amount Refunded	Call Date		Date of Issuance	Issue	Original Amount of Issue
The William Paterson University of New Jersey Series 2002 E	\$ -	\$ 14,330,000	12/5/2012	\$ 2,797,672	10/30/2012	Series 2012 C	\$ 33,815,000
The William Paterson University of New Jersey Series 2004 A	18,240,000	18,240,000	7/1/2014	1,784,731	10/30/2012	Series 2012 D	17,290,000
Rowan University Series 2001 C	-	37,140,000	7/1/2011	3,831,495	5/25/2011	Series 2011 C	30,045,000

\* Debt restructuring

\*\*Not NJEFA refunding bonds

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ernst + Young LLP*

March 12, 2013

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
2013 BUDGET VARIANCE ANALYSIS  
FOR TWO MONTHS ENDED FEBRUARY 28, 2013**

**Executive Summary**

The NJEFA concluded February with year-to-date net operating income in the amount of \$193,529, based on revenues of \$538,853 and expenses of \$345,324. As a result, net operating income is higher than budgeted by \$95,119. This difference is primarily a result of less than budgeted expenses.

**Revenues**

Revenues were close to the budgeted amount through February.

**Expenses**

Operating expenditures for the first two months of the year were favorable as compared to budget by \$95,036. Most of the line items display positive deviations and are primarily the result of staff vacancies and timing.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
ACTUAL vs. BUDGET REPORT  
FEBRUARY 2013**

	Month Ended February 28, 2013			Two Months Ended February 28, 2013		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b><u>Operating Revenues</u></b>						
Annual Administrative Fees	\$269,160	\$269,160	\$ -	\$538,320	\$ 538,320	\$ -
Initial Fees	-	-	-	-	-	-
Investment Income	57	225	(168)	533	450	83
	<u>\$ 269,217</u>	<u>\$269,385</u>	<u>\$ (168)</u>	<u>\$ 538,853</u>	<u>\$ 538,770</u>	<u>\$ 83</u>
<b><u>Operating Expenses</u></b>						
Salaries	\$85,096	\$101,622	\$ 16,526	\$ 169,748	\$ 203,075	\$ 33,327
Employee Benefits	25,038	30,000	4,962	49,894	60,000	10,106
Provision for Post Ret. Health Benefits	15,142	15,142	-	30,284	30,284	-
Office of The Governor	2,167	2,167	-	4,334	4,334	-
Office of The Attorney General	126	4,667	4,541	726	9,334	8,608
Sponsored Programs	-	500	500	-	1,000	1,000
Telephone	1,195	1,667	472	1,195	3,334	2,139
Gasoline & Auto Maintenance	342	417	75	684	834	150
Rent	18,360	20,500	2,140	36,719	41,000	4,281
Utilities	1,686	1,792	106	3,373	3,584	211
Postage	93	375	282	114	750	636
Office Supplies & Expenses	2,007	3,250	1,243	2,772	6,500	3,728
Travel & Official Receptions	217	1,667	1,450	217	3,334	3,117
Staff Training & Tuition Reimbursement	375	1,750	1,375	375	3,500	3,125
Insurance	2,101	2,101	-	4,202	4,202	-
Annual Report & Newsletters	465	2,333	1,868	465	4,666	4,201
Public Relations	189	625	436	189	1,250	1,061
Professional Services	17,627	24,917	7,290	17,627	25,334	7,707
Dues & Subscriptions	977	3,045	2,068	12,347	14,545	2,198
Data Processing	3,500	3,750	250	3,500	7,500	4,000
Maintenance of Equipment	1,393	3,417	2,024	1,393	6,834	5,441
Depreciation	2,583	2,583	-	5,166	5,166	-
Contingency	-	-	-	-	-	-
	<u>180,679</u>	<u>228,287</u>	<u>47,608</u>	<u>345,324</u>	<u>440,360</u>	<u>95,036</u>
<b>Net Operating Income</b>	<u>\$ 88,538</u>	<u>\$ 41,098</u>	<u>\$ 47,440</u>	<u>\$ 193,529</u>	<u>\$ 98,410</u>	<u>\$ 95,119</u>



**New Jersey Educational Facilities Authority**  
**Summary of Construction Funds**  
**As of February 28, 2013**

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<b><u>Private</u></b>						
* Princeton University	2011 Series B	Various Construction & Renovations	\$ 265,292,710.35	\$ (256,994,555.39)	\$ 8,298,154.96	97%
Rider University	2012 Series A	Capital Improv. for energy efficiency	10,411,400.27	(2,541,536.12)	7,869,864.15	24%
Sub Total			\$ 275,704,110.62	\$ (259,536,091.51)	\$ 16,168,019.11	
<b><u>Public</u></b>						
Kean University	Series 2005 B	Various Projects & Renovations	\$ 91,383,145.08	\$ (79,334,100.90)	\$ 12,049,044.18	87%
Kean University	Series 2007 D	2 Residence Halls, Dining, Parking	124,287,050.02	(95,158,841.06)	29,128,208.96	77%
The College of New Jersey	Series 2010 A&B	Construct School of Education	44,293,116.12	(32,977,886.53)	11,315,229.59	74%
New Jersey City University	Series 2010 F	Various Capital Improvements	14,717,070.83	(5,151,062.92)	9,566,007.91	35%
New Jersey City University	Series 2010 G	Various Capital Improvements	18,201,075.23	(14,015,276.47)	4,185,798.76	77%
New Jersey Institute of Technology	Series 2010 I	Acqu., Renov., & Equip Former H.S.	20,336,331.08	(17,824,238.22)	2,512,092.86	88%
Ramapo College of New Jersey	Series 2011 A	Renovation of Student Center	8,165,446.46	(7,670,492.89)	494,953.57	94%
Thomas Edison State College	Series 2011 D	Renovation of Kuser Mansion	8,000,000.00	(5,080,643.30)	2,919,356.70	64%
Ramapo College of New Jersey	Series 2012 B	Refunds & Renov to Coll. Park Apts	48,212,359.94	(4,156,183.30)	44,056,176.64	9%
William Paterson University of New Jersey	Series 2012 C&D	Var. Cap. Improv & Ref. 2002 E & 2004 A	22,296,561.18	(1,262,562.70)	21,033,998.48	6%
Sub Total			\$ 399,892,155.94	\$ (262,631,288.29)	\$ 137,260,867.65	
<b><u>Other Programs</u></b>						
Public Library Grant Program	Series 2002 A	Library Grants	\$ 45,380,714.58	\$ (45,308,109.58)	\$ 72,605.00	> 99%
Sub Total			\$ 45,380,714.58	\$ (45,308,109.58)	\$ 72,605.00	
<b>Grand Total</b>			\$ 720,976,981.14	\$ (567,475,489.38)	\$ 153,501,491.76	

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

# NJFEA Operating Account - Vendor Payments February 2013

Type	Date	Num	Name	Memo	Account	Amount
Check	02/01/2013	9697	100 & RW CRA, LLC	Inv 079032, 079033, 079034	Rent, Utilities	20,836.67
Check	02/01/2013	9699	NJ Economic Development Authority	February 2013 coverage	Employee Benefits	1,375.06
Check	02/01/2013	9700	Luigi DiMeglio LLC	Inv 8116	Travel & Official Receptions	76.45
Check	02/01/2013	9702	Toles, Sheila R.	Employee Benefits	Employee Benefits	70.00
Check	02/01/2013	9703	Perna's Plant and Flower Shop, Inc.	Inv 1060	Office Supplies and Expenses	85.00
Check	02/01/2013	9704	Lexis Nexis Matthew Bender	Inv 42540240, Fed Securities Mun Bonds	Dues & Subscriptions	129.94
Check	02/01/2013	9705	Ricoh USA, Inc.	Inv 5024697007	Equipment Maintenance	196.09
Check	02/05/2013	EFT	NJSHBP	ID 150400 02/13	Employee Benefits	19,546.95
Check	02/05/2013	EFT	NJSHBP	ID 150400 02/13	Provision for Post Retirement Benefits	5,018.59
Check	02/11/2013	9706	SS&C Technologies, Inc	INV355057	Data Processing	3,500.00
Check	02/11/2013	9707	Government News Network	Inv 63674-G	Dues & Subscriptions	295.00
Check	02/11/2013	9708	The Times	Inv 103536828-01112013	Office Supplies and Expenses	7.54
Check	02/11/2013	9709	The Star-Ledger	Inv 103536439-01102013	Office Supplies and Expenses	20.88
Check	02/11/2013	9710	UPS	Inv 2Y687X033, 2Y687X053	Postage	88.69
Check	02/11/2013	9711	R.S. Ruggles & Co. Inc.	Inv 231858	Office Supplies and Expenses	190.33
Check	02/11/2013	9712	NJBIA (Yrly Subscrip)	Inv 5145499635 Annual Dues 04/2013 - 03/2014	Dues & Subscriptions	185.00
Check	02/11/2013	9713	Drew and Rogers, Inc.	Inv 343620, 343621	Newsletters, Office Supplies & Expenses	823.93
Check	02/11/2013	9714	Staples Business Advantage	Inv 3191217049, 3192185005, 3192185006	Office Supplies and Expenses	597.79
Check	02/11/2013	9715	DocuSafe	Inv 52971	Office Supplies and Expenses	93.80
Check	02/11/2013	9716	Neopost -Rate Change	Inv 49532268 - Rate Change Protection 03/2013 - 02/2014	Office Supplies and Expenses	275.04
Check	02/11/2013	9717	Bond Logistix, LLC.	Inv 41612-5683/012813 WPU 2002E Final	Professional Services	1,400.00
Check	02/11/2013	9718	Princeton Healthcare System	Inv 3383	Employee Benefits	91.00
Check	02/11/2013	9719	Luigi DiMeglio LLC	Inv 8113	Travel & Official Receptions	140.42
Check	02/11/2013	9720	20/20 Business Solutions, Inc.	Inv 486859	Equipment Maintenance	598.51
Check	02/11/2013	9721	AT Conference	Inv 5236334-0113	Telephone	47.99
Check	02/11/2013	9722	New Jersey City University	Wachovia Bank Municipal Derivative Settlement	Accounts Payable	22,293.34
Check	02/11/2013	9723	Rowan University	Wachovia Bank Municipal Derivative Settlement	Accounts Payable	50,689.80
Check	02/11/2013	9724	William Paterson University	Wachovia Bank Municipal Derivative Settlement	Accounts Payable	18,006.23
Check	02/11/2013	9725	Ramapo College	Wachovia Bank Municipal Derivative Settlement	Accounts Payable	233,702.36
Check	02/11/2013	9726	Rider University	Wachovia Bank Municipal Derivative Settlement	Accounts Payable	18,089.00
Check	02/25/2013	9727	Ernst & Young	Inv US0130755105	Professional Services	17,200.00
Check	02/25/2013	9728	Lynda.com, Inc.	Inv 8331215	Staff Training & Tuition Reimbursement	375.00
Check	02/25/2013	9729	Office of Information Technology	FY 2013 Annual Maintenance Fee	Public Relations	189.00
Check	02/25/2013	9730	Polar Spring Water	Inv 23917	Office Supplies and Expenses	89.85
Check	02/25/2013	9731	UPS	Inv 2Y687X073, 2Y687X063	Postage	115.71
Check	02/25/2013	9732	20/20 Business Solutions, Inc.	Inv 48571	Equipment Maintenance	598.51
Check	02/25/2013	9733	Staples Business Advantage	Inv 3183441244, 3183441245	Office Supplies and Expenses	274.63
Check	02/25/2013	9734	The Star-Ledger	Inv 103546152-02062013	Office Supplies and Expenses	13.92
Check	02/25/2013	9735	Lexis Nexis	Inv 1301230929	Electronic Subscriptions	292.00
Check	02/25/2013	9736	Line Systems, Inc.	Inv 66054130215	Telephone	1,039.56
Check	02/25/2013	9737	Verizon Wireless	Inv 6846988712	Telephone	107.33
Check	02/25/2013	9738	Treasurer, State of New Jersey - Auto	Acct #100-997-0029-001, Jan 2013	Accounts Payable	342.00
Check	02/25/2013	9739	Higher Education Publications, Inc.	Inv 91383	Dues & Subscriptions	75.00
						419,183.91

# NJFEA Operating Account - Vendor Payments January 2013

Type	Date	Num	Name	Memo	Account	Amount
Check	01/01/2013	9657	100 & RW CRA, LLC	Inv 078530, 078531, 078532	Rent, Utilities	20,836.67
Check	01/04/2013	EFT	NJSHBP	ID 150400 01/13	Employee Benefits	19,546.95
Check	01/04/2013	EFT	NJSHBP	ID 150400 01/13	Provision for Post Retirement Benefits	5,018.59
Check	01/07/2013	9667	DocuSafe	Inv 52198	Accounts Payable	93.80
Check	01/07/2013	9668	SS&C Technologies, Inc	INV353424	Accounts Payable	3,500.00
Check	01/07/2013	9669	AT Conference	Inv 481887-1212	Accounts Payable	33.32
Check	01/07/2013	9670	20/20 Business Solutions, Inc.	Inv 48650	Accounts Payable	598.51
Check	01/07/2013	9671	The Times	Inv 103527445-12132012	Accounts Payable	5.51
Check	01/07/2013	9672	UPS	Inv 2Y687X522	Accounts Payable	16.54
Check	01/07/2013	9673	Middleton, Kristen E.	Employee Reimbursement - Travel 6/14/2012-12/13/2012	Accounts Payable	66.60
Check	01/07/2013	9674	Roger Jacobs	Expense Reimbursement - Travel 08/28/12-12/11/12	Accounts Payable	289.89
Check	01/07/2013	9675	Stift, Sheryl A.	Employee Reimbursement & Employee Benefits	Accounts Payable	360.00
Check	01/07/2013	9676	The Star-Ledger	Inv 103527396-12142012	Accounts Payable	23.20
Check	01/07/2013	9677	Carroll, Denise K.	Employee Reimbursement	Accounts Payable	1,970.56
Check	01/07/2013	9678	NJ Economic Development Authority	January 2013 Coverage	Employee Benefits	1,375.06
Check	01/07/2013	9679	Wolters Kluwer Law & Business	Inv 88054713 - APA Guide to Payroll 2013	Dues & Subscriptions	415.00
Check	01/07/2013	9680	BNA	Order No. 10839016, 10836066	Dues & Subscriptions	6,955.00
Check	01/07/2013	9681	Standard & Poor's	Inv 34196474	Dues & Subscriptions	3,000.00
Check	01/15/2013	EFT	Bank of America	2012 Acct Analysis Fee	Accounts Payable	1,906.43
Check	01/23/2013	9682	Government News Network	Inv 63385-G	Accounts Payable	285.00
Check	01/23/2013	9683	Staples Business Advantage	Inv 3188799037	Accounts Payable	324.17
Check	01/23/2013	9684	Lexis Nexis	Inv 1212231094	Accounts Payable	292.00
Check	01/23/2013	9685	Northside News Service	Nov-Dec 2012	Accounts Payable	55.50
Check	01/23/2013	9686	Line Systems, Inc.	Inv 66054130115	Accounts Payable	1,028.71
Check	01/23/2013	9687	Treasurer, State of New Jersey - Auto	Acct #100-997-0029-001, Dec 2012	Accounts Payable	342.00
Check	01/23/2013	9688	Thomson Reuters (Markets) LLC	Inv 90874623	Dues & Subscriptions	631.00
Check	01/23/2013	9689	LaMarsh, Jennifer	Employee Reimbursement	Office Supplies and Expenses	39.49
Check	01/23/2013	9690	Pollifax	Inv 5786	Dues & Subscriptions	369.00
Check	01/23/2013	9691	US Bank	Inv 3292217	Public Library Project Oblig.	3,232.50
Check	01/23/2013	9692	Mueller, Marie P	Employee Benefits	Employee Benefits	213.00
Check	01/23/2013	9693	Innovative Awards	Inv 20801	Office Supplies and Expenses	88.50
Check	01/23/2013	9694	UPS	Inv 2Y687X023	Postage	20.75
Check	01/23/2013	9695	Karsay Coffee Dist.	Inv IN168138	Office Supplies and Expenses	101.86
Check	01/23/2013	9696	CDW Government, Inc.	Inv W050335, W120635	Office Supplies and Expenses	534.71
Check	01/23/2013	9698	Princeton University - Other	JPMorgan Chase Municipal Derivative Settlement	Accounts Payable	57,264.04
						<u>130,833.86</u>