

103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540
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**MINUTES OF THE MEETING OF THE
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY
ON TUESDAY, OCTOBER 26, 2010**

The meeting was called to order at 10:35 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 October 14, 2010, 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)
Steven D. Weinstein, Chair, Comm. on Higher Education (represented by Glenn Lang)

AUTHORITY MEMBERS ABSENT:

Joshua Hodes, Treasurer

STAFF PRESENT:

Mary Jane Darby, Acting Executive Director
Barbara Cannon, Deputy Executive Director
Marie Mueller, Controller
Sheryl Stitt, Director of Communications
Katherine Newell, Esq., Director of Risk Management
Kristen Middleton, Assistant Controller
Jennifer Soyka, Esq., Project Manager
Jennifer LaMarsh, Project/Communications Assistant
Nichole Doxey, Communications Specialist
Jamie O'Donnell, Accountant
Denise Carroll, Administrative Assistant
Sheila Toles, Exec. Assistant/Human Resources Specialist

ALSO PRESENT:

Amanda Modjeska, Raymond James & Associates
Anthony Inverso, Phoenix Advisors, LLC
Arthur Powell, Powell Capital Markets, Inc.
Benjamin Wolfe, ButcherMark Financial Advisors LLC
Brian Burke, RBC Capital Markets
Chapman Grumbles, J.P. Morgan Securities, Inc.
Charles Visconsi, Morgan Stanley & Co., Inc.
Christoph Muelbert, Barclays Capital, Inc.
Clifford Rones, Esq., Deputy Attorney General
Craig Hrinkevich, Wells Fargo Securities
David Reiner, Esq., Governor's Authorities Unit
Eileen Foley, Lebenthal & Company, LLC
Frank Oh, Stifel, Nicolaus & Company, Inc.
Grant Kawaguchi, Barclays Capital, Inc.
Harper Watters, Merrill Lynch & Co.
James Fagan, NW Capital Markets, Inc.
John Cavaliere, Esq., McManimon & Scotland, LLC
John Draikiwicz, Gibbons P.C.
John Lisica, BB&T Capital Markets
Katherine Clupper, Public Financial Management, Inc.
Rebecca Delia, PNC Capital Markets, Inc.
Richard Levao, President, Bloomfield College
Richard Lopatin, Acacia Financial Group, Inc.
Robert Polakowski, Assoc. of Independent Colleges and Universities in New Jersey
Susan Schmelzer, Jefferies First Albany
William Mayer, Esq., DeCotiis, Fitzpatrick, Cole & Wisler, LLP

ITEMS OF DISCUSSION

1. Guest Speaker, President Richard Levao, Bloomfield College

Mr. Levao gave an informative report on the economic impact study entitled *Partners for Prosperity: New Jersey and Higher Education* commissioned by the New Jersey Presidents' Council.

2. Approval of the Minutes of the Meeting of September 28, 2010

The minutes of the meeting of September 28, 2010 were hand delivered to Governor Chris Christie under the date of September 29, 2010. Mr. Hutchinson moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Petrecca and passed unanimously.

3. Report on Pending Projects

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

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

4. **Approval of Resolution and Form of Legal Documents for the Sale of NJEFA Revenue Bonds, Drew University Issue, 2010 Series C, In an Amount Not to Exceed \$17,000,000**

Ms. Darby reported the details of the proposed 2010 Series C bonds in an amount not to exceed \$17,000,000 on behalf of Drew University. The proceeds of the issue will be used to provide funds for the refunding of a portion of the Authority's outstanding 2003 Series C and 2007 Series D bonds; acquisition and installation of an administrative computing system; renovations to the University Center; and certain costs of issuance.

The financing is structured as a direct purchase with an interest rate not to exceed 4.50%. The issue is tentatively scheduled to close by November 15, 2010.

Mr. Cavaliere of McManimon & Scotland, LLC, Bond Counsel, described the resolution presented for approval.

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

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF REVENUE BONDS, DREW UNIVERSITY ISSUE, 2010 SERIES C, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$17,000,000 OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A BOND AGREEMENT AND RELATED INSTRUMENTS AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

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

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

5. **Approval of Resolution and Form of Legal Documents for the Sale of NJEFA Revenue Bonds, Ramapo College of New Jersey Issues, Series 2010 K (Tax-Exempt) and Series 2010 L (Build America Bonds – Direct Payment), In an Amount Not to Exceed \$40,000,000**

Ms. Darby reported the details of the proposed Series 2010 K and Series 2010 L bonds in an amount not to exceed \$40,000,000 on behalf of Ramapo College of New Jersey. The proceeds of the issue will be used for the refunding of all or a portion of the Authority's outstanding Series 1998 G, Series 1998 H, Series 2001 D, Series 2002 H, Series 2002 I, Series 2002 J, Series 2004 E and Series 2006 D bonds; financing, in whole or in part, the costs of renovating the Student Center through repair and replacement of the existing mechanical, plumbing, electrical and ceiling grid infrastructure and the acquisition and installation of materials and equipment to modernize the Student Center and improve energy efficiency; capitalized interest during the construction and renovation of the project and a certain period thereafter; and certain costs of issuance.

The financing is being structured as a fixed rate, negotiated sale with a true interest cost not to exceed 7% on the Series 2010 K bonds and not to exceed 9% on the Series 2010 L bonds. The bonds will have a final maturity not later than July 1, 2046. The issue is tentatively scheduled to be sold the week of November 15, 2010 and to close the week of November 22, 2010.

Mr. Mayer of DeCotiis, Fitzpatrick, Cole & Wisler, LLP, Bond Counsel, described the resolution presented for approval.

Mr. Jacobs asked if arrangements could be made for the Members to tour the construction sites at the various Colleges and Ms. Darby responded that arrangements could be made for any interested Members.

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

RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, RAMAPO COLLEGE OF NEW JERSEY ISSUE, SERIES 2010 K (TAX-EXEMPT) AND SERIES 2010 L (BUILD AMERICA BONDS – DIRECT PAYMENT)

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

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

6. **Adoption of an Amended and Restated Resolution Authorizing the Issuance of NJEFA Revenue Bonds, Passaic County Community College Issue, Series 2010 C (Tax-Exempt), Series 2010 D (Recovery Zone Economic Development Bonds) and Series 2010 E (Build America Bonds – Direct Payment)**

Ms. Darby reported the details of the proposed Series 2010 C, Series 2010 D and Series 2010 E bonds in an amount not to exceed \$14,600,000 on behalf of Passaic County Community College. Ms. Darby advised that the financing was first approved at the February 24, 2010 meeting and that the only change to the resolution is an increase to the not to exceed par amount of the bonds. The proceeds of the issue will be used for the construction of a portion of a three-story building consisting of approximately 68,000 square-feet and equipping and furnishing a portion of such building; capitalized interest; and certain costs of issuance.

The financing is being structured as a fixed or term rate, negotiated sale with a true interest cost not to exceed 7% on the Series 2010 C bonds and not to exceed 9% on both the Series 2010 D and Series 2010 E bonds. The fixed rate bonds will have a final maturity not later than July 1, 2050 and not later than July 1, 2026 for the term rate bonds. The issue is tentatively scheduled to be sold the week of November 15, 2010 and to close the week of November 22, 2010.

John Draikiwicz of Gibbons, PC, Bond Counsel, described the resolution presented for approval.

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

AMENDED AND RESTATED RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, PASSAIC COUNTY COMMUNITY COLLEGE ISSUE, SERIES 2010 C (TAX-EXEMPT), SERIES 2010 D (RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS) AND SERIES 2010 E (BUILD AMERICA BONDS – DIRECT PAYMENT)

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

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

7. **Adoption of Resolution Appointing an External Auditor to the Authority**

Mr. Darby reported that the Authority's contract for external auditor had expired and that on September 8, 2010, the Authority distributed a Request for Proposals for auditing services to 12 firms, advertised in The Times and The Star Ledger, and posted the RFP on the Authority's website and the State's website. She reported that three responses were received and that the Evaluation Committee reviewed and evaluated the responses based on the minimum qualifications and the selection criteria, scored the responses and delivered a written summary to the Authority's Audit Committee. Ms. Darby reported that the Audit Committee recommended Ernst & Young, LLP be appointed as the Authority's external auditors for a period of three years with an option of two additional years pending the Members' approval.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ENGAGING A FIRM TO PROVIDE OUTSIDE AUDITING SERVICES

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

The adopted resolution is appended as Exhibit V.

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

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

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

The reports are appended as Exhibit VI.

9. **Directors' Update**

Ms. Stitt reported on the presentation given by Ms. Darby at the annual Institutional Investors' Conference on October 20, 2010. The Conference was attended by about 103 individuals that represented investors, as well as the public finance community. Ms. Stitt stated that the conference was a great success again this year and she thanked Raymond James & Associates and the Rutgers Cornwall Center for Metropolitan Studies for coordinating the conference every year. Ms. Cannon noted that the University of Medicine and Dentistry of New Jersey also presented at the Conference and spoke very highly of the Authority.

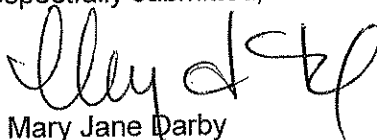
Ms. Mueller reported that the Authority had distributed an RFP for Accounting Services and that the Authority held a bidders conference on October 21, 2010 that was attended by 9 individuals from 8 accounting firms. She advised that the bids are due to the Authority on November 1, 2010.

10. **Next Meeting Date**

Chairman Jacobs announced that the next meeting will be on Tuesday, November 30, 2010 at 9:00 a.m. at the Authority's office.

Mr. Jacobs requested a motion to adjourn and Dr. Lang moved that the meeting be adjourned at 11:25 a.m.; the motion was seconded by Mr. Hutchinson and passed unanimously.

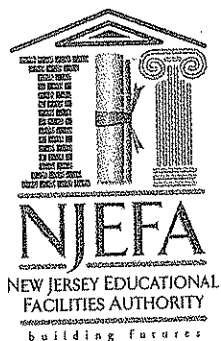
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mary Jane Darby', written in a cursive style.

Mary Jane Darby
Acting Secretary

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REPORT ON PENDING PROJECTS
October 26, 2010**

<u>Institution</u>	<u>Project</u>	<u>Estimated Size of Issue</u>	<u>Estimated Pricing Date</u>
<u>Private Institutions</u>			
Seton Hall University	Letter of Credit Bank Replacement (Remarketing)	\$49.85 Million	4th Q 2010
Drew University	Refunding of Certain Existing Indebtedness and Various Capital Improvements (Bank Placement)	\$15 Million	4th Q 2010
Centenary College	Refinancing of a Construction Loan (Bank Placement)	\$19 Million	4th Q 2010
Fairleigh Dickinson University	Renovations and Addition to Library and Various Capital Improvements	\$30 Million	4th Q 2010
<u>Public Institutions</u>			
Passaic County Community College	Construction of a Portion of a New Academic Building	\$14 Million	4th Q 2010
New Jersey Institute of Technology	Refunding of Certain Existing Indebtedness and the Acquisition and Renovation of an Academic Facility	\$69 Million	4th Q 2010
Ramapo College of New Jersey	Refunding of Certain Existing Indebtedness and the Renovation of the College's Student Center	\$32 Million	4th Q 2010



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TERM SHEET

Borrower: Drew University, Madison, New Jersey

Issue: 2010 Series C

Amount: Not to Exceed \$17,000,000

Purpose: To provide funds to finance: (i) the refunding of all or a portion of the Authority's outstanding 2003 Series C Bonds issued on behalf of the University; (ii) the refunding of all or a portion of the Authority's outstanding 2007 Series D Bonds issued on behalf of the University; (iii) the acquisition and installation of an administrative computing system; (iv) renovations to the University Center; and (v) the payment of certain costs of issuance.

Security: General Obligation of the University

Structure: Direct Purchase

Term: No Longer than 20 Years

Initial Interest Rate: Not to Exceed 4.50%

Tentative Closing Date: Week of November 15, 2010

The Authority Members will be asked to adopt the 2010 Series C Bond Resolution pertaining to the 2010 Series C Bond which outlines the various parameters of the financing; authorizes the issuance of revenue bonds; authorizes and approves the form of legal documents necessary for the financing, including the Bond Agreement and the form of Bond; and delegates to any Authorized Officer the ability to take any and all actions as may be necessary to execute the documents and sell the Bonds to the Purchaser and finalize this transaction.

Professionals on the Transaction:

Bond Counsel:	McManimon & Scotland, LLC
Authority's Counsel:	Attorney General of New Jersey
Borrower's Counsel:	Boyar, Suozzo & Motyczka, P.A.
Financial Advisor:	Public Financial Management, Inc.
Purchaser/Escrow Agent:	TD Bank, NA
Purchaser/Escrow Agent's Counsel:	Hill Wallack, LLP

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF REVENUE BONDS, DREW UNIVERSITY ISSUE, 2010 SERIES C, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$17,000,000 OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A BOND AGREEMENT AND RELATED INSTRUMENTS AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.

ADOPTED: October 26, 2010

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

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

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

WHEREAS, in order to finance the (a) refunding of all or a portion of the Authority's outstanding Revenue Bonds, Drew University Issue, 2003 Series C and 2007 Series D, (b) acquisition and installation of an administrative computing system and renovations to the University Center located on the University's campus in the municipality of Madison, County of Morris, in the State (collectively, the projects described in (a) and (b) are referred to herein as the "Project") and (c) payment of certain costs of issuance in connection with the Bonds (hereinafter defined), the Authority, in furtherance of the purposes of the Act, proposes to issue one or more Revenue Bonds, Drew University Issue, 2010 Series C, in an aggregate principal amount not to exceed \$17,000,000 (the "Bonds") and to secure the Bonds by a pledge of moneys to be received by the Authority and the assignment of certain rights of the Authority with respect to the Project, which pledge and assignment are hereby declared to further secure the payment of the principal of and interest on the Bonds; and

WHEREAS, the Authority proposes to apply the proceeds of the Bonds to make a loan to the University to assist in the financing of the Project in accordance with the Bond Agreement by and among the Authority, TD Bank, N.A. and the University (the "Bond Agreement") providing, in part, for payments by the University sufficient to meet installments of interest and principal on the Bonds.

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

Section 1. In order to assist in the financing of the Project and the paying of certain costs of issuance in connection with such financing, one or more Bonds of the Authority are hereby authorized to be issued in an aggregate principal amount not to exceed \$17,000,000, with an initial interest rate not to exceed 4.50% and a term not to exceed 20 years. The Bonds shall be dated, shall bear interest at such rate of interest, and shall be payable as to principal, interest and premium, if any, all as is specified therein. The Bonds shall be issued in the form, shall mature, shall be subject to redemption prior to maturity and shall have such other details and provisions as are prescribed by the Bond Agreement.

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

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

Section 4. TD Bank, N.A. is hereby appointed Escrow Agent under the terms of the Bond Agreement.

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

Section 6. The Authorized Officers are hereby designated to be the authorized representatives of the Authority, charged by this Resolution with the responsibility for issuing the Bonds and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Bond Agreement and the issuance of the Bonds.

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

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

Section 9. All resolutions or parts of resolutions or other proceedings in conflict herewith are repealed insofar as such conflict exists.

Section 10. This Resolution shall take effect as provided under the Act.

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

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

NAY: None

ABSTAIN: None

ABSENT: Joshua Hodes

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

BOND AGREEMENT

By and Among

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY,

TD BANK, N.A.

and

DREW UNIVERSITY

Dated: [CLOSING DATE]

UNITED STATES OF AMERICA
STATE OF NEW JERSEY
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BOND, DREW UNIVERSITY ISSUE,
2010 SERIES C

Up to \$[BONDAMT]

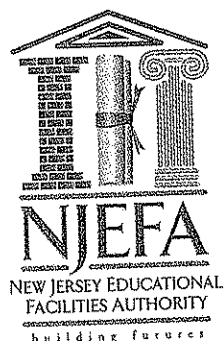
DATED DATE: [CLOSING DATE]
INTEREST RATE: []% of the Sum of: 30-day LIBOR
plus []% (as determined herein)
MATURITY DATE: []

The NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (herein called the "Authority"), a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "State"), acknowledges itself indebted and for value received, hereby promises to pay in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, to TD Bank, N.A. (the "Purchaser"), the principal sum of up to [] and 00/100 Dollars (\$[BONDAMT].00) as follows:

The principal amount outstanding hereunder shall be equal to the principal payments of the purchase price of this Bond as described in Section 3.4 of the Bond Agreement dated the Dated Date (the "Agreement") by and among the Authority, the Purchaser and Drew University (the "College") that have not been repaid. Principal hereunder shall be payable in accordance with Schedule A attached hereto, with the final payment of principal, plus accrued interest, payable on the Maturity Date.

Interest shall be payable [quarterly] commencing on [] and on the first day of each [December], [March], [June] and [September] thereafter.

The term "Interest Period" means each one month period commencing on the first day of each month and ending on the last day of each month, provided that the first Interest Period shall be from the Dated Date to []. The term "LIBOR" shall mean, as applicable to any Interest Period, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to any such Interest Period, which appears on Telerate Page 3750 as of 11:00 a.m. London time on the day that is two (2) London Banking Days preceding the first day of such Interest Period; provided, however, if the rate described above does not appear on the Telerate System on any applicable interest determination date, then the LIBOR rate shall be the rate (rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point), determined on the basis of the offered rates for deposits in U.S. dollars for a period of time comparable to the Interest Period which are offered by four major banks in the London interbank market at approximately 11:00 a.m. London time, on the day that is two (2) London Banking Days preceding the first day of such Interest Period as selected by the Purchaser. The principal London office of each of the four major London banks will be requested to provide a quotation of its U.S. dollar deposit offered rate. If at least two (2) such quotations are provided, then the rate for that date will be the arithmetic mean of the



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TERM SHEET

Borrower: Ramapo College of New Jersey, Mahwah, New Jersey

Issue: Series 2010 K (Tax-Exempt)
 Series 2010 L (Build America Bonds – Direct Payment)

Amount: Not to Exceed \$40,000,000

Purpose: To provide funds to finance: (i) the refunding of all or a portion of the Authority's outstanding Series 1998 G, Series 1998 H, Series 2001 D, Series 2002 H, Series 2002 I, Series 2002 J, Series 2004 E and Series 2006 D Bonds issued on behalf of Ramapo College of New Jersey (the "Refunding Project"); (ii) in whole or in part, the costs of renovating the Student Center through repair and replacement of the Student Center's existing mechanical, plumbing, electrical and ceiling grid infrastructure and the acquisition and installation of materials and equipment in order to modernize the Student Center and improve energy efficiency (the "Capital Project"); (iii) the funding of capitalized interest during the construction and renovation of the Capital Project and a certain period thereafter; and (iv) the payment of certain costs of issuance.

Security: General Obligation of the College

Structure: Fixed Rate, Negotiated Sale

Term: Not later than July 1, 2046

True Interest Cost: Series 2010 K - Not to Exceed 7.00%
 Series 2010 L - Not to Exceed 9.00%

Expected Bond Ratings: A2 - Moody's Investors Service
A- - Standard & Poor's Corporation

Bond Insurance: To Be Determined

Tentative Pricing: Week of November 15, 2010

Tentative Closing: Week of November 22, 2010

The Authority Members will be asked to adopt the Series 2010 K (Tax-Exempt) and Series 2010 L (Build America Bonds – Direct Payment) Bond Resolution which outlines the various parameters of the financing; authorizes the issuance of the revenue bonds; authorizes and approves the form of all legal documents necessary for the financing, including a Trust Indenture between the Authority and the Trustee, the Lease and Agreement, Escrow Deposit Agreements, Preliminary Official Statement and Official Statement and Contract of Purchase; and delegates to any Authorized Officer the ability to take all actions as may be necessary to sell and issue the bonds, execute the Contract of Purchase with the Underwriter as well as all other bond documents, and finalize this transaction.

Professionals on the Transaction:

Bond Counsel:	DeCotiis, FitzPatrick & Cole, LLP
Authority's Counsel:	Attorney General of New Jersey
Senior Manager:	Merrill Lynch, Pierce, Fenner & Smith, Incorporated
Co-Manager:	Siebert Brandford Shank & Co., LLC
Underwriters' Counsel:	Cozen O'Connor
Trustee/Escrow Agent:	US Bank, National Association
Trustee/Escrow Agent's Counsel:	McElroy, Deutsch, Mulvaney & Carpenter, LLP
Escrow Agent:	The Bank of New York Mellon
Escrow Agent's Counsel:	To Be Determined
Verification Agent:	Mercadien, P.C.

ESCROW DEPOSIT AGREEMENT

Dated as of _____, 201_

between

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

THE BANK OF NEW YORK MELLON, as Escrow Agent

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2010

NEW ISSUE

BOOK ENTRY ONLY

Ratings: See "Ratings" herein

In the opinion of DeCottis, Fitzpatrick & Cole, LLP, Bond Counsel to the Authority, assuming compliance by the Authority and the Public College, as hereinafter defined, with certain tax covenants described herein, under existing law, interest on the Series 2010 K Bonds, as hereinafter defined, is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Series 2010 L Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. In the case of certain corporate holders of the Series 2010 K Bonds, interest on the Series 2010 K Bonds will be included in the calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Series 2010 K Bonds in "adjusted current earnings." See "TAX MATTERS" herein with respect to the Series 2010 K Bonds. Interest on the Series 2010 L Bonds, as hereinafter defined, is included in gross income for federal income tax purposes. Based upon existing law, interest on the Bonds, as hereinafter defined, and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

[NJEF A Logo]	\$ _____ * NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, RAMAPO COLLEGE OF NEW JERSEY ISSUES Consisting of \$ _____ * SERIES 2010 K (TAX-EXEMPT) \$ _____ * SERIES 2010 L (BUILD AMERICA BONDS – DIRECT PAYMENT)	[Ramapo Logo]
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Dated: Date of Delivery

Due: July 1, as shown on the inside cover

The New Jersey Educational Facilities Authority, Revenue Bonds, Ramapo College of New Jersey Issues (the "Bonds"), consisting of the \$ _____ * Series 2010 K Bonds (Tax-Exempt) (the "Series 2010 K Bonds") and the \$ _____ * Series 2010 L Bonds (Build America Bonds – Direct Payment) (the "Series 2010 L Bonds"), when issued, will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of Bonds will be made in book-entry-only form in denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as DTC is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC Participants and Indirect Participants. See "DESCRIPTION OF THE BONDS — Book-Entry-Only System". U.S. Bank National Association, Morristown, New Jersey (the "Trustee"), shall act as trustee and bond registrar for the Bonds.

So long as DTC, or its nominee Cede & Co., is the registered owner, payments of principal of and interest on the Bonds will be made directly to Cede & Co. Disbursements of such payments to the DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility

Interest on the Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 2011.

The Bonds are subject to optional, extraordinary optional and mandatory redemption prior to maturity, as described herein.

The Bonds are being issued pursuant to the New Jersey Educational Facilities Authority Law (N.J.S.A. 18A:72A-1 *et seq.*), as amended and supplemented, a Resolution adopted by the New Jersey Educational Facilities Authority (the "Authority") on October 26, 2010 (the "Resolution") and a Trust Indenture dated as of November 1, 2010 (the "Trust Indenture") by and between the Authority and the Trustee. The proceeds of the Bonds will be used to finance a project (the "Project") consisting of: (i) the current and/or advance refunding of all or a portion of the Bonds to be Refunded (as defined herein); (ii) the financing, in whole or in part, the costs of renovating the Robert A. Scott Student Center; and (iii) the payment of certain costs incidental to the issuance and sale of the Bonds.

The principal and redemption premium, if any, of and interest on the Bonds are payable solely from payments to be received by the Authority pursuant to a Lease and Agreement, dated as of November 1, 2010 (the "Agreement"), by and between the Authority and Ramapo College of New Jersey (the "Public College"), and from funds and accounts held by the Trustee under the Trust Indenture.

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY, AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE TRUST INDENTURE), OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE TRUST INDENTURE). THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR THE BONDS" HEREIN FOR A DESCRIPTION OF THE SECURITY FOR THE BONDS.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the Authority and delivered to the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and to the approval of their legality by DeCottis, Fitzpatrick & Cole, LLP, Teaneck, New Jersey, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Cozen O'Connor, Trenton and Cherry Hill, New Jersey. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about November 24, 2010.

This is a Preliminary Official Statement and the information contained herein is subject to completion and amendment in a final Official Statement. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the securities offered hereby, in any such jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

Draft dated October __, 2010

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

\$ _____ Revenue Bonds
Ramapo College of New Jersey Issue
\$ _____ Series 2010 K (Tax-Exempt)
and \$ _____ Series 2010 L (Build America Bonds – Direct Payment)

CONTRACT OF PURCHASE

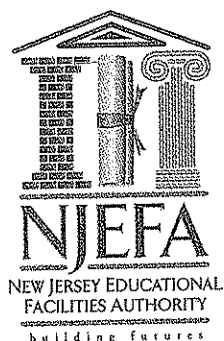
November __, 2010

New Jersey Educational Facilities Authority
103 College Road East
Princeton, New Jersey 08540-6612

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), on behalf of ourselves and the underwriters named on the list attached hereto and incorporated herein by this reference as Schedule 1 (the Representative and said underwriters being hereinafter collectively referred to as the "Underwriters"), hereby offers to enter into this Contract of Purchase (this "Purchase Contract") with you, the New Jersey Educational Facilities Authority (the "Authority"), and Ramapo College of New Jersey (the "Public College"), which, upon your acceptance of this offer and upon execution hereof by the Authority and the Public College, will be binding upon the Authority, the Public College and the Underwriters. This offer is made subject to the acceptance by the Authority and the Public College at or prior to 6:00 P.M., prevailing Eastern time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Representative upon written notice delivered to the Authority at any time prior to acceptance hereof by the Authority. Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Indenture (as defined herein).

1. **Purchase and Sale of the Bonds and Payment of Underwriters' Discount.** On the basis of the representations, warranties, covenants and agreements herein contained or referred to, but subject to the terms and conditions herein set forth, the Underwriters hereby agree to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriters, all (but not less than all) of its \$ _____ New Jersey Educational Facilities Authority Revenue Bonds, Ramapo College of New Jersey Issue, Series 2010 K (Tax-Exempt), which are fixed rate, tax-exempt bonds (the "Series 2010 K Bonds"), and its \$ _____ New Jersey Educational Facilities Authority Revenue Bonds, Ramapo College of New Jersey Issue, Series 2010 L (Build America Bonds – Direct Payment), which are fixed rate, direct payment Build America Bonds (the "Series 2010 L Bonds", and together with the Series 2010 K Bonds, the "Bonds") to be issued under and pursuant to a Resolution adopted by the Authority on October 26, 2010 (the "Resolution"), and a Trust Indenture, dated as of November 1, 2010 (the "Trust Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), at an aggregate purchase price equal to \$ _____ (such purchase price reflecting Underwriters' discount of \$ _____ and a reoffering premium of \$ _____ in connection with Bonds). The Series 2010 K Bonds will be issued at an aggregate purchase price of \$ _____ (such purchase price reflecting the Underwriters' discount of \$ _____ and a reoffering premium of \$ _____ in connection with the Series 2010 K Bonds).



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

TERM SHEET

Borrower: Passaic County Community College, Passaic, New Jersey

Issues: Series 2010 C (Tax-Exempt)
 Series 2010 D (Recovery Zone Economic Development Bonds)
 Series 2010 E (Build America Bonds – Direct Payment)

Amount: Not to Exceed \$14,600,000

Purpose: To provide funds to finance: (i) the construction of a portion of a three-story building consisting of approximately 68,000 square-feet and equipping and furnishing a portion of such building; (ii) the funding of capitalized interest on the Bonds; and (iii) the payment of certain costs of issuance.

Security: General Obligation of the College

Structure: Negotiated Sale either as Fixed Rate Bonds or Term Rate Bonds

Term: Fixed Rate Bonds - Not later than July 1, 2050
 Term Rate Bonds – Not later than January 1, 2026

Fixed Rate Bonds
True Interest
Cost: Series 2010 C – Not to Exceed 7.00%
 Series 2010 D – Not to Exceed 9.00%
 Series 2010 E – Not to Exceed 9.00%

Term Rate Bonds
Initial Interest
Rate: Series 2010 C – Not to Exceed 7.00%
 Series 2010 D – Not to Exceed 9.00%
 Series 2010 E – Not to Exceed 9.00%

Bond Ratings: To Be Determined
Tentative Pricing: Week of November 15, 2010
Tentative Closing: Week of November 22, 2010

The Authority Members will be asked to adopt the Amended and Restated Series 2010 C (Tax-Exempt), Series 2010 D (Recovery Zone Economic Development Bonds) and Series 2010 E (Build America Bonds – Direct Payment) Bond Resolution which outlines the various parameters of the financing; authorizes the issuance of the revenue bonds; authorizes and approves the form of all legal documents necessary for the financing, including a Trust Indenture between the Authority and the Trustee, the Lease and Agreement, Preliminary Official Statement and Official Statement and Contract of Purchase; and delegates to any Authorized Officer the ability to take all actions as may be necessary to sell and issue the bonds, execute the Contract of Purchase with the Underwriter as well as all other bond documents, and finalize this transaction.

Professionals on the Transaction:

Bond Counsel:	Gibbons, PC
Authority's Counsel:	Attorney General of New Jersey
Underwriter:	RBC Capital Markets
Trustee:	US Bank, National Association
Trustee's Counsel:	McElroy, Deutsch, Mulvaney & Carpenter, LLP

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

**AMENDED AND RESTATED RESOLUTION AUTHORIZING THE ISSUANCE OF
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS,
PASSAIC COUNTY COMMUNITY COLLEGE ISSUE, SERIES 2010 C (TAX-
EXEMPT), SERIES 2010 D (RECOVERY ZONE ECONOMIC DEVELOPMENT
BONDS) AND SERIES 2010 E (BUILD AMERICA BONDS – DIRECT PAYMENT)**

Adopted: October 26, 2010

TRUST INDENTURE

by and between

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

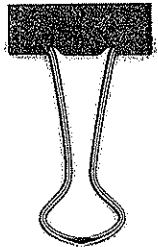
Dated as of _____, 201_

Relating to

\$____,____,____ New Jersey Educational Facilities Authority Revenue Bonds,
Ramapo College of New Jersey Issue, Series 2010 K (Tax-Exempt)

and

\$____,____,____ New Jersey Educational Facilities Authority Revenue Bonds,
Ramapo College of New Jersey Issue, Series 2010 L (Build America Bonds – Direct Payment)



LEASE AND AGREEMENT

BY AND BETWEEN

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

AND

RAMAPO COLLEGE OF NEW JERSEY

DATED AS OF

_____, 201_

RELATING TO THE SERIES 2010 K/L PROJECT

RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, RAMAPO COLLEGE OF NEW JERSEY ISSUE, SERIES 2010 K (TAX-EXEMPT) AND SERIES 2010 L (BUILD AMERICA BONDS – DIRECT PAYMENT)

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

WHEREAS, the Authority has heretofore issued its Revenue Bonds, Ramapo College of New Jersey Issue, Series 1998 G (the “Series 1998 G Bonds”); Revenue Bonds, Ramapo College of New Jersey Issue, Series 1998 H (the “Series 1998 H Bonds”); Revenue Bonds, Ramapo College of New Jersey Issue, Series 2001 D (the “Series 2001 D Bonds”); Revenue Bonds, Ramapo College of New Jersey Issue, Series 2002 H (the “Series 2002 H Bonds”); Revenue Bonds, Ramapo College of New Jersey Issue, Series 2002 I (the “Series 2002 I Bonds”); Revenue Bonds, Ramapo College of New Jersey Issue, Series 2002 J (the “Series 2002 J Bonds”); Revenue Bonds, Ramapo College of New Jersey Issue, Series 2004 E (the “Series 2004 E Bonds”); and Revenue Bonds, Ramapo College of New Jersey Issue, Series 2006 D (the “Series 2006 D Bonds”); and

WHEREAS, the Board of Trustees of Ramapo College of New Jersey (the “Public College”) has determined that it is necessary and advisable to undertake a project (collectively, the “Project”) consisting of: (i) the current and/or advance refunding of all or a portion of the Series 1998 G Bonds, the Series 1998 H Bonds, the Series 2001 D Bonds, the Series 2002 H Bonds, the Series 2002 I Bonds, the Series 2002 J Bonds, the Series 2004 E Bonds and the Series 2006 D Bonds (the “Refunding Project”); (ii) the financing, in whole or in part, of the costs of renovating the Student Center through repair and replacement of the Student Center’s existing mechanical, plumbing, electrical and ceiling grid infrastructure and the acquisition and installation of materials and equipment in order to modernize the Student Center and improve energy efficiency (the “Capital Project”); (iii) the funding of capitalized interest during the construction and renovation of the Capital Project and a certain period thereafter; and (iv) paying certain costs incidental to the issuance and sale of the Bonds (as hereinafter defined); and

WHEREAS, the Authority has determined that it is necessary and in keeping with its authorized purposes to authorize the issuance of up to two series of bonds as described herein (collectively, the “Bonds”), for the purpose of providing funds to finance all or a portion of the costs of the Project; and

WHEREAS, the repayment of the Bonds will be secured by a Lease and Agreement between the Authority and the Public College (the “Agreement”), pursuant to which the Authority will lease the Project Facilities (as defined in the Agreement) to the Public College; provided, that the Agreement (to the extent set forth therein) shall be subject to the Prior Agreements (as defined in the Agreement); and

WHEREAS, the Bonds will be issued under and secured by a Trust Indenture (the "Trust Indenture") to be entered into by and between the Authority and U.S. Bank National Association, as trustee (together with its successors in trust, the "Trustee"); and

WHEREAS, the Authority desires to approve the form of and authorize the distribution of a Preliminary Official Statement relating to the Bonds, to authorize the appropriate officers of the Authority to deem said Preliminary Official Statement final, and to authorize the preparation and distribution of a final Official Statement to be used in connection with the offering and sale of the Bonds; and

WHEREAS, pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, enacted February 17, 2009, the Authority may determine to issue all or a portion of the Bonds (namely, the hereinafter-defined Series 2010 L Bonds) as Build America Bonds ("BABs") within the meaning of Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"), wherein such Series 2010 L Bonds would be issued on a federally-taxable basis and (in lieu of issuing and selling separate tax credits) the Authority, contingent upon timely application therefor and compliance with certain ongoing requirements imposed by the Code, would be entitled to receive on each Interest Payment Date (as defined in the herein-defined Trust Indenture) a refundable credit from the United States Treasury equal to 35% of the interest payable on such Series 2010 L Bonds on such Interest Payment Date (the "Cash Refunds"); and

WHEREAS, the Authority has determined that an Authorized Officer of the Authority may, at the request of the Public College, direct that any such Cash Refunds received by the Authority will, upon receipt by the Authority, either (i) be promptly deposited into the applicable fund or account and credited against the lease payment obligation of the Public College, or (ii) be promptly remitted to the Public College (in which event such Cash Refunds would not be pledged to the repayment of the Series 2010 L Bonds), and that an Authorized Officer of the Authority may, at the request of the Public College, further direct that any such Cash Refunds be paid directly to the Public College, to the extent permitted by the United States Treasury; and

WHEREAS, the Authority deems it necessary and in keeping with its purposes to issue the Bonds under the Trust Indenture herein authorized for the purpose of financing all or any combination of the purposes enumerated above, and to authorize certain actions and the execution and delivery of certain documents in connection therewith; and

WHEREAS, pursuant to Section 8(c) of the Act, negotiable bonds of the Authority shall be authorized by resolution of the members of the Authority; and

WHEREAS, the Public College has advised that it may pay for certain costs of the Capital Project (the "Project Costs") prior to the issuance of the Bonds with funds of the Public College which are not proceeds of tax-exempt bonds;

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

ARTICLE I
AUTHORIZATION OF BONDS; APPROVAL OF DOCUMENTS

1.1 Purpose of Issuance of the Bonds.

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

1.2 Authorization of the Bonds.

(a) The Authority hereby authorizes the issuance of the Bonds, in the aggregate principal amount of not to exceed \$40,000,000, in order to finance, on behalf of the Public College, all or part of the costs of the Project. At the discretion of an Authorized Officer and in consultation with the Public College, the Bonds may be issued in either or both of the following series: (i) a series of tax-exempt bonds to be designated "New Jersey Educational Facilities Authority Revenue Bonds, Ramapo College of New Jersey Issue, Series 2010 K (Tax-Exempt)" (the "Series 2010 K Bonds"), and (ii) a series of taxable bonds constituting BABs to be designated "New Jersey Educational Facilities Authority Revenue Bonds, Ramapo College of New Jersey Issue, Series 2010 L (Build America Bonds – Direct Payment)" (the "Series 2010 L Bonds"); *provided, however*, no portion of the proceeds of any Series 2010 L Bonds shall be applied towards the Refunding Project; and *provided further*, that the Series 2010 K Bonds and the Series 2010 L Bonds may contain such alternate series designations as shall be approved by an Authorized Officer of the Authority, including designating the Bonds as Series 2011 followed by such letter as specified by an Authorized Officer. In each case there may be added such additional series designation(s) as may be determined by an Authorized Officer of the Authority.

(b) The Authority hereby finds and determines that the issuance of the Bonds involves certain circumstances under which a negotiated bond sale is permissible as outlined in Executive Order No. 26 (Whitman 1994), namely, volatile market conditions and a complex financing-structure, and a competitive sale of the Bonds is not in the best interest of the Authority and the Public College.

(c) Any Authorized Officer is hereby authorized to execute and deliver on behalf of the Authority a contract of purchase (the "Purchase Contract") by and among the Authority, the Public College and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriter"), in substantially the form presented to this meeting with such changes as shall be approved by any Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State (such approval to be evidenced conclusively by such Authorized Officer's execution thereof), for the purchase of the Bonds at the price or prices to be agreed upon; provided, however, that the underwriter's discount for the Series 2010 K Bonds shall not exceed \$8.00 per \$1,000 of principal amount and the underwriter's discount for the Series

2010 L Bonds shall not exceed \$12.00 per \$1,000 of principal amount. A copy of the Purchase Contract as executed shall be filed with the records of the Authority.

(d) The Chair, the Vice-Chair, the Executive Director or the Director of Project Management are hereby authorized to appoint any additional underwriters to purchase the Bonds as members of an underwriting syndicate headed by the Underwriter.

(e) The Bonds shall be issued in fully registered form, shall be in the denominations, and shall be numbered as shall be provided in the Trust Indenture. The Bonds shall be dated initially, bear interest from the date of issuance thereof at the rates set forth in the Trust Indenture, mature and be executed and authenticated as shall be set forth in the Trust Indenture; *provided, however*, that the final maturity date of the Bonds will be no later than July 1, 2046. The Bonds shall bear interest at one or more fixed interest rates as set forth in the Trust Indenture, with a true interest cost not to exceed (i) 7.0% per annum in the case of the Series 2010 K Bonds and (ii) 9.0% per annum in the case of the Series 2010 L Bonds. The Bonds shall be subject to redemption as provided in the Trust Indenture; *provided, however*, that except in the case of the Series 2010 L Bonds (in which case there shall be no limitation), the redemption premium on the Bonds, if any, shall not exceed 5.0%.

(f) Any Authorized Officer may, with the advice of Bond Counsel and the Attorney General of the State, and in consultation with the Public College, (i) elect under Section 54AA(d)(1)(C) of the Code to treat the Series 2010 L Bonds as BABs, (ii) elect under Section 54AA(g)(2)(B) of the Code to treat any such Series 2010 L Bonds as qualified bonds and to receive Cash Refunds under Section 6431 of the Code, and (iii) direct that any Cash Refunds received by the Authority in respect of any Series 2010 L Bonds will, upon receipt by the Authority, either (x) be promptly deposited into the applicable fund or account and credited against the lease payment obligation of the Public College, or (y) be promptly remitted to the Public College (in which event such Cash Refunds would not be pledged to the repayment of the Series 2010 L Bonds). Any Authorized Officer may, with the advice of Bond Counsel and the Attorney General of the State, and in consultation with the Public College, further direct that any such Cash Refunds be paid directly to the Public College, to the extent permitted by the United States Treasury.

1.3 Form of Bonds.

The Bonds shall be in substantially the form set forth in Exhibit A to the Trust Indenture, with such insertions, omissions or variations as may be necessary or appropriate and approved by the Authorized Officers executing and attesting such Bonds with the advice of Bond Counsel and the Attorney General of the State, such execution and attestation to be conclusive evidence of the approval thereof.

1.4 Delivery of the Bonds.

The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chair, Vice-Chair or Executive Director and its official common seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Executive Director, Secretary or any Assistant Secretary, or in such other manner as may be provided by law; provided, the Bonds may not be attested by the party

executing the Bonds. Following the execution of the Bonds, any Authorized Officer is hereby authorized to deliver the Bonds to the Trustee for authentication and, after authentication, to deliver the Bonds to the Underwriter thereof or its agent against receipt of the purchase price or unpaid balance thereof.

1.5 Approval of Preliminary Official Statement and Official Statement.

The distribution of a Preliminary Official Statement relating to the Bonds (a draft of which is presented to this meeting and shall be filed with the records of the Authority) (the "Preliminary Official Statement") is hereby authorized in substantially such form, with such insertions, deletions and changes therein and any supplements thereto as approved by any Authorized Officer of the Authority with the advice of Bond Counsel and the Attorney General of the State. Any Authorized Officer of the Authority is hereby authorized to "deem final" the Preliminary Official Statement in accordance with Rule 15c2-12 of the Securities and Exchange Commission, if applicable.

Any Authorized Officer of the Authority is hereby authorized and directed to execute and deliver the final Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes, insertions and alterations as the Authorized Officer executing same shall approve with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by the execution thereof by such Authorized Officer of the Authority.

1.6 Approval of Agreement.

The form of the Agreement presented to the meeting at which this Resolution is adopted (a copy of which shall be filed with the records of the Authority) is hereby approved. Any Authorized Officer is hereby authorized and directed to execute, acknowledge and deliver, and any other Authorized Officer is hereby authorized and directed to affix and attest the official common seal of the Authority to, the Agreement in substantially such form, with such insertions and changes therein (including, without limitation, the date thereof, and any acceptable covenants or provisions that may be required for the marketing of the Bonds or by the bond insurer, if any) and any supplements thereto as the Authorized Officer executing the Agreement shall approve with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

1.7 Approval of Trust Indenture.

The form of the Trust Indenture presented to the meeting at which this Resolution is adopted (a copy of which shall be filed with the records of the Authority), is hereby approved. Any Authorized Officer is hereby authorized and directed to execute, acknowledge and deliver, and any other Authorized Officer is hereby authorized and directed to affix and attest the official common seal of the Authority to, the Trust Indenture in substantially such form, with such insertions and changes therein (including, without limitation, the date thereof and the initial Interest Payment Date contained therein, provisions relating to a policy of bond insurance, if any, and any covenants or provisions that may be required by the Underwriter or the bond insurer, if any) and any supplements thereto as the Authorized Officer executing same shall approve with the advice of Bond Counsel

and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

1.8 Appointment of Trustee, Bond Registrar and Paying Agent.

U.S. Bank National Association is hereby appointed as the initial Trustee, Bond Registrar and Paying Agent under the Trust Indenture. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Trust Indenture by the Trustee's execution and delivery thereof.

1.9 Book-Entry System for the Bonds.

(a) Except as provided in the Trust Indenture, the registered owner of all of the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) Unless a blanket DTC Representation Letter has theretofore been executed by the Authority and filed with DTC, at or prior to settlement for the Bonds, the Authority and the Trustee shall execute or signify their approval of a DTC Representation Letter. Any Authorized Officer of the Authority is hereby authorized to execute and deliver a DTC Representation Letter to DTC.

1.10 Bond Insurance Authorized.

Any Authorized Officer is hereby authorized to accept a commitment for a financial guaranty insurance policy insuring payment of principal of and interest on all or part of the Bonds when due on such terms and conditions acceptable to such Authorized Officer with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof, and to take all steps necessary to effect the issuance of such policy, including executing and delivering a commitment for such insurance, causing payment of the premium therefor (but only from proceeds of the Bonds or other funds provided by the Public College) and to cause provisions relating to such bond insurance policy to be included in the Trust Indenture, the Agreement, the Preliminary Official Statement, the Official Statement or other applicable documents, instruments or certificates relating to the Bonds.

1.11 Continuing Disclosure.

Pursuant to the Agreement, the Public College will undertake all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the holders of the Bonds or any other person with respect to such disclosure matters. The form of the Continuing Disclosure Agreement presented to the meeting at which this Resolution is adopted (a copy of which shall be filed with the records of the Authority), is hereby approved. The Trustee shall be appointed to act as Dissemination Agent under the Continuing Disclosure Agreement, and shall comply with and carry out all of the obligations imposed on the Dissemination Agent under the Continuing Disclosure Agreement and the Agreement. Notwithstanding any other provision of this Resolution, the Trust Indenture or the Agreement, failure of the Public College or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an event of default under this Resolution, the Trust Indenture or the Agreement.

1.12 Authorization of Escrow Deposit Agreements; Appointment of Escrow Agents; Appointment of Verification Agent; Investment of Escrowed Funds.

Any Authorized Officer is hereby authorized and directed to execute, acknowledge and deliver (i) an Escrow Deposit Agreement (the "BONY Escrow Deposit Agreement") by and between the Authority and The Bank of New York Mellon, as the trustee for the Series 1998 G Bonds, the Series 1998 H Bonds, the Series 2001 D Bonds, the Series 2002 H Bonds, the Series 2002 I Bonds, the Series 2002 J Bonds, and the Series 2004 E Bonds, and (ii) an Escrow Deposit Agreement (the "US Bank Escrow Deposit Agreement" and, collectively with the BONY Escrow Deposit Agreement, the "Escrow Deposit Agreements") by and between the Authority and U.S. Bank National Association, as the trustee for the Series 2006 D Bonds, in substantially the form as presented to this meeting, with such insertions and changes therein as the Authorized Officer executing the same may approve with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof. The Bank of New York Mellon is hereby appointed as the escrow agent under the BONY Escrow Deposit Agreement and U.S. Bank National Association is hereby appointed as the escrow agent under the US Bank Escrow Deposit Agreement (collectively, the "Escrow Agents"). The Escrow Agents shall signify acceptance of the duties and obligations imposed upon them by the BONY Escrow Deposit Agreement and by the US Bank Escrow Deposit Agreement, respectively, by the Escrow Agents' respective execution thereof.

Any Authorized Officer is hereby authorized and directed to select, via a competitive process, an independent certified public accountant or accounting firm or other qualified financial expert to act as verification agent (the "Verification Agent") in connection with the Refunding Project if such selection is determined necessary and advisable by such Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State.

Any Authorized Officer is hereby authorized to purchase U. S. Treasury Obligations, State and Local Government Series, in connection with the Refunding Project, or to select a firm to act as its broker or to direct the Authority's bidding agent to solicit bids to purchase open market U.S. Treasury Obligations in connection with the Refunding Project, in the event that such Authorized Officer determines that it is necessary or advantageous to the Authority to purchase such open

market U.S. Treasury Obligations. In connection with the purchase of open market U.S. Treasury Obligations, an Authorized Officer is further authorized to solicit bids for one or more float forward or escrow reinvestment agreements (a "Float Forward Agreement") and to direct either or both of the Escrow Agents pursuant to either or both of the Escrow Deposit Agreements, to enter into such Float Forward Agreement or agreements with the successful bidder or bidders therefor. Pursuant to the terms of any Float Forward Agreement, the provider, in consideration of an upfront payment to the respective Escrow Agent, shall have the right to sell U.S. Treasury Obligations to the Escrow Agent at the times and in the amounts set forth in the Float Forward Agreement at an aggregate purchase price not exceeding the maturity value thereof. Such U.S. Treasury Obligations shall mature on or before the dates when the proceeds thereof are needed to make payments in accordance with the respective Escrow Deposit Agreement. Each Float Forward Agreement shall be awarded to the bidder offering to pay the highest upfront payment therefor. The form of any Float Forward Agreement shall be as approved by an Authorized Officer, in consultation with Bond Counsel and the Attorney General of the State. An Authorized Officer is further authorized to execute and deliver any such Float Forward Agreement and/or any certificates or other documents required in connection therewith. Notwithstanding the foregoing, nothing contained herein shall prohibit an Authorized Officer from purchasing both U.S. Treasury Obligations, State and Local Government Series and open market U.S. Treasury Obligations, to the extent permitted by law. The Underwriter is hereby authorized to act as agent(s), if so directed by an Authorized Officer, on behalf of the Authority for the subscription of U.S. Treasury Obligations, State and Local Government Series via SLGSafe pursuant to the regulations promulgated therefor set forth in 31 CFR Part 344.

1.13 Conformance of Documents.

Any Authorized Officer is hereby authorized and directed to approve such changes to the forms of the Preliminary Official Statement, the Official Statement, the Purchase Contract, the Agreement, the Trust Indenture, the Escrow Deposit Agreements and such other agreements, documents or certificates as may be necessary and appropriate to conform same to the bond insurance requirements of the issuer of a financial guaranty insurance policy insuring payment of principal of and interest on the Bonds when due, with the advice and consent of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

1.14 Authorization to Invest Bond Proceeds.

Any Authorized Officer is authorized to enter into or direct the Trustee to enter into one or more agreements to invest the proceeds of the Bonds in Investment Obligations (as defined in the Trust Indenture), which includes investment agreements and repurchase agreements, in the event that such Authorized Officer determines, in consultation with and with the consent of the Public College, that it is advantageous to the Public College for the Authority to invest any proceeds of the Bonds in Investment Obligations, which includes investment agreements and repurchase agreements. The form of any such investment agreement or repurchase agreement shall be as approved by an Authorized Officer of the Authority, with the advice of Bond Counsel and the Attorney General of the State.

ARTICLE II MISCELLANEOUS

2.1 Reimbursement.

(a) The Authority reasonably expects the Public College to reimburse its expenditure of Project Costs paid prior to the issuance of the Bonds with proceeds of the Bonds.

(b) This resolution is intended to be and hereby is a declaration of official intent to reimburse the expenditures for Project Costs paid prior to the issuance of the Bonds with the proceeds of the Bonds in accordance with Treasury Regulations Section 1.150-2.

(c) The maximum principal amount of Bonds expected to be issued to finance the Capital Project is \$8,000,000, which Bonds may be issued in one or more transactions over the next three years.

(d) The Project Costs to be reimbursed with the proceeds of the Bonds will be "capital expenditures" in accordance with the meaning of Section 150 of the Internal Revenue Code of 1986, as amended (the "Code").

2.2 Incidental Action.

The Authorized Officers are hereby authorized and directed to execute and deliver such other documents, certificates, agreements, directions and notices, and to take such other action as may be necessary or appropriate in order: (i) to effectuate the execution and delivery of the Preliminary Official Statement, the Official Statement, the Purchase Contract, the Agreement, the Trust Indenture, the Escrow Deposit Agreements, and the sale and issuance of the Bonds, (ii) to implement the DTC book-entry only system for the Bonds, (iii) to maintain the tax-exempt status of the interest on the Series 2010 K Bonds, and the eligibility for continued receipt of Cash Refunds in respect of the Series 2010 L Bonds (including in each case the preparation and filing of any information reports or other documents with respect to such bonds as may at any time be required under Section 149 of the Code, and any regulations thereunder), (iv) to file, or cause to be filed, with the United States Treasury, IRS Form 8038CP or such other forms or reports as may be required in order to provide for the payment, from time to time, of the Cash Refunds by the United States Treasury, (v) to obtain bond insurance for all or part of the Bonds, (vi) to enter into, or cause to be entered into, one or more agreements to invest the proceeds of the Bonds in Investment Obligations, which includes investment agreements and repurchase agreements, and (vii) if applicable, to effectuate the remittance or direct payment of any Cash Refunds to the Public College. A Certificate of Determination of an Authorized Officer, if any, awarding the Bonds and making the determinations authorized herein shall be final and conclusive as to the purchaser or purchasers of the Bonds, the rates of interest to be borne thereby, the purchase price thereof and any other terms and details relating to the sale and issuance of the Bonds.

2.3 Prior Resolutions.

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

2.4 Effective Date.

This Resolution shall take effect in accordance with the Act.

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

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

NAY: None

ABSTAIN: None

ABSENT: Joshua Hodes

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

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

**RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY
EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, RAMAPO
COLLEGE OF NEW JERSEY ISSUE, SERIES 2010 K (TAX-EXEMPT) AND
SERIES 2010-L (BUILD AMERICA BONDS – DIRECT PAYMENT)**

Adopted: October 26, 2010

**AMENDED AND RESTATED RESOLUTION AUTHORIZING THE
ISSUANCE OF NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS, PASSAIC COUNTY COMMUNITY COLLEGE ISSUE,
SERIES 2010 C (TAX-EXEMPT), SERIES 2010 D (RECOVERY ZONE
ECONOMIC DEVELOPMENT BONDS) AND SERIES 2010 E (BUILD
AMERICA BONDS – DIRECT PAYMENT)**

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

WHEREAS, the Board of Trustees of Passaic County Community College (the “Public College”) has determined that it is necessary and advisable to undertake a capital project consisting of (i) the construction of a three story building consisting of approximately 68,000 square feet and equipping and furnishing a portion of such building, (ii) funding capitalized interest on the hereinafter-defined Bonds and (iii) paying certain costs incidental to the issuance and sale of the Bonds (collectively, the “Project”); and

WHEREAS, the Authority has determined that it is necessary and in keeping with its authorized purposes to issue one or more series of bonds as described herein (collectively, the “Bonds”), for the purpose of providing funds to finance all or a portion of the costs of the Project; and

WHEREAS, the repayment of the Bonds will be secured by a Lease and Agreement between the Authority and the Public College (the “Agreement”), pursuant to which the Authority will lease the Project Facilities (as defined in the Agreement) to the Public College; and

WHEREAS, the Bonds will be issued under and secured by one or more Indentures of Trust (each a “Trust Indenture” and together, the “Trust Indentures”) to be entered into by and between the Authority and a trustee to be selected by any Authorized Officer (as defined herein) of the Authority, as trustee (together with its successors in trust, the “Trustee”); and

WHEREAS, the Authority desires to approve the form of and authorize the distribution of a Preliminary Official Statement relating to the Bonds, to authorize the appropriate officers of the Authority to deem said Preliminary Official Statement final, and to authorize the preparation and distribution of a final Official Statement to be used in connection with the offering and sale of the Bonds; and

WHEREAS, pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, enacted February 17, 2009, the Authority may determine to issue all or a portion of the Bonds (i) (namely, the hereinafter-defined Series 2010 D Bonds) as Recovery Zone Economic Development Bonds within the meaning of Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the “Code”), or (ii) (namely, the hereinafter-defined Series 2010 E Bonds) as Build America Bonds (“BABs”) within the meaning of Section 54AA of the Code, wherein such Series 2010 D Bonds and Series 2010 E Bonds would be issued on a federally-taxable basis and (in lieu of issuing and selling

separate tax credits) the Authority, contingent upon timely application therefor and compliance with certain ongoing requirements imposed by the Code, would be entitled to receive on each Interest Payment Date (as defined in the herein-defined Trust Indenture) a refundable credit from the United States Treasury equal to (i) 45% of the interest payable on such Series 2010 D Bonds on such Interest Payment Date, and (ii) 35% of the interest payable on such Series 2010 E Bonds on such Interest Payment Date (the "Cash Refunds"); and

WHEREAS, the Authority has determined that an Authorized Officer of the Authority may, at the request of the Public College, direct that any such Cash Refunds received by the Authority will, upon receipt by the Authority, either (i) be promptly deposited into the applicable fund or account and credited against the lease payment obligation of the Public College, or (ii) be promptly remitted to the Public College (in which event such Cash Refunds would not be pledged to the repayment of the Series 2010 D Bonds and Series 2010 E Bonds), and that an Authorized Officer of the Authority may, at the request of the Public College, further direct that any such Cash Refunds be paid directly to the Public College, to the extent permitted by the United States Treasury; and

WHEREAS, the Authority deems it necessary and in keeping with its purposes to issue the Bonds under the Trust Indenture herein authorized for the purpose of financing all or any combination of the purposes enumerated above, and to authorize certain actions and the execution and delivery of certain documents in connection therewith; and

WHEREAS, pursuant to Section 8(c) of the Act, negotiable bonds of the Authority shall be authorized by resolution of the members of the Authority;

WHEREAS, the Public College has advised that it may pay for certain costs of the Project (the "Project Costs") prior to the issuance of the Bonds with funds of the Public College which are not proceeds of tax-exempt bonds; and

WHEREAS, by resolution of the Authority adopted on February 24, 2010, the Authority authorized the issuance of the Bonds in an aggregate principal amount of not to exceed \$12,500,000, in order to finance, on behalf of the Public College, all or part of the costs of the Project (the "Prior Resolution"), and the Authority desires to increase the aggregate principal amount of Bonds set forth in the Prior Resolution, at the request of the Public College, to \$14,600,000;

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

ARTICLE 1

AUTHORIZATION OF BONDS; APPROVAL OF DOCUMENTS

1.1 Purpose of Issuance of the Bonds.

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

1.2 Authorization of the Bonds.

(a) The Authority hereby authorizes the issuance of the Bonds, in the aggregate principal amount of not to exceed \$14,600,000, in order to finance, on behalf of the Public College, all or part of the costs of the Project. At the discretion of an Authorized Officer and in consultation with the Public College, the Bonds may be issued in one or more of the following series: (i) a series of tax-exempt bonds to be designated "New Jersey Educational Facilities Authority Revenue Bonds, Passaic County Community College Issue, Series 2010 C (Tax-Exempt)" (the "Series 2010 C Bonds"), (ii) a series of taxable bonds to be designated "New Jersey Educational Facilities Authority Revenue Bonds Passaic County Community College Issue, Series 2010 D (Recovery Zone Economic Development Bonds) (the "Series 2010 D Bonds") and (iii) a series of taxable bonds constituting BABs to be designated "New Jersey Educational Facilities Authority Revenue Bonds, Passaic County Community College Issue, Series 2010 E (Build America Bonds – Direct Payment)" (the "Series 2010 E Bonds"). In each case there may be added such additional series designation(s) as may be determined by an Authorized Officer of the Authority.

(b) The Authority hereby finds and determines that the issuance of the Bonds involves certain circumstances under which a negotiated bond sale is permissible as outlined in Executive Order No. 26 (Whitman 1994), namely, sale of a complex credit and volatile market conditions, and a competitive sale of the Bonds is not in the best interest of the Authority and the Public College.

(c) Any Authorized Officer is hereby authorized to execute and deliver on behalf of the Authority a contract of purchase (the "Purchase Contract") by and among the Authority, the Public College and RBC Capital Markets Corporation, on behalf of itself and any other members of an underwriting syndicate headed by such firm (collectively, the "Underwriter"), in substantially the form presented to this meeting with such changes as shall be approved by any Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State (such approval to be evidenced conclusively by such Authorized Officer's execution thereof), for the purchase of the Bonds at the price or prices to be agreed upon; provided, however, that the underwriter's discount for the Bonds of each series shall not exceed \$10.00 per \$1,000 of principal amount. A copy of the Purchase Contract as executed shall be filed with the records of the Authority.

(d) The Chair, the Vice-Chair, the Executive Director or the Director of Project Management are hereby authorized to appoint any additional underwriters to purchase the Bonds as members of an underwriting syndicate headed by the Underwriter.

(e) The Bonds shall be issued in fully registered form, shall be in the denominations, and shall be numbered as shall be provided in the Trust Indenture. The Bonds shall be dated initially, bear interest from the date of issuance thereof at the rates set forth in the Trust Indenture, mature and be executed and authenticated as shall be set forth in the Trust Indenture; *provided, however*, that the final maturity date of the Bonds will be no later than July 1, 2050. The Series 2010 C Bonds shall bear interest either (i) at fixed rates as described in the Trust Indenture, with a true interest cost for such Series 2010 C Bonds not to exceed 7.0% per annum, or (ii) at a variable rate as described in the Trust Indenture, at an initial rate for such Series 2010 C Bonds not to exceed 7.0% per annum and for an initial interest rate period ending no later than January 1, 2026. The Series 2010 D Bonds and the Series 2010 E Bonds shall bear interest either (i) at fixed rates as described in the Trust Indenture, with a true interest cost for such series of Bonds not to exceed 9.0% per annum, or (ii) at a variable rate as described in the Trust Indenture, at an initial rate for such series of Bonds not to exceed 9.0% per annum and for an initial interest rate period ending no later than January 1, 2026. The Bonds shall be subject to redemption as provided in the Trust Indenture; *provided, however*, that except in the case of the Series 2010 D Bonds and Series 2010 E Bonds (in which case there shall be no limitation), the redemption premium on the Bonds, if any, shall not exceed 5%.

(f) Any Authorized Officer may, with the advice of Bond Counsel and the Attorney General of the State, and in consultation with the Public College, (i) elect under Sections 54AA(d)(1)(C) and 1400U-2(b)(1) of the Code to treat the Series 2010 D Bonds as Recovery Zone Economic Development Bonds, (ii) elect under Sections 54AA(g)(2)(B) and 1400U-2(b)(1) of the Code to treat any such Series 2010 D Bonds as qualified bonds and to receive Cash Refunds under Section 6431 of the Code, and (iii) direct that any Cash Refunds received by the Authority in respect of any Series 2010 D Bonds will, upon receipt by the Authority, either (x) be promptly deposited into the applicable fund or account and credited against the lease payment obligation of the Public College, or (y) be promptly remitted to the Public College (in which event such Cash Refunds would not be pledged to the repayment of the Series 2010 D Bonds). Any Authorized Officer may, with the advice of Bond Counsel, and in consultation with the Public College, further direct that any such Cash Refunds be paid directly to the Public College, to the extent permitted by the United States Treasury.

(g) Any Authorized Officer may, with the advice of Bond Counsel and the Attorney General of the State, and in consultation with the Public College, (i) elect under Section 54AA(d)(1)(C) of the Code to treat the Series 2010 E Bonds as BABs, (ii) elect under Section 54AA(g)(2)(B) of the Code to treat any such Series 2010 E Bonds as qualified bonds and to receive Cash Refunds under Section 6431 of the Code, and (iii) direct that any Cash Refunds received by the Authority in respect of any Series 2010 E Bonds will, upon receipt by the Authority, either (x) be promptly deposited into the applicable fund or account and credited against the lease payment obligation of the Public College, or (y) be promptly remitted to the Public College (in which event such Cash Refunds would not be pledged to the repayment of the Series 2010 E Bonds). Any Authorized Officer may, with the advice of Bond Counsel, and in consultation with the Public

College, further direct that any such Cash Refunds be paid directly to the Public College, to the extent permitted by the United States Treasury.

1.3 Form of Bonds.

The Bonds shall be in substantially the form set forth in Exhibit A to the Trust Indenture, with such insertions, omissions or variations as may be necessary or appropriate and approved by the Authorized Officers executing and attesting such Bonds with the advice of Bond Counsel and the Attorney General of the State, such execution and attestation to be conclusive evidence of the approval thereof.

1.4 Delivery of the Bonds.

The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chair, Vice-Chair or Executive Director and its official common seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Executive Director, Secretary or any Assistant Secretary, or in such other manner as may be provided by law; provided, the Bonds may not be attested by the party executing the Bonds. Following the execution of the Bonds, any Authorized Officer is hereby authorized to deliver the Bonds to the Trustee for authentication and, after authentication, to deliver the Bonds to the Underwriter thereof or its agent against receipt of the purchase price or unpaid balance thereof.

1.5 Approval of Preliminary Official Statement and Official Statement.

The distribution of a Preliminary Official Statement relating to the Bonds (a draft of which is presented to this meeting and shall be filed with the records of the Authority) (the "Preliminary Official Statement") is hereby authorized in substantially such form, with such insertions, deletions and changes therein and any supplements thereto as approved by any Authorized Officer of the Authority with the advice of Bond Counsel and the Attorney General of the State. Any Authorized Officer of the Authority is hereby authorized to "deem final" the Preliminary Official Statement in accordance with Rule 15c2-12 of the Securities and Exchange Commission, if applicable.

Any Authorized Officer of the Authority is hereby authorized and directed to execute and deliver the final Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes, insertions and alterations as the Authorized Officer executing same shall approve with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by the execution thereof by such Authorized Officer of the Authority.

1.6 Approval of Agreement.

The form of the Agreement presented to the meeting at which this Resolution is adopted (a copy of which shall be filed with the records of the Authority) is hereby approved. Any Authorized Officer is hereby authorized and directed to execute, acknowledge and deliver, and any other Authorized Officer is hereby authorized and directed to affix and attest the official common seal of the Authority to, the Agreement in substantially such form, with such insertions and changes therein

(including, without limitation, the date thereof, and any acceptable covenants or provisions that may be required for the marketing of the Bonds or by the bond insurer, if any) and any supplements thereto as the Authorized Officer executing the Agreement shall approve with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

1.7 Approval of Trust Indentures

The forms of the Trust Indentures presented to the meeting at which this Resolution is adopted (a copy of which shall be filed with the records of the Authority), is hereby approved. An Authorized Officer is hereby delegated and is authorized to select the form of the Indenture to be utilized to finance the Project. If necessary, any Authorized Officer is hereby authorized and directed to execute multiple Trust Indentures in order to effectuate the financing of the Project, such approval to be evidenced by such Authorized Officer's execution thereof. Any Authorized Officer is hereby authorized and directed to execute, acknowledge and deliver, and any other Authorized Officer is hereby authorized and directed to affix and attest the official common seal of the Authority to, the Trust Indenture in substantially such form, with such insertions and changes therein (including, without limitation, the date thereof and the initial Interest Payment Date contained therein, provisions relating to a policy of bond insurance, if any, and any covenants or provisions that may be required for the marketing of the Bonds or by the bond insurer, if any) and any supplements thereto as the Authorized Officer-executing same shall approve with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

1.8 Appointment of Trustee.

Any Authorized Officer is hereby authorized and directed to appoint, via a competitive process, a trustee to act as the initial Trustee under the Trust Indenture. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Trust Indenture by the Trustee's execution and delivery thereof.

1.9 Book-Entry System for the Bonds.

(a) Except as provided in the Trust Indenture, the registered owner of all of the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) Unless a blanket DTC Representation Letter has theretofore been executed by the Authority and filed with DTC, at or prior to settlement for the Bonds, the Authority and the Trustee shall execute or signify their approval of a DTC Representation Letter. Any Authorized Officer of the Authority is hereby authorized to execute and deliver a DTC Representation Letter to DTC.

1.10 Bond Insurance Authorized.

Any Authorized Officer is hereby authorized to accept a commitment for a financial guaranty insurance policy insuring payment of principal of and interest on all or part of the Bonds when due on such terms and conditions acceptable to such Authorized Officer with the advice of Bond Counsel

and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof, and to take all steps necessary to effect the issuance of such policy, including executing and delivering a commitment for such insurance, causing payment of the premium therefor (but only from proceeds of the Bonds or other funds provided by the Public College) and to cause provisions relating to such bond insurance policy to be included in the Trust Indenture, the Agreement, the Preliminary Official Statement, the Official Statement or other applicable documents, instruments or certificates relating to the Bonds.

1.11 Continuing Disclosure.

Pursuant to the Agreement, the Public College will undertake all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the holders of the Bonds or any other person with respect to such disclosure matters. The form of the Continuing Disclosure Agreement presented to the meeting at which this Resolution is adopted (a copy of which shall be filed with the records of the Authority), is hereby approved. The Trustee shall be appointed to act as Dissemination Agent under the Continuing Disclosure Agreement, and shall comply with and carry out all of the obligations imposed on the Dissemination Agent under the Continuing Disclosure Agreement and the Agreement. Notwithstanding any other provision of this Resolution, the Trust Indenture or the Agreement, failure of the Public College or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an event of default under this Resolution; the Trust Indenture or the Agreement.

1.12 Conformance of Documents.

Any Authorized Officer is hereby authorized and directed to approve such changes to the forms of the Preliminary Official Statement, the Official Statement, the Purchase Contract, the Agreement, the Trust Indenture and such other agreements, documents or certificates as may be necessary and appropriate to conform same to the bond insurance requirements of the issuer of a financial guaranty insurance policy insuring payment of principal of and interest on the Bonds when due, with the advice and consent of Bond Counsel and the Attorney General of the State.

1.13 Authorization to Invest Bond Proceeds.

Any Authorized Officer is authorized to enter into or direct the Trustee to enter into one or more agreements to invest the proceeds of the Bonds in Investment Obligations (as defined in the Trust Indenture), which includes investment agreements and repurchase agreements, in the event that such Authorized Officer determines, in consultation with and with the consent of the Public College, that it is advantageous to the Public College for the Authority to invest any proceeds of the Bonds in Investment Obligations, which includes investment agreements and repurchase agreements. The form of any such investment agreement or repurchase agreement shall be as approved by an Authorized Officer of the Authority, with the advice of Bond Counsel and the Attorney General of the State.

ARTICLE 2

MISCELLANEOUS

2.1 Reimbursement.

(a) The Authority reasonably expects the Public College to reimburse its expenditure of Project Costs paid prior to the issuance of the Bonds with proceeds of the Bonds.

(b) This resolution is intended to be and hereby is a declaration of official intent to reimburse the expenditures for Project Costs paid prior to the issuance of the Bonds with the proceeds of the Bonds in accordance with Treasury Regulations Section 1.150-2.

(c) The maximum principal amount of Bonds expected to be issued to finance the Project is \$11,500,000, which Bonds may be issued in one or more transactions over the next three years.

(d) The Project Costs to be reimbursed with the proceeds of the Bonds will be "capital expenditures" in accordance with the meaning of Section 150 of the Internal Revenue Code of 1986, as amended (the "Code").

(e) No reimbursement allocation will employ an "abusive arbitrage device" under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147 of the Code. The proceeds of the Bonds used to reimburse Project Costs, or funds corresponding to such amounts, will not be used in a manner that results in the creation of "replacement proceeds", including "sinking funds", "pledged funds" or funds subject to a "negative pledge" (as such terms are defined in Treasury Regulations Section 1.148-1) of the Bonds or another issue of debt obligations of the Authority, other than amounts deposited into a "bona fide debt service fund" (as defined in Treasury Regulations Section 1.148-1).

(f) All reimbursement allocations will occur not later than 18 months after the later of (i) the date of expenditure from a source other than the Bonds is paid or (ii) the date the Project is "placed in service" (within the meaning of Treasury Regulations Section 1.150-2) or abandoned, but in no event more than 3 years after the expenditure is paid.

2.2 Incidental Action.

The Authorized Officers are hereby authorized and directed to execute and deliver such other documents, certificates, agreements, directions and notices, and to take such other action as may be necessary or appropriate in order: (i) to effectuate the execution and delivery of the Preliminary Official Statement, the Official Statement, the Purchase Contract, the Agreement, the Trust Indentures, and the sale and issuance of the Bonds, (ii) to implement the DTC book-entry only system for the Bonds, (iii) to maintain the tax-exempt status of the interest on the Series 2010 C Bonds, and the eligibility for continued receipt of Cash Refunds in respect of the Series 2010 E Bonds (including in each case the preparation and filing of any information reports or other documents with respect to such bonds as may at any time be required under Section 149 of the Code, and any regulations thereunder), (iv) to file, or cause to be filed, with the United States Treasury, IRS Form 8038CP or such other forms or reports as may be required in order to provide for the payment, from time to time, of the Cash Refunds by the United States Treasury, (v) to obtain bond insurance for all or part of the Bonds, (vi) to enter into, or cause to be entered into, one or more agreements to invest the proceeds of the Bonds in Investment Obligations, which includes investment agreements

and repurchase agreements, and (vii) if applicable, to effectuate the remittance or direct payment of any Cash Refunds to the Public College.

2.3 Prior Resolutions.

The Prior Resolution is repealed upon the date that this Resolution takes effect in accordance with the Act. All other prior resolutions of the Authority or portions thereof inconsistent herewith are hereby repealed.

2.4 Effective Date.

This Resolution shall take effect in accordance with the Act.

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

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

NAY: None

ABSTAIN: None

ABSENT: Joshua Hodes

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

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
Revenue Bonds
Passaic County Community College Issue
\$ _____ * Series 2010 C

CONTRACT OF PURCHASE

_____, 2010

New Jersey Educational Facilities Authority
103 College Road East
Princeton, New Jersey 08540-6612

Ladies and Gentlemen:

RBC Capital Markets Corporation (the "Underwriter"), hereby offers to enter into this Contract of Purchase (this "Purchase Contract") with you, the New Jersey Educational Facilities Authority (the "Authority"), and Passaic County Community College (the "Public College"), which, upon your acceptance of this offer and upon execution hereof by the Authority and the Public College, will be binding upon the Authority, the Public College and the Underwriter. This offer is made subject to the acceptance by the Authority and the Public College at or prior to 6:00 P.M., prevailing Eastern time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority at any time prior to acceptance hereof by the Authority. Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture or the Official Statement (as defined herein).

1. **Purchase and Sale of the Bonds and Payment of Discount.** On the basis of the representations, warranties, covenants and agreements herein contained or referred to, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of its \$ _____ New Jersey Educational Facilities Authority Revenue Bonds, Passaic County Community College Issue, Series 2010 C, which are fixed rate, tax-exempt bonds (the "Bonds"), to be issued under and pursuant to a Resolution adopted by the Authority on February 24, 2010 (the "Resolution") and a Trust Indenture, dated as of _____ 1, 2010 (the "Indenture"), by and between the Authority and _____, New Jersey, as trustee (the "Trustee"), at an aggregate purchase price equal to \$ _____ (such purchase price reflecting Underwriter's discount of \$ _____ and a net reoffering premium of \$ _____ in connection with the Bonds). The Bonds will be dated the date of issuance thereof and will be issued in the principal amounts, at interest rates and maturing on and having mandatory sinking fund payments due on the dates specified on the Pricing Summaries attached as Exhibit A hereto and having the redemption provisions as set forth in the Indenture.

2. **Purpose of Bonds.** The proceeds of the Bonds will be used to finance the costs of: (i) the construction of a three story building consisting of approximately 68,000 square feet and equipping and furnishing a portion of such building; (ii) funding capitalized interest on the

INDENTURE OF TRUST

between

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

as Trustee

\$ _____

New Jersey Educational Facilities Authority Revenue Bonds,
Passaic County Community College Issue
Series 2010 __

Dated

as of
March 1, 2010

TRUST INDENTURE

by and between

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

as Trustee

Dated as of March 1, 2010

Relating to

\$ _____ New Jersey Educational Facilities Authority Revenue Bonds,
The Passaic County Community College Issue, Series 2010 C (Tax-Exempt)

or

\$ _____ New Jersey Educational Facilities Authority Revenue Bonds,
The Passaic County Community College Issue, Series 2010 D (Recovery Zone Economic
Development Bonds)

or

\$ _____ New Jersey Educational Facilities Authority Revenue Bonds,
The Passaic County Community College Issue, Series 2010 E (Build America Bonds – Direct
Payment)

CONTINUING DISCLOSURE AGREEMENT
BY AND BETWEEN
PASSAIC COUNTY COMMUNITY COLLEGE
AND

[_____],

Dated

as of

March 1, 2010

Entered into with respect to the
New Jersey Educational Facilities Authority
Revenue Bonds, Passiac County Community College Issue,
Series 2010 ____

Draft #1
February 18, 2010

LEASE AND AGREEMENT

BY AND BETWEEN

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

AND

PASSAIC COUNTY COMMUNITY COLLEGE

DATED AS OF

March 1, 2010

**Relating to the New Jersey Educational Facilities Authority Revenue Bonds, Passaic
County Community College Issues, Series 2010 __**

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ENGAGING A FIRM TO PROVIDE OUTSIDE AUDITING SERVICES**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, P.L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and authorized to issue its obligations to provide a means for New Jersey public and private colleges and universities to obtain financing to construct educational facilities as defined in the Act; and
- WHEREAS:** The policies and procedures of the Authority with regard to the selection of professionals are governed, inter alia, by Executive Order No. 26 (Whitman 1994) ("EO 26") which took effect on January 1, 1995 and which supersedes Executive Orders No. 79 and 92 and Executive Order No. 37 (Corzine 2006) ("EO 37") which took effect on November 25, 2006; and
- WHEREAS:** Pursuant to N.J.S.A. 18A: 72A-21, the Authority is required to cause an audit of its books and accounts to be made at least once a year by certified public accountants; and
- WHEREAS:** The Authority's contract for such audit services has expired and it is necessary for the Authority to enter into a new contract for such services; and
- WHEREAS:** In accordance with Executive Order No. 122 (McGreevey 2004) ("EO 122"), Section 12 of the By-Laws of the Authority (the "By-Laws") establishes an Audit Committee having the responsibility to assist in the financial reporting and audit processes of the Authority, and to provide a recommendation for auditor selection to the Authority's Members and to issue a report to the State Treasurer thereon, all in accordance with Executive Order No. 122; and
- WHEREAS:** In accordance with EO 122, Section 12 of the By-Laws establishes an Evaluation Committee having the responsibility to conduct the solicitation and evaluation of eligible independent auditors, and to provide a recommendation to the Audit Committee; and
- WHEREAS:** In accordance with EO 122 and EO 37, prior to the solicitation of the engagement of the auditor, criteria were established for the selection of an auditor (the "Selection Criteria") including the following: (i) cost; (ii) the firm's qualifications to provide the requested services and the experience of the firm's personnel in doing so; (iii) the firm's general approach and plans to meet the requirements of the RFP; (iv) the quality of relevant service to the governmental entities in previous transactions; (v) familiarity with work, requirements and systems of the Authority; (vi) capacity to meet the requirements of the services requested; (vii) references; (viii) familiarity with federal laws, rules and regulations relevant to governmental audits; and (ix) presence in New Jersey; and

WHEREAS: In order to satisfy the requirement in the Authority's bond documents that the Authority's books and records be audited by a "nationally recognized independent public accountant", the Evaluation Committee established "Minimum Qualifications" for a firm to be selected, i.e.: (i) offices in at least three states; (ii) existence for at least five years; and (iii) net revenues in 2009 of at least \$100 million; and

WHEREAS: On behalf of the Evaluation Committee, the staff of the Authority distributed a Request for Proposals for Auditing Services dated September 2010 (the "RFP"), which is attached hereto as Exhibit "A" and incorporated herein by reference to a distribution list of 12 firms and posted the RFP on the web sites of the Authority and the State of New Jersey and advertised in The Star Ledger and The Trenton Times; and

WHEREAS: The Evaluation Committee received responses from 3 firms to the RFP (the "Responses"); and

WHEREAS: The Evaluation Committee reviewed the Responses and evaluated the Responses based on the Minimum Qualifications and the Selection Criteria; and

WHEREAS: On the basis of the Selection Criteria and in accordance with EO 122, the Evaluation Committee scored the responses and prepared and delivered a written summary to the Audit Committee (the "Evaluation Committee Report"); and

WHEREAS: In accordance with EO 122, the Audit Committee reviewed the Evaluation Committee Report and determined to accept the Evaluation Committee's ranking of the Responses and based on this review and determination, recommended to the Members of the Authority, that it would in the best interests of the Authority to accept the Response of Ernst & Young LLP (the "Proposal") and appoint Ernst & Young LLP (the "Firm") as the Authority's auditor to provide the outside auditing services described in the RFP under the terms and conditions set forth in this Resolution, the RFP and the Proposal which is attached hereto as Exhibit "B" and incorporated herein by reference;

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

SECTION 1. The Authority hereby accepts the Proposal and engages the Firm to provide the outside auditing services requested in the RFP under the terms and conditions set forth in this Resolution, the RFP and the Response for a period of three (3) years commencing with the audit for the year ending December 31, 2010 with the option to extend the engagement for two (2) additional one-year periods by mutual consent; provided however, that any such extension must be approved by the Authority's Members.

SECTION 2. The Authority hereby authorizes the Executive Director, Deputy Executive Director or Controller and any of such officers designated as “acting” or “interim” to do any and all acts and things as may be necessary or desirable in connection with engagement of the Firm including without limitation to execute any documents or agreements in the form approved by the Authorized Officer executing same with the advice of the office the Attorney General of New Jersey.

SECTION 3. This resolution shall take effect immediately in accordance with the Act.

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

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

NAY: None

ABSTAIN: None

ABSENT: Joshua Hodes

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

ORIGINAL

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Our proposal contains information that is proprietary and confidential to Ernst & Young, the disclosure of which could provide substantial benefit to competitors offering similar services. Thus, this proposal may not be disclosed, used or duplicated for any purposes other than to permit you to evaluate Ernst & Young to determine whether to engage Ernst & Young. If no contract is awarded to Ernst & Young, our proposal and any copies must be returned to Ernst & Young or destroyed.



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99 Wood Avenue South
Iselin, New Jersey 08830-0471

Tel: 732 516 4200
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1. Cover Letter

Evaluation Committee
New Jersey Educational Facilities Authority
103 College Road East, 2nd Floor
Princeton, New Jersey 08540-6612

20 September 2010

Dear Members of the Evaluation Committee:

Thank you for giving Ernst & Young the opportunity to submit our proposal to serve as independent auditors for the New Jersey Educational facilities Authority ("NJEFA" or the "Authority".) We are eager to maintain our commitment to bringing your organization the very best audit services available. In the "Approach" section of this proposal, under scope of services, we have included a complete list of the entities that will be served and the services that will be provided to the Authority.

As you read through our proposal, you will undoubtedly notice our commitment to serving both the public sector and financing agencies. Our qualifications in the public sector arena are unrivaled by any of our competitors. Accordingly, it is our opinion that Ernst & Young is the right accounting and auditing firm for NJEFA. Following are a few additional reasons why Ernst & Young will provide the NJEFA with unsurpassed value:

Our experience with the NJEFA. Ernst & Young is not a stranger to the NJEFA. As your current independent auditors since 1999, we are committed to providing the NJEFA with service that is both timely and of the highest quality. Over the years, E&Y has assisted the Authority in the implementation of many complex GASB Statements, including GASB Statements 34, 40 and 45 as well as developing the proper accounting treatment for many of NJEFA's initiatives. We have effectively assisted the Authority in addressing many changes in the Authority's operation. In several areas, together with the Authority, we have led the industry in the administration of complex pass-through financing programs.

We understand your organization. Because we've worked together for many years, we know your organization and you know ours. We have a thorough understanding of your operating environment, your accounting processes and, most importantly, your business. Together, we have dealt with many financial accounting and business improvement issues that have helped you to develop a more effective and efficient organization. With Ernst & Young, there is no learning curve, no down time and no internal resource commitment required of NJEFA to manage an auditor transition.

People. Regardless of a firm's experience, it is the individuals responsible for the engagement who determine the responsiveness and quality of our service to the clients' needs. Our team selected for your audit consists of dedicated highly-trained professionals that understand the issues facing the NJEFA and have many years of experience bringing value-added service to you and clients in your industry. David J. Milkosky will serve as your coordinating partner and will be primarily responsible for ensuring that you receive excellent service from the firm professional resources and that the NJEFA's expectations are met. He will be the decision maker with respect to all policy matters. David is the partner-in-charge of Ernst & Young's Northeast Sub-Area Public Sector Practice.

Randy P. Nelson, an executive director, with significant public sector experience, will be responsible for all aspects of the audit, including the technical direction of our audit team. He will be directly involved with NJEFA's management and supervise the execution of all audit tasks and bring to bear the special skills necessary to assure the successful completion of the engagement.

Both Dave Milkosky and Randy Nelson, along with the rest of the Ernst & Young management team are in compliance with the minimum continuing education requirements necessary to perform an OMB A-133 audit as defined by Government Auditing Standards.

Kimberly Hancy, an audit manager with significant public sector experience, will be responsible for the day-to-day fieldwork performed as part of the audit process.

This audit team has served the Authority in the past for a number of years. They have accumulated an excellent record in providing timely quality service to the NJEFA as well as other Ernst & Young governmental clients. It will be the responsibility of these executives to ensure that you continue to receive excellent, timely service. They will call upon other individuals in the firm when necessary to provide you with the specialized professional talent to meet your business objectives. All tax services, if required, will be directed by Gary Horowitz. Gary has worked directly with several NJ Public Authorities in the past and is very familiar with the NJ tax-exempt agency requirements.

Technology. Our significant investment in technology translates directly to value for our clients. Tools like E&Y's Auditor's Workstation, GAMx and Lotus Notes databases give our professionals the ability to deliver accurate, timely and cost-effective service that differentiates us from our competitors.

Commitment to the public sector. Our local professionals are closely linked across the country to share best practices and to provide every public sector client the best technical service and thought leadership available. As you will see in our proposal, Ernst & Young has a prestigious list of clients comparable to your organization right here in the Metro New York Area. Briefly, some of them include: NJ Transit, NJ Turnpike Authority, New Jersey Health Care Financing Facilities Authority, New York City Economic Development Corporation, New York City Housing Development Corporation and the New Jersey Division of Investment. Each of these entities is as uniquely complex as NJEFA and certainly demonstrate our firm's commitment to serving the public sector industry in this area.

On going communication. As the NJEFA has experienced, our professionals understand the importance of ongoing communication with NJEFA management and its' Board of Directors. Our client service executives are always accessible. As always, they will be available whenever you need them and be proactive in resolving the issues confronting the NJEFA. They will continue to keep all lines of communication open, whether to resolve key matters relating to the audit or to provide advisory services on an ad hoc basis.

Timing. As indicated in the request for proposal, the NJEFA has specific deadlines relative to the receipt of its financial statements and reports thereafter. These deadlines are consistent with its bond covenants and contracts. Ernst & Young understands the importance of meeting your deadlines. We've had an impeccable record of producing a quality product for the northeast within the designated time frame, and we will continue to sustain that record when servicing the NJEFA. Accordingly, we specifically confirm that our interim fieldwork will be completed no later than mid-December each fiscal year and year end (final) fieldwork will be completed no later than the first Friday in February following the end of the fiscal year. Our report will be issued no later than 1 week following the completion of the technical review process.



Resources. Ernst & Young has over 500 professionals in the State of New Jersey working from the conveniently located MetroPark office in Iselin, New Jersey.

The proposal that follows describes in greater detail Ernst & Young's qualifications and presents a comprehensive approach to servicing the NJEFA.

Our team is extremely excited about the opportunity to continue to serve the NJEFA. The NJEFA is a top-quality organization with high caliber people. We also believe this is true of Ernst & Young. We look forward to presenting our credentials in person to both your management team and the evaluation committee and to answering your questions, if required. In the meantime, should you have any questions regarding any aspect of our proposal, please do not hesitate to call me at +1 732 516 4225 or Randy Nelson at +1 732 516 4340.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Milkosky', written in a cursive style.

David J. Milkosky
Northeast Area Public Sector Industry Leader

2. Firm experiences narratives

Financial /Organizational stability

With its worldwide headquarters in New York City, Ernst & Young is one of the world's largest and fastest-growing integrated professional services firms and a limited liability partnership ("LLP"). With more than 26,900 employees in 87 offices, Ernst & Young has one of the largest assurance and advisory practices in the United States. Ernst & Young has sufficient financial stability, working capital and other resources to perform the contract without any special financial assistance. As a partnership, Ernst & Young has no publicly prepared financial statements. However, the size and strong historical track record of our firm provides compelling evidence of our financial resources to serve the Authority. However, we would be happy to confidentially discuss our financial resources with you if that is your wish.

The following financial information evidences our financial stability and resources:

Total 2009 U.S. revenues were approximately \$8.6 billion

Total 2009 global revenues of the organization were approximately \$21.5 billion

Fitch Ratings (the debt rating agency) recently affirmed Ernst & Young's-AA debt rating

Audits 20% of the Fortune 1,000 largest US corporations

As a testament to our organizational stability, we have operated as variously titled entities for over 100 years - most recently as Ernst & Whinney, the result of a 1979 merger. Ernst & Young resulted from another merger in 1989 between Ernst & Whinney and Arthur Young. Arthur Young, our earliest founding entity, was established in 1894. We have been licensed and active in public accounting throughout this time.

Ernst & Young, a global leader in professional services, is committed to restoring the public's trust in professional services firms and in the quality of financial reporting. Our more than 144,000 people in 700 locations in 140 countries pursue the highest levels of integrity, quality and professionalism in providing a range of sophisticated services centered on our core competencies of auditing, accounting, tax and transaction advisory services. Our client base is broad and diverse and includes government and not-for-profit entities, major international companies, Fortune 250 companies and strategic growth companies.

Importance of government to Ernst & Young

Our Public Sector Services practice is comprised of professionals skilled in the auditing, accounting and budgeting methods, systems and controls that today's state and local governments use. Our professionals have years of experience with the systems, programs and issues of the public sector.

Our Public Sector professionals keep close tabs on the industry they serve through a variety of professional networks through which they actively participate, confirming that their advice to you will be both timely and relevant. They work closely with professional organizations such as the Governmental Accounting Standards Board; Government Finance Officers Association; National Association of State Auditors, Comptrollers and Treasurers; Council of State Governments; Association of Government Accountants; Intergovernmental Audit Forum and Financial Management Improvement Program; and the American Institute of Certified Public Accountants. They have provided "thought leadership" through leading edge articles and are continually invited to speak at meetings of the various professional public sector organizations.

What our leadership position means for the Authority

- Team members who are dedicated to the public sector industry
- Access to recognized national government professionals who are available to help our clients remain proactive
- Collective knowledge gained through serving a wide range of similar organizations, both locally and nationally
- An audit approach and methodology designed specifically for government clients
- The ability to better understand and manage your risk

Ernst & Young has been attuned to the needs of government since the founding of the Firm. Efficient government audits require a high degree of innovation, technical proficiency, financial acumen and experience. The team we will use to serve you possesses these attributes and our organizational structure supports their ability to provide vital information and advice quickly and decisively.

Our Public Sector Services practice and the commitment and involvement of our leaders is your assurance that the knowledge available to you is always state-of-the-art. But, equally important, our professionals can do more than respond to your needs - they can anticipate them. We take the needs of our government clientele seriously and personally.

Our government clients—Big and small

E&Y has one of the largest Public Sector Practices in the profession; annually, we serve hundreds of public sector audit and financial advisory clients. Included on this list are some of the largest and most prominent federal, state and local governments, their departments, special districts, and authorities. Some of these are groups as large as the U.S. Postal Service, with its 700,000 employees, 40,000 branches, and annual revenues exceeding \$58 billion. At the federal level, we have performed one or more services for nearly every major agency or department, e.g., U.S. Department of Education, the Health Care Financing Administration, Centers for Disease Control and Prevention, Patent and Trademark Office, and the U.S. Postal Service. We have served some of the most varied, complex, and prestigious public sector organizations in the world. E&Y has conducted audits for half of the states whose activities are audited by independent auditors (including Ohio, Pennsylvania, Maryland, Maine, New Hampshire, Vermont, Delaware, Hawaii, and West Virginia).

Highlights

- * One of the largest public sector practices.
- * Audit over 1,000 governmental units annually, including state and local governments, their departments, special districts, authorities and not-for-profits.
- * Audits are made in accordance with generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A 133.
- * More than 200 state and local governments have received the GFOA Certificate of Achievement for Excellence in Financial Reporting while an Ernst & Young client.
- * Provided audit and consultative services to other states including Pennsylvania, Delaware, West Virginia, Hawaii, New Hampshire, Maine, Ohio, Vermont and Illinois.

one or more services for nearly every major agency or department, e.g., U.S. Department of Education, the Health Care Financing Administration, Centers for Disease Control and Prevention, Patent and Trademark Office, and the U.S. Postal Service. We have served some of the most varied, complex, and prestigious public sector organizations in the world. E&Y has conducted audits for half of the states whose activities are audited by independent auditors (including Ohio, Pennsylvania, Maryland, Maine, New Hampshire, Vermont, Delaware, Hawaii, and West Virginia).

Our northeast area practice and government focus

As part of our worldwide network of resources, each local Ernst & Young office provides numerous integrated service capabilities to our clients. Integral to our local office structure is our commitment to industry specialization, which is essential to providing superior service and creating value for our clients. While technical and functional competencies are fundamental to our client focus, the most critical success factor for Ernst & Young has been and will continue to be industry knowledge and experience.

The Authority will be served primarily by professionals from our Metropark, NJ Public Sector Practice team which happens to be where our firm thought leadership in this discipline resides. The client service

executives who we have assembled to serve the Authority are all members of our Northeast Area Public Sector Services Group and have extensive and current experience serving the public sector and they have strong qualifications and technical capabilities in financial statement and compliance auditing. We are proud of our many years of serving the public sector.

Our Northeast sub-area public sector practice

Viewed from the outside, the similarities between one public accounting firm and another may seem more striking than the differences. All of the major professional services firms provide essentially the same kinds of audit services, each enjoys a large and diverse clientele, and most of them can point to an impressive record of growth. On closer examination however, there are certain characteristics that distinguish E&Y from other public accounting firms. The most important of these characteristics is that E&Y has dedicated a number of its top public sector professionals to providing services to the Northeast Sub-Area.

Our Public Sector Practice is composed of more than 75 professionals skilled in the auditing, accounting, and budgeting methods, systems, and controls that are currently utilized by state and local governments. Our professionals have years of experience with the systems, programs, and issues of the public sector

Our Public Sector Practice and the commitment and involvement of our leaders are your assurance that the knowledge available to you is always state-of-the-art. But, equally important, our professionals can do more than respond to your needs—they can anticipate them.

E&Y's Public Sector Practice, utilizes a creative business-minded approach to client service, rather than implementing standardized approaches or pre-packaged solutions. As a result, we have built one of the largest governmental practices in the country and have established a list of prestigious public sector clients.

Our firm's tax services

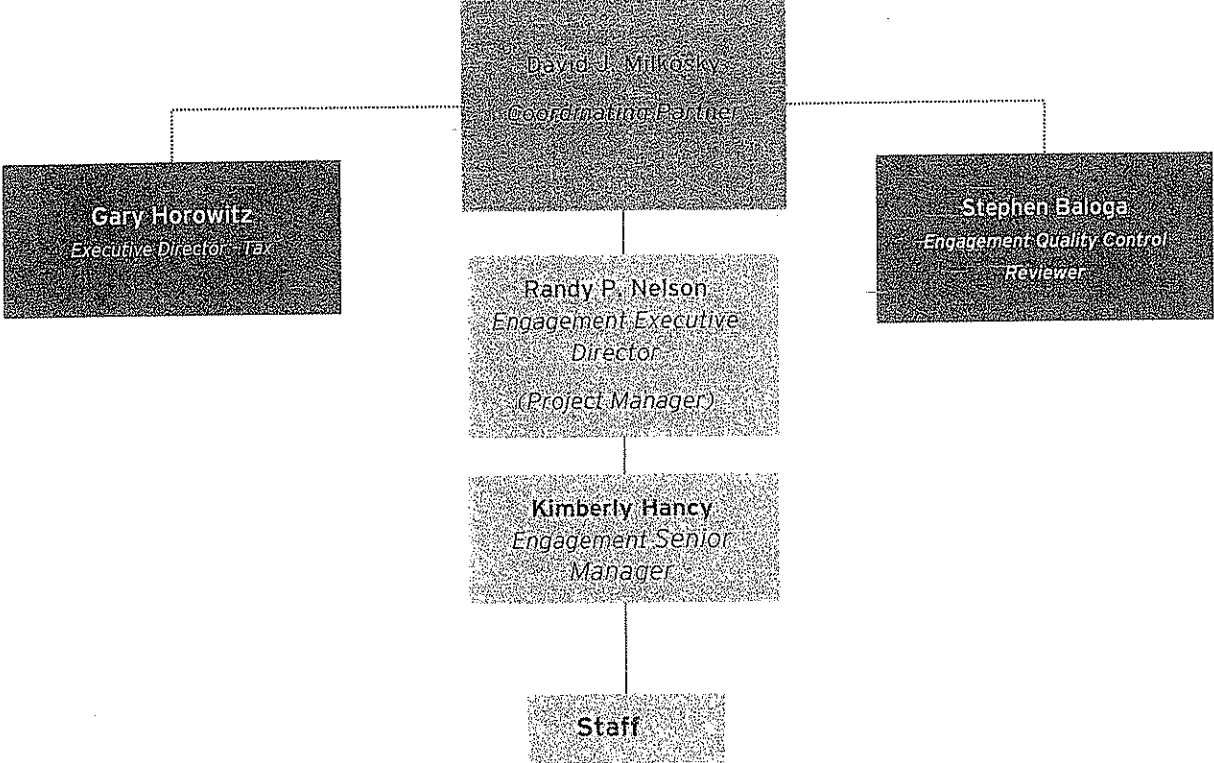
Ernst & Young is a world class service provider. We have the tax resources, the knowledge, and the insight gained from serving the majority of the top tax exempt organizations in the country, and the commitment to bring you the best of our firm.

Our National Exempt Organization Tax Practice is well positioned to provide NJEFA with sound and well-developed tax planning advice. Our tax exempt organization specialists will stay abreast of your operations and current developments. We will address the tax ramifications of business decisions, operations, and transactions in a timely manner to maximize benefits to NJEFA, and to protect the tax-exempt status of its various entities.

The key to our tax services strategy is industry and functional specialization. Our team of tax professionals that will serve NJEFA is dedicated to the tax exempt organization industry 100%, serving only tax exempt clients. Our tax exempt compliance services group consists of professionals who also specialize in this industry. Additionally, we have functional specialists serving our tax exempt clients in areas such as state and local taxes, compensation and employee benefits, mergers and acquisitions, and personal financial counseling.

We are committed to working with NJEFA to make certain that optimum tax minimization strategies are made available to your management team. Gary Horowitz, the Metro New York Area Leader, within our National Tax Practice, will serve as your Tax Services Coordinating Partner, Gary specializes full-time in tax exempt organizations. Gary would be your primary contact for tax services, providing the appropriate assistance depending on the specific situation.

3. Organization chart



Responsibilities of team members

To help you understand our client service team and the roles of key individuals listed in the organization chart above, the following section contains an explanation of the major functions of the individuals selected to serve you. In this way, we demonstrate what the individual will do and why the individual will make a positive contribution as part of our client service team. The individuals will be involved in the engagement to varying degrees as appropriate, providing specialized audit, training and other consultative services.

Team Member	Role	Client
David Milkosky Coordinating Partner	Dave will manage the team's resources, service execution and quality enablers deployed to serve the Authority. He will be responsible for communications with your Audit Committee and Management and will serve as your single point of contact providing the leadership through which all critical information flows. Dave will also serve as the signing partner for the Authority.	All
Stephen Baloga Engagement Quality Reviewer	Stephen will review accounting and auditing issues, provide guidance on new or reviewable matters and oversee the quality of the audit results.	All
Randy Nelson Engagement Executive Director	Randy will work with the Authority in the day-to-day supervision of all Authority audit-related activities, bringing hands-on attention to Authority audit planning and execution. He will focus on providing industry-related thought leadership and insight to the Authority audit.	All
Kimberly Hancy Engagement Senior Manager	Kim will work closely with Randy to co-lead the day-to-day execution of Authority audit-related activities.	All
Gary Horowitz Engagement Executive Director <i>Tax Exempt Services Group</i>	Gary will be responsible for the execution of all tax services provided to the Authority	All

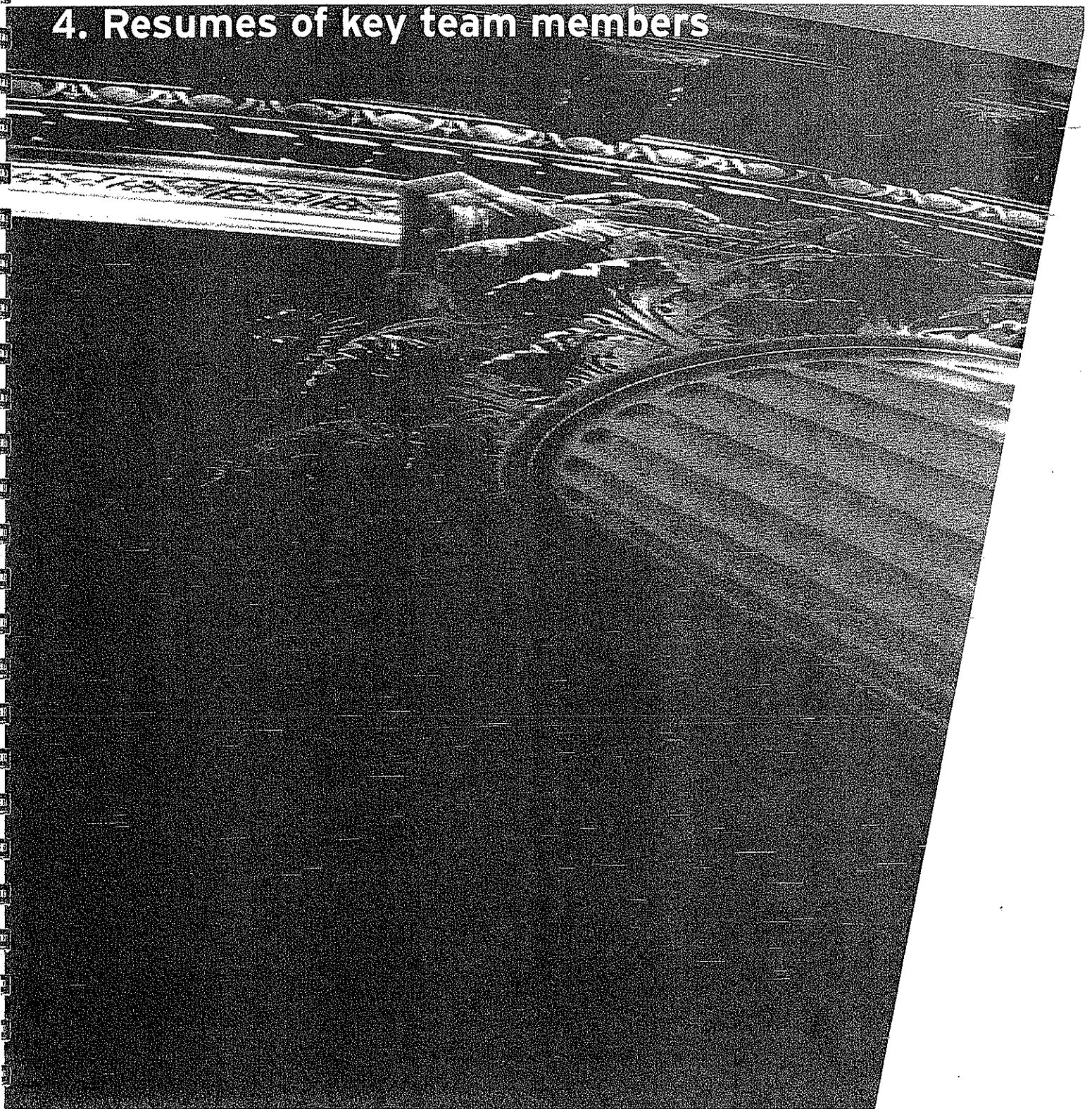
Staff turnover

We take team continuity very seriously. Accordingly, we will attempt to keep the audit team presented to you in this proposal intact through the term of our engagement. However, because of promotions, attrition and other real-life situations, responsibilities and personnel changes do occur from time to time. While we recognize that no firm can guarantee that the team to serve you will remain the same throughout the lifetime of the engagement, Ernst & Young has taken serious strides toward staff continuity. In fact, attracting and keeping the best and brightest is one of the key initiatives of our firm.

We know how important team continuity is to the Authority and we trust that you recognize how serious we are in making that commitment. Ernst & Young has been named to Fortune Magazine's, "100 Best Companies to Work For In America." The firm has earned this prestigious distinction for its on-going commitment to its most important capital resource—its people.

In the event that changes in key engagement team members occur, we will, of course, inform the Authority's Contract Manager immediately in writing, obtain your approval before proceeding and commit to providing individuals of comparable or greater qualifications and experience to serve you. We can make this commitment because of the size and capabilities of our public sector services group.

4. Resumes of key team members





David Milkosky
Coordinating Partner
732 516 4225
david.milkosky@ey.com

Dave is Ernst & Young's Northeast Area Public Sector Industry Leader and has been with the firm for more than 33 years. During this time, he has served our most prominent public sector clients, including large state agencies, cities and counties. Dave is a frequent speaker on public sector accounting and business issues for the firm.

Relevant experience

- Partner in charge of all services rendered to the New York City Department of Education New Jersey Turnpike Authority, New Jersey Transit Corporation, New Jersey Division of Investment, New York Power Authority, New York City Housing Authority, New York City Housing Development Corporation, New York Economic Development Corporation and the City of New York Department of Education
- Partner in charge of all financial advisory services performed for the Middlesex County, Hudson County, Monmouth County and Union County Improvement Authorities
- Partner in charge of work performed for the New Jersey Department of Community Affairs in developing uniform accounting and financial manuals for New Jersey Authorities in their conversion to GAAP
- Senior member of Ernst & Young's nationwide team involved in the determination and review of audit requirements and procedures for use with Metro New York Area audit clients

Professional qualifications

- BS, with highest honors, from the Boston College Carroll School of Management
- Certified public accountant in MA, NY, NJ and CT
- Member of the American Institute of Certified Public Accountants and the New Jersey Society of Certified Public Accountants

Served on the Governor's Financing Strategies Task Force and is a former member of the board of directors for the Association of Environmental Authorities. Dave is a frequent speaker on Public Sector Advisory alternatives at both National and NJ State Governmental forums.



Steve Baloga
Independent Review Partner
202 327 5642
Stephen.baloga@ey.com

Steve Baloga, has over 30 years of experience in public accounting. During that time, he has served a wide variety of clients, including government entities. He currently serves as our Mid-Atlantic Practice Director of Services for State and Local Government Entities. He has provided a wide variety of services to clients including performing audits; providing accounting advice; developing and presenting seminars and training programs; giving speeches; performing internal control and fraud reviews; performing risk assessments; developing accounting and auditing manuals; writing management letters, financial statement footnotes, and single audit findings; and preparing implementation plans and reports on special projects. Steve will conduct the independent review of the Authority's financial statements prior to their release. Steve will also be available for consultation with Authority Management should the need arise.

Representative examples of Steve's professional experience include:

Directed the annual audits of many governmental entities including the State of Maryland, State of Delaware, Commonwealth of Pennsylvania, Lancaster County, York County, Pennsylvania Turnpike Commission, Pennsylvania Industrial Development Authority, Harrisburg Parking Authority, City of Harrisburg, Harrisburg Redevelopment Authority, Pennsylvania Employees' Benefit Trust, Pennsylvania State Employee Retirement System, Pennsylvania Municipal Retirement System, and Pennsylvania General Assembly.

Served as the technical reviewer in connection with our development of the Commonwealth of Pennsylvania's Manual of Accounting issued by the Office of the Budget, Comptroller Operations.

Authored the original version of the Commonwealth of Pennsylvania, Department of the Auditor General, Single Audit Approach Manual. This manual was developed in 1988 by Ernst & Young to provide guidance to the Auditor General in performing the Commonwealth's Single Audit.

Professional Qualifications

Bachelor of Science Degree, The Pennsylvania State University

Regularly attends government-related seminars and courses by Ernst & Young and other organizations including GAAP Conversion for Governments, Government Current Matters Seminar, PICPA Annual Government Conference, and AICPA National Governmental Accounting and Auditing Update Conference.

Member, Government Finance Officers Association, American Institute of Certified Public Accountants and Pennsylvania Institute of Certified Public Accountants.



Randy Nelson
Executive Director
+1 212 773 1513
randy.nelson@ey.com

Randy Nelson, an executive director in Ernst & Young's Northeast Area public sector practice, has more than 32 years of experience providing accounting, auditing and governmental consulting services to a number of public sector entities. Randy has been actively involved with state and local authorities, counties, municipalities and school districts, with total assets ranging from \$1 million to \$4 billion. He will report directly to David Milkosky and be responsible for the day-to-day planning and coordination of all services to the City. *Anthony...*

Relevant experience

Responsible for all audit services rendered to the New Jersey Economic Development Authority, New Jersey Housing Mortgage Finance Agency, New Jersey Educational Facilities Authority, New Jersey Health Care Financing Facilities, New Jersey Turnpike and New Jersey Transit

Responsible for all audit services rendered to the following current and former clients: Suffolk County, Morris County, Township of Edison, City of Jersey City, City of East Orange, Middletown Township and the Township of Woodbridge with significant experience performing OMB Circular A-133 audits

Responsible for all audit services provided to New York City Economic Development Authority, New York City Housing Development Corporation and the New York City Housing Authority

Engagement Quality Review Executive of the firm's OMB Circular A-133 audits of the Commonwealth of Pennsylvania, State of Maryland and the City of Baltimore

Worked on numerous bond and note issuances—ranging in size from \$1 million to \$4 billion—for various governmental entities within the City of Boston

Served as speaker on technical issues impacting governmental organizations for the New Jersey Society of Certified Public Accountants and the Government Financial Officers Association of New Jersey

Professional qualifications

MBA, Accounting and Taxation, Fairleigh Dickinson University; BS, Accounting, William Paterson University

Certified Public Accountant in New Jersey and New York and a Registered Municipal Accountant

Past Chairman of the Committee on Governmental Accounting and Auditing of the New Jersey Society of CPAs

Member of Executive Committee of the NY/NJ Intergovernmental Audit Forum

Member, New York and New Jersey Society of Certified Public Accountants, American Institute of Certified Public Accountants and Board of Examiners for the Municipal Finance Officers Certificate Program in the State of New Jersey.



Gary Horowitz
Executive Director
732 516 4328
Gary.horowitz@ey.com

Gary is a member of the National Exempt Organization Tax Services in Ernst & Young LLP's National Tax Department.

Gary has over 24 years experience in Ernst & Young's Tax Consulting practice.

Experience includes IRS coordinated exams, restructuring, payroll tax issues, state and local tax issues, unclaimed property, joint venture structuring, compensation issues and nonresident alien reporting.

His clients have included Rutgers, The State University of New Jersey, Yale-New Haven Health System, the New York Presbyterian Healthcare System, Montefiore Medical Center, Robert Wood Johnson University Hospital, Mount Sinai School of Medicine and University of Medicine and Dentistry of New Jersey.

Member of the New Jersey Society of CPA's, the American Institute of CPA's as well as the American Bar Association.

B.A. in Economics and J.D. from Rutgers University and a L.L.M. in Taxation from New York University.



Kimberly Hancy

Manager

+1 732 516 4839

kimberly.hancy@ey.com

Quinn

Kimberly, a senior manager in our Northeast Area public sector practice, will be responsible for the day-to-day planning and coordination of all services to the City. Kimberly specializes in providing accounting and consulting services to governmental entities and has seven years of public accounting experience.

Relevant experience

- Major clients served include the New York City Housing Authority, New York City Economic Development Corporation, New York City Housing Development Corporation, New York City Industrial Development Agency, Suffolk County, New Jersey Schools Development Authority, New Jersey Turnpike Authority, New Jersey Housing and Mortgage Finance Agency, and New Jersey Educational Facilities Authority.
- Served on College audit engagements, including the Middlesex County College, Essex County College, Suffolk County Community College and the American College of Greece
- Served on benefit plan engagements for Alcatel-Lucent and New York City Economic Development Corporation.

Professional qualifications

- BS, Accounting, Lehigh University
- Certified Public Accountant and member of the AICPA and the New Jersey Society of CPAs

5. Approach

Scope of work

The scope of our services will encompass performing an audit of the New Jersey Educational facilities authority's financial statements covering all of its funds and accounts for the years ending December 31, 2010, 2011 and 2012, in accordance with generally accepted government auditing standards. We will also express an opinion on the Authority's compliance with the Bond Resolutions.

In addition to the issuance of our audit report, we will issue a management letter, if necessary, which will include our recommendations affecting the financial statements, internal control, accounting procedures and systems and any other material matters.

Our reports will be issued in accordance with the Scope of work section of the RFP and by the March 31, 2010 filing deadline as required by the Authority.

At Ernst & Young LLP we understand the importance of meeting a client's deadline. As auditors to a number of state agencies we have an excellent record of producing a quality product on time.

Audit Fees

Based upon our understanding of the Authority's objectives and the nature of the procedures required, our audit fees, exclusive of out-of-pocket expenses, will be \$39,800, \$42,000 and \$43,000 per year for the years ending December 31, 2010, 2011 and 2012 respectively. Our fees for the two optional years, should you continue to utilize Ernst & Young, will increase on to the extent of change in the CPI index for the 2013 and 2014 calendar years. Out-of-pocket expenses will not exceed \$3,500 each year.

This fixed fee reflects a substantial discount from our standard rate schedule and is indicative of our desire to continue to serve the New Jersey Educational Facilities Authority.

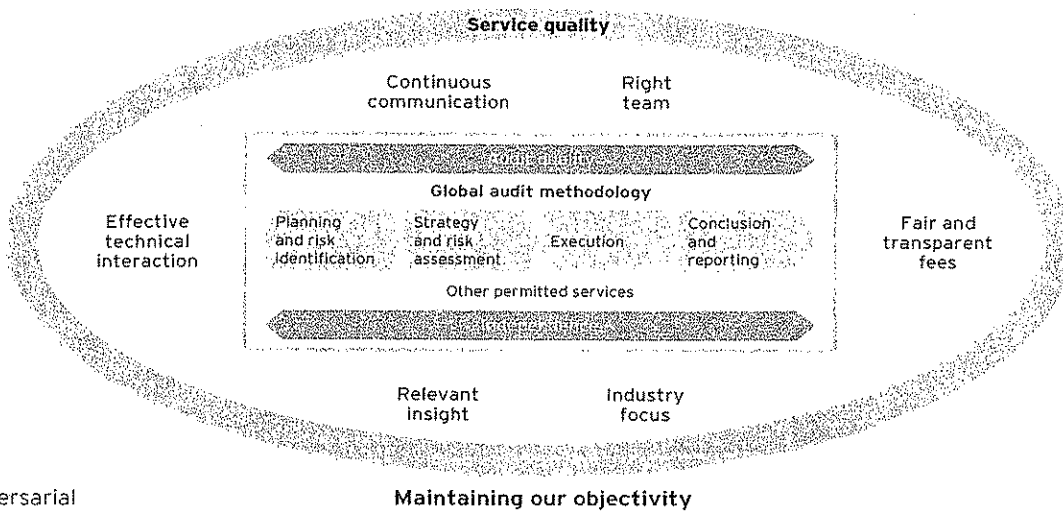
As you know, we are committed to providing you with the best possible service and, accordingly, we will incur as many hours as necessary in order to complete our assignment in accordance with your schedule.

Our global audit methodology

Ernst & Young has invested hundreds of millions of dollars over the past five years in the global innovation of our control-based, balance sheet-focused audit methodology and supporting technology and knowledge enablers.

Ernst & Young's Global Audit Methodology (EYGAM) is executed through a comprehensive service approach. It begins with understanding service requirements and establishing working protocols with the Audit Committee and Management. It concludes with our Assessment of Service Quality (ASQ) to determine our performance in meeting service expectations - most importantly, audit quality - with both the Audit Committee and Management.

Our Comprehensive Service Approach



Our Service Approach is the cornerstone of our service delivery model and consists of the following key facets:

- **Understand service expectations** - During this step, we establish and confirm our understanding of the Authority's Audit Committee and Management audit needs.
- **Drivers** - We gain an understanding of the current and emerging developments that may affect the Authority's business, risk and control environment, and financial reporting requirements.
- **Assurance plan** - With a thorough assessment of the risks facing the Authority, we then establish a portfolio of audit procedures that are customized based on your significant accounts, disclosures and classes of transactions, as well as our assessment of risk, including the risk of fraud. Our procedures include tests of controls and tests of details of significant account balances and transactions.
- **Assessment of service quality (ASQ)** - The ASQ process begins with our inquiry into the Authority's perception of service quality. This inquiry is conducted through on-site interviews of the Audit Committee and Management by experienced Ernst & Young executives who are independent of the audit service team. A follow-up Action Plan is developed based on the results of these interviews.
- **Key service delivery principles** - We are confident that EYGAM and the service delivery model provides for the delivery of world-class audit services consistently. However, process, methodology, and service models must be coupled with exceptional execution in order to achieve a world-class result. The audit methodology of any firm is only as good as the execution and delivery driven by the team serving you. The quality of service execution is so critical that our partners are committed to the following key service delivery principles:
 - Timely, hands-on executive involvement
 - An understanding of your business
 - Top-down, risk-based focus
 - Integrated risk assessment and planning process
 - Flexibility in the use of the work of others

EYGAM guides our audit team's execution of an integrated audit, a coordinated process that enables us to report on both the financial statements and internal control over financial reporting. Briefly, EYGAM guides the following audit activities:

- Identification of significant accounts, disclosures and classes of transactions, based on materiality and specific risk factors, including the risk of fraud.
- Identification of significant business and accounting processes, including the financial statement close process
- Identification of "what can go wrong?" considerations (similar to a risk identification) in the business processes and accounting activities
- Identification, documentation, testing and evaluation of the key controls that prevent or detect errors, which could potentially be material to the financial statements.
- Determination of the nature, extent and timing of additional audit procedures (i.e., testing of account balances) to be performed based upon testing and evaluation of key controls
- Execution and documentation of tests of details of significant account balances and transactions
- Execution and documentation of audit procedures related to financial statement reporting, including footnote disclosures
- Conclude on the audit and report results to the Audit Committee and Management
- Execute Assessment of Service Quality (ASQ) to determine our performance in meeting service expectations - most importantly, audit quality - with both the Audit Committee and Management

Audit approach and process

Ernst & Young takes a collaborative audit approach and will expect the Authority's participation in our planning processes. We will optimize coordination and integration with your resources, retaining this focus as we develop the audit plan. We will work to maximize audit efficiencies and minimize duplicative efforts and disruption to the Authority.

Our audit approach starts with gaining an understanding of the current and emerging developments that may affect the Authority's risk and control environment and financial reporting requirements. This includes the effect of stakeholder influence; relevant government sector trends; the Authority's strategies and related operational risks; and accounting, reporting and regulatory developments.

The key features of the Ernst & Young audit approach include:

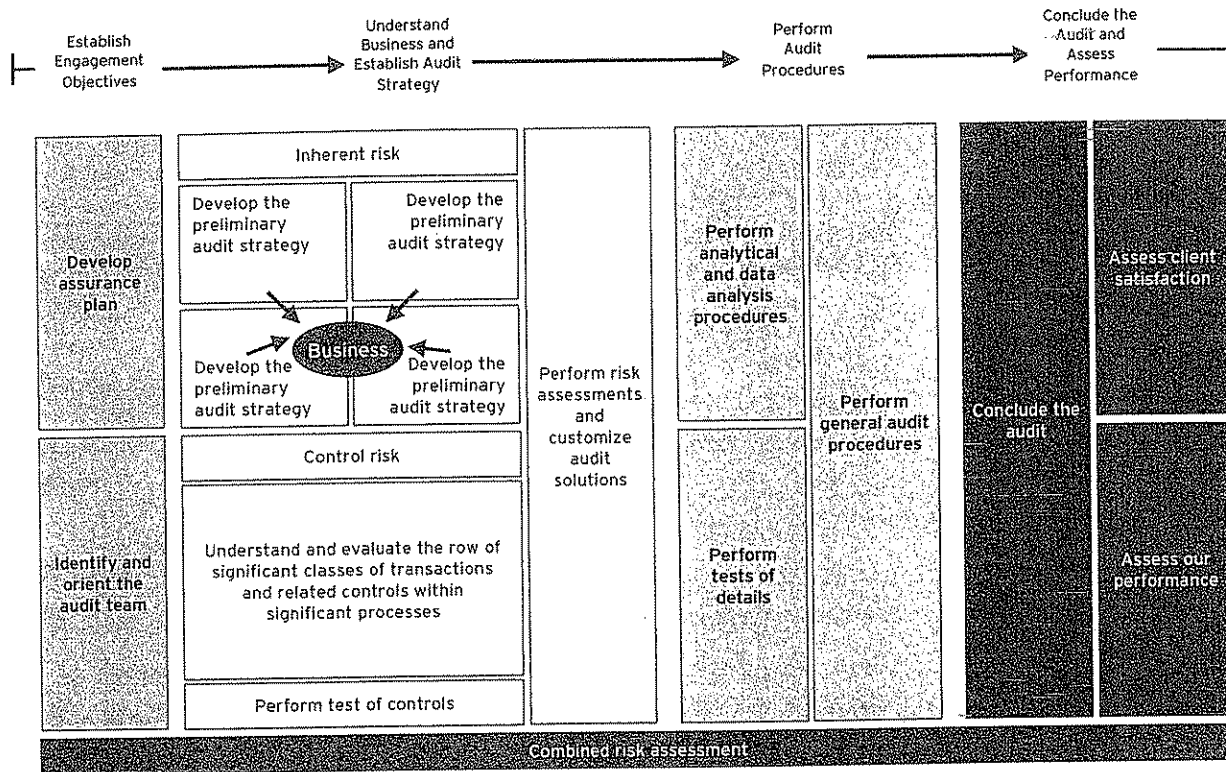
- Applying our fresh perspective to the Authority's audit by obtaining a thorough, up-to-date understanding of your organization and its internal control environment. This helps us to identify potential risk areas associated with particular operations and processes, as well as to communicate and develop client service objectives that confirm that the Authority receives the benefits you expect.
- An account-balance focus that allows us to quickly identify significant accounts and high-risk areas. This is achieved by encouraging consideration of business and environmental aspects in deciding "what can go wrong" and by focusing attention on the estimation/judgment processes separately from the routine and non-routine data processes.
- A risk assessment process that is central to the audit approach and provides the basis for planning the necessary effort to hold audit risk in each area to an acceptably low level. This enables us to plan our effort to be responsive to the likelihood of errors of audit importance and to select audit procedures that directly relate to your particular situation.

Audit process

Our audit process is designed to focus the Authority's needs and is composed of the following elements:

- Planning
- Internal control work
- Risk assessment
- Substantive testing
- Quality control

Our innovative audit is an evolving and dynamic initiative that focuses on delivering value throughout the entire audit process. It is also designed to look beyond the numbers—to deliver the value you are seeking. The following illustration graphically depicts the Ernst & Young audit process and then briefly describes each key element.



Develop assurance plan

We understand and validate:

- Audit committee and management expectations regarding communications and service delivery
- Work products and audit scope

Team

We establish an engagement team with the right industry and technical skills to execute the audit and deliver on our commitments to you.

Understand the business

Audit risk is influenced by business risk. Our audit begins with understanding current and emerging developments that could affect the Authority's business environment and risk, including industry trends, stakeholder needs, evolving professional standards and market developments. We monitor key issues and changes within the Authority and its business environment to continually update the Authority's business risk profile. We update our audit strategy to focus on areas that signal vulnerability and risk.

Establish audit strategy

We establish a portfolio of audit procedures that are customized based on the Authority's significant accounts and processes, as well as our assessment of risk, including the risk of fraud. Our procedures include tests of controls and tests of details of significant account balances and transactions.

Perform audit procedures and conclude

Our primary work products are our opinion on the Authority's financial statements; our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*; our report on compliance with requirements applicable to each major program and on internal control over compliance with OMB Circular A-133; and our report on the schedule of investments.

Client satisfaction

We monitor our success in meeting the Authority's needs and expectations through our client satisfaction improvement process.

Our detailed audit approach

Ernst & Young's audit approach has been tailored for government and is divided into the following phases:

1. General planning and identification of areas of audit significance
2. Understanding and evaluating the significant sources of information
3. Developing and executing the audit process
4. Drawing overall audit conclusions and reporting

While these phases are discussed in a specific order, some phases can overlap and may be pursued simultaneously by different members of the audit team.

The following sections highlight the activities performed during the various phases of the audit process and discuss our use of technology in the audit process.

I. General planning and identification of areas of audit significance

The first phase includes a high level of involvement by our senior audit executives as part of a "planning event" at your offices and involves participation of appropriate the Authority management personnel. Many decisions about the nature, timing and extent of our audit procedures are made during this phase. David Milkosky, Randy Nelson and Kimberly Hancy will be involved. This approach builds quality into our work from the beginning, avoiding rework and facilitating the identification of issues for prompt resolution. During the second and third phases, a greater percentage of the time will be spent at the senior and staff accountant levels in the field.

During the final phase, time spent at the senior manager and partner level as a percentage of total staff time will again be greater. Care is taken to review the reports prior to issuance for conformity with professional, federal and internal standards and other criteria. Many of our internal quality control procedures are concentrated in the final phase of the engagement.

The primary objective of the planning phase is to obtain sufficient information to enable us to plan the audit. We gather this information by obtaining an understanding of the organization and reviewing how the financial data reflects operating results. We make an overall assessment of the current control environment and of the significant systems and control applications, as well as significant accounts and groups of accounts, in order to achieve a successful and timely completion of the audit.

Phase I includes obtaining information about your organization and about its operations, internal control environment and prescribed procedures and methods for processing accounting data. In this phase, we will devote attention to meeting with the Authority personnel and reviewing available documentation to understand and support the Authority's current accounting policies and procedures. Some of our procedures during this phase will include:

- ▶ Reviewing and concurring with the Authority's accounting policies and procedures
- ▶ Reviewing and providing comments on the Authority's draft pro-forma financial statements regarding any suggested changes to the basic financial statements and notes to the financial statements to avoid surprises or delays during the wrap-up phase of the audit
- ▶ Reviewing and providing comments on the Management's Discussion and Analysis (MD&A) information
- ▶ Identify outside service providers used to develop financial information and obtain all appropriate SAS 70 reports

During this phase, we will also identify data processing applications having audit significance and determine the extent to which manual or automated processes are used. This initial phase will lead to the development of our Audit Strategies Memorandum (ASM).

The ASM is developed in order to coordinate and control the overall aspects of the audit to confirm that detailed testing will be performed effectively and efficiently. The ASM is considered to be a unique blueprint of your audit. It is a flexible, dynamic tool, designed to communicate certain basic information relating to the audit, such as the scope of the effort, the accounting, auditing and reporting matters requiring attention as well as resolution and the involvement of your personnel.

Significant steps, tasks and subjects that will be a part of the ASM include:

- ▶ Historical, statistical and financial information
- ▶ Scope of the audit engagement, consistent with the prevailing controls and the tests and reviews mandated by auditing standards generally accepted in the United States and standards applicable to financial statement audits contained in Government Auditing Standards
- ▶ Management procedures and controls to be tested during the audit
- ▶ Schedules of tasks to be completed, including specific timing and staffing assignments, progress reports, meetings, etc., to provide for appropriate communication during the audit and for timely completion of the engagement
- ▶ Overview of the accounting systems, accounting policies, applicable legal provisions and reporting considerations
- ▶ Specific observations regarding certain key accounts and transactions

II. Understanding and evaluating significant sources of information

During this second phase of your audit, we identify the information sources (routine and non-routine data and estimation / judgment processes) that affect the significant accounts identified in the initial phase. We assess the financial statement assertions and the related audit objectives and procedures as they relate to significant accounts or groups of accounts in terms of:

- ▶ Existence (or occurrence)
- ▶ Completeness
- ▶ Ownership, or rights and obligations
- ▶ Valuation (or allocation)
- ▶ Presentation and disclosure

Applications such as receipts, expenditures, disbursements, payroll and others will then be examined to assess their relationship to the financial statements and to assist in planning the more detailed audit procedures.

We also will identify the necessary controls by specifying how the objectives of accounting controls apply, identifying those points within the flow of transactions where data errors could occur and determining whether control procedures have been established to meet the objectives of accounting control (i.e., to prevent or detect the potential errors). We will prepare descriptions of the flow of accounting information (forms, policies, procedures and practices) for further evaluation. In documenting the current state of their systems, many clients find our approach useful as a vital initial step in order to perform process value analysis, implement activity-based costing and initiate process innovation and redesign.

Our analysis of the aspects of internal control consists of interviewing the appropriate personnel, obtaining responses to pertinent questions, confirming responsibilities and observing specific controls. Our approach is designed to determine:

- The flow of transactions and highlights of the accounting-related aspects of business process
- The accuracy of the routine financial data (the detailed information about transactions produced by your accounting system and recorded in your books and records)
- The reasonableness of accounting judgments as reflected in the statements (the numerous estimates, evaluations, choices and decisions made in preparing the financial statements)
- The reasonableness of the amounts resulting from non-routine data processes
- The adequacy of control procedures in your electronic data processing (EDP) environment

We consider both the manual and the EDP accounting systems in our assessment of the effectiveness of controls. The tests performed on systems in an EDP environment frequently differ from those performed in a non-EDP environment. Therefore, we will be particularly concerned about certain operations of your EDP department and will use an Ernst & Young Information Technology Risk Advisory professional to assist with this aspect of the evaluation.

The objective of this review is to gain an understanding of the systems and the flow of transactions to be able to identify:

- The significant accounting applications in the system and other applications of audit significance
- The errors and unusual conditions that could occur in each significant application
- The essential elements of accounting controls used to prevent or detect such situations

We will also make a risk assessment of each account to identify specific conditions that we are likely to encounter. Within this framework, we will examine commitments and covenants regarding securities issues, governmental grants and contracts and other agreements to determine the various compliance requirements that must be met. The results of this evaluation of internal control and risk assessment help us in formulating our detailed audit plan and in determining the extent and type of specific tests required to obtain sufficient evidence to express an opinion.

III. Developing and executing the audit process

Based on the knowledge and information obtained during the first two phases of the audit approach, an audit approach plan covering each significant account is developed in Phase III. We prepare audit programs for tests of controls and for substantive tests. We make a final evaluation of the controls' effectiveness based on our tests and we perform substantive tests of account balances.

Perform tests of controls

The purpose of performing tests of controls is to confirm our initial assessment of the effectiveness of internal control and to determine the likelihood or actual presence of errors in the accounting data. This also determines to what extent we can "rely" on the controls. The nature and extent of the control testing will be influenced by our initial assessment of the current control procedures being used.

There are two types of controls: "detect controls" and "prevent controls." Detect controls are those designed to identify or detect errors that occur during the accounting process; prevent controls are designed to prevent errors

from occurring during processing. Because detect controls can be applied to groups of transactions, they are performed less frequently than prevent controls. A high degree of assurance that they are operating effectively can be obtained efficiently. However, because governmental entities are subjected to more stringent legal requirements than commercial organizations, our approach in certain areas will incorporate tests of both detect and prevent controls.

In emphasizing our commitment to efficient audits, however, we do not test both types of controls in other areas if we do not expect to rely on such controls to reduce other audit procedures, such as substantive testing of account balances. Where tests of controls can efficiently validate account balances, we will adopt this approach.

After executing our planned tests of controls, we will evaluate the results and decide whether the initial assessment of the controls' effectiveness was appropriate. If the preliminary assessment is confirmed and we are able to rely on those controls, we will use that reliance in determining the extent of our substantive testing. The risk assessment, which is continued throughout the audit, requires evaluating the likelihood of errors occurring that are important enough to materially affect the financial statements being audited.

As noted earlier, the conclusions reached in our risk assessment will be based on the many evaluations of internal control, systems, accounts and transaction flows that occur throughout the audit. Upon completion of the risk assessment and evaluation of the control tests' results, we will develop a detailed audit program for each significant account. Our programs are specifically tailored to consider the characteristics of the accounts, accounting practices and control procedures of each client. We do not use generic, all-purpose audit programs. The audit programs are specifically designed to take into consideration the Authority's unique business and control environment.

Perform substantive tests of account balances

The purpose of performing substantive tests is to obtain direct evidence as to the completeness, accuracy and validity of data. The result of these tests, when combined with other procedures, is to verify that balances in the financial statements are fairly presented and that the financial reporting is consistent with prior years and conforms to accounting principles generally accepted in the United States.

Substantive procedures may involve examining the details of data underlying specific transactions and balances and / or performing analytical review procedures. While some of these tests may be conducted concurrent with our tests of internal control, the purpose of substantive tests is to complement our reliance on internal control and to validate our earlier observations. The substantive procedures emphasize obtaining evidence as to the validity and propriety of the accounting for transactions and balances and are directed at testing the timing, purpose, amount, compliance, allowability, completeness and appropriateness of recorded transactions.

Our substantive tests will incorporate, for example, procedures to verify by confirmation and other appropriate procedures that investments do, in fact, exist; that they are owned; that the account representing investments is stated in its entirety (i.e., complete); that investments are carried at the appropriate values; and that they are properly classified, described and disclosed in the financial statements in conformity with the applicable GASB pronouncements.

All significant accounts (e.g., investments, receivables, accruals and bonds payable) will be subjected to similar substantive procedures.

At year-end, we will perform a limited review of internal control and policies to determine whether there have been any significant changes in the controls since the completion of the interim audit work. Significant changes in either internal control or accounting policies will then be evaluated to determine the potential impact on the earlier audit test procedures. We will complete selected detailed audit test procedures and will resolve any remaining accounting and reporting issues that could affect the financial statement disclosures.

IV. Drawing overall audit conclusions and reporting

In this final phase of the audit, we perform certain general audit procedures, conduct an overall review of the financial statements and draw overall audit conclusions based on our results. The general audit procedures performed here include obtaining management and legal representations as well as reviews of subsequent events.

We will perform an overall analytical review of the basic financial statements (BFS) near or at the conclusion of our audit work. The purpose of this review is to satisfy ourselves that the numbers make sense in light of our understanding of the Authority, that we have obtained explanations of significant fluctuations, and that the financial statements meet generally accepted presentation and disclosure standards.

In addition, we will reevaluate our materiality judgments and the adequacy of our audit procedures. In the planning phase, we determined planning materiality based on preliminary information that affected the extent of tests performed in execution. Based upon the final assessment of combined risk and the audited materiality base, we will consider whether the extent of substantive auditing procedures was sufficient to form conclusions concerning the information contained in the financial statements, the effectiveness of internal controls, and compliance with laws and regulations.

Throughout the audit, we will make inquiries about various facets of the Authority's operations, commitments, contingencies, pending or actual lawsuits and judgments and obligations. Responses to our inquiries may be provided both orally and in writing. During this final phase, in order to confirm the continuing appropriateness of earlier representations and to determine a mutual understanding of the subject matters relating to these representations, we request written legal representation from legal counsel and management representation from management and the constitutional officers and their representatives.

Also, during this phase we will perform a review of events occurring subsequent to the date of the financial statements that could have a direct and material effect on the financial statements. Our objective is to determine if there have been any significant direct or contingent liabilities or commitments have occurred; significant changes in the status of items accounted for in the financial statements on the basis of estimates or on the basis of tentative, preliminary or inconclusive data; unusual adjustments to the accounts since the balance sheet date; and significant changes in the financial condition or operations since the balance sheet date.

When appropriate, we will meet with the Authority's team to discuss developments in the audit and / or resolve accounting issues. Such meetings will be held regularly from the beginning of fieldwork until the final report is issued in accordance with an agreed-upon schedule and will include the required progress reports. Potential financial statement adjustments identified during the audit will be formally documented and we will discuss the effects of these adjustments. We are confident that with the appropriate dialogue between management and the team, all reporting issues will have been identified and resolved well in advance of all final reports.

We will discuss any conditions requiring your attention prior to the issuance of the final products. The purpose of the briefing in the final phase is to review reported conditions and develop an appropriate course of corrective action to permit your positions to be simultaneously communicated to federal grantors pursuant to federal reporting criteria. The corrective action you implement or plan to implement will appear in the reports.

Sample sizes and the extent of statistical sampling

Ernst & Young will use audit sampling strategies in performing tests of controls, tests of account balances and to determine our samples sizes for major programs.

Tests of controls

When we are developing our testing strategy for performing tests of controls, we consider the fact that we perform sufficient procedures to conclude that the control is operating effectively. The table below summarizes our basic extent of testing guidance for full tests of controls for a specific control in situations where we are testing more than one control related to a relevant assertion, and we do not expect to find exceptions in the operation of the control.

Nature of control and frequency of performance	Full tests of controls-- Minimum number of items to test
Manual control, performed many times per day	25
Manual control, performed daily	25
Manual control, performed weekly	5
Manual control, performed monthly	2
Manual control, performed quarterly	2
Manual control, performed annually	1

Tests of account balances

In testing account balances, we may utilize a statistical sampling approach for testing such areas as loans, receivables, other receivables and fixed assets. When planning a particular sample for a substantive test of details, we would consider materiality levels, our combined risk assessment and the nature of the items comprising the account balance.

Statistical sampling

The use of sampling is an integral part of our audit approach, and we have developed practical tools to implement statistical techniques. Our primary objective in developing these tools is to help your audit team design the most efficient and effective combination of procedures.

To assist in accomplishing this objective, we have developed E&Y/MicroSTART, an innovative, statistically based model that incorporates the various risk assessments with the results of our tests of controls and other audit procedures. E&Y/MicroSTART provides a direct tie-in to the procedures necessary to test effectively the balances and classes of transactions. In addition, it demonstrates the trade-offs made in various combinations of procedures and alternatives. By using E&Y/MicroSTART to design the combination of tests that provide the desired flexibility in the nature, timing, and extent of testing yet achieve sufficient, competent evidential matter to support our reports, we can measure the cost in terms of audit efficiency. Because this model is based on the statistical theories used in auditing, it allows us to use the most effective and efficient combination of procedures in a given audit situation, thus controlling our audit effort.

Type and extent of analytical review procedures

Various types of analytical and data analysis procedures often are useful in obtaining the audit assurance we desire. We can use analytical and data analysis procedures as stand-alone substantive procedures or in combination with other procedures. In some situations, we may determine that performing only substantive analytical procedures may be sufficient to reduce the risk of material misstatement to an acceptably low level. Specifically, we may determine that

performing only substantive analytical procedures is responsive to the assessed risk of material misstatement for a particular assertion (completeness/valuation) where our combined risk assessment is supported by a control risk assessment of minimum or by testing the underlying data.

Analytical and data analysis procedures are most useful in providing audit evidence when we are able to develop a high level of confidence in our expectations given our desired precision. We use judgment to determine whether our analytics will provide the desired audit assurance by using a two-step process, which includes establishing our desired precision, and determining our confidence in our expectation.

Analytical procedures generally provide sufficient audit evidence for income statement accounts when our combined risk assessments are minimal. In these situations, the engagement team ordinarily need not perform detailed tests (e.g., examining invoices) of specific income and expense accounts (e.g., rent, depreciation, repairs and maintenance, and interest income and expense) unless such detailed testing addresses a particular audit risk.

When our combined risk assessments for income statement accounts is low, we perform more extensive analytical procedures and/or key item tests to support the income statement accounts. However, as a general rule, tests of transactions using representative sampling is unnecessary, since the evidence produced by these other procedures is often sufficient to hold audit risk to an acceptable level.

If our combined risk assessment is moderate or high, we generally do not gain much confidence from analytical procedures.

The audit evidence we gain from analytics is a function of our desired precision and the level of confidence we have in our expectation of the amount (or trend, ratio, data pattern, etc.).

Our decision to use analytics depends on the specific situation, and we exercise judgment in deciding whether analytics are appropriate in the circumstances (i.e., whether analytics are an effective and efficient means of gaining the audit evidence we need).

Our steps to completing analytical procedures are therefore:

- Determine the objectives of the analytic
- Develop an expectation
- Select an analytical technique
- Execute the procedure and evaluate the results

Document and evaluate internal controls

We will document the Authority's internal controls over the compliance requirements identified in the process above and for the significant sources of information that affect the major programs. As part of gathering the necessary data to document the Authority's processes, we will interview appropriate program specific personnel, read available documentation and observe operating procedures. We will also document our evaluation on the effectiveness of these controls.

We consider both the manual and the EDP accounting systems in our documentation and assessment of the effectiveness of controls. The tests performed of systems in an EDP environment frequently differ from those performed in a non-EDP environment. Therefore, we will be particularly concerned about certain operations of your EDP installations and will continue to use our experienced team of computer auditors to assist with this aspect of the evaluation as further discussed below.

Fraud considerations

Interviews will be conducted of Authority personnel regarding their views about the risks of material misstatement or noncompliance due to fraud. Any risk of material misstatement or noncompliance due to fraud identified during planning or execution will be evaluated, including controls to mitigate the risk and communicated to management as necessary.

Audit strategies memorandum

Based on the inputs received from our planning meetings and after determination of the Authority's major programs under the risk-based approach, we will prepare an overall Audit Strategies Memo (ASM) for the Single Audit.

A major purpose for developing the overall ASM is to coordinate and control the overall aspects of the audit to confirm that detailed testing will be performed effectively and efficiently. The ASM is considered a unique blueprint of our audit. It is a flexible, dynamic tool designed to communicate certain basic information relating to the audit, such as the scope of the effort, auditing and reporting matters requiring attention as well as resolution and the involvement of personnel, along with other considerations.

Significant steps, tasks and subjects that will be in the overall ASM include:

- Historical background/overview
- Summary of important auditing matters including new compliance requirements and auditing standards
- Compliance with Government Auditing Standards (GAS) CPE Requirements
- Overall audit approach and any changes thereto
- Scope of the audit engagement, consistent with the prevailing controls and the tests and reviews mandated by generally accepted auditing standards, GAS and applicable audit requirements
- Internal Control Considerations
- Timetable including dates for release of work products
- Overview of the major accounting systems, accounting policies, applicable legal provisions and reporting considerations
- Determination and identification of major programs under the risk-based approach

Development of audit program

A separate audit program is prepared for each major program to identify audit steps for our tests of controls over compliance and our substantive tests of compliance requirements.

Develop findings

As significant deficiencies and reportable instances of noncompliance are identified, we prepare findings in a format which complies with professional standards. We then analyze the nature and extent of our findings and prepare our auditor's reports based thereon as discussed further below.

We will be responsible for the preparation, typing, review and issuance of any federal awards findings generated from the audits of the major programs/areas. We will also provide the Authority with our findings for review and approval prior to the issuance of the final version of the findings that will be included in the Single Audit Report.

We will decide with the Authority which forms and appropriate format of presentation to be used in issuing findings. This process involves the issuance of a preliminary finding after discussing the finding with the affected agency personnel, obtaining their response within ten working days, inserting their response into the finding, developing our

auditor's conclusion and issuing the finding in final format within ten days of the agency response being received by the auditors. This has proven to be an efficient process at our our state clients. This process includes a large amount of information being transmitted back and forth between the affected parties in addition to many electronic and phone communications to address questions and suggested revisions.

In addition, we will be involved in defining the criteria of what constitutes a finding for federal award finding purposes and, more importantly, the classification of significant deficiencies and material weaknesses. The definition of a significant deficiency and material weakness is, in part, subject to auditor's judgment.

Hold closing conferences

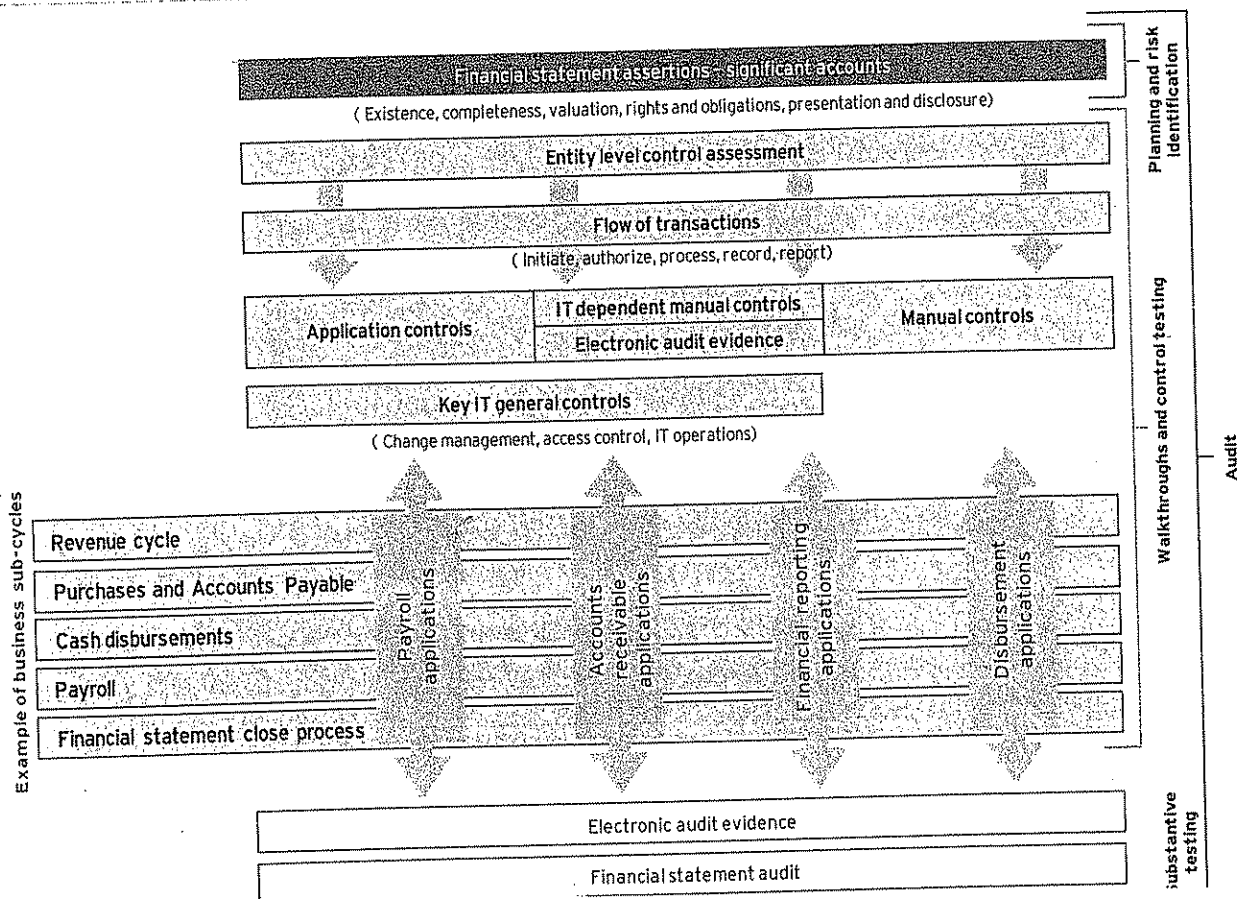
We will conduct closing conferences with key agency personnel to discuss the results of our audit including issuance of findings and management letter comments.

Audit reporting and general procedures phase

In the final phase of the audit approach, we prepare the auditor's reports and other required communications and perform our general audit procedures. Certain reporting and general procedures are performed at the program level/department level (e.g., follow-up of prior year findings and review of other auditor's reports), while other reporting and general audit procedures are completed at an overall level (e.g., review of legal letters and management letters of representations). As a result, coordination and communication among individuals at the program/department level and overall level is critical to confirming that all significant reporting matters have been adequately addressed.

We will work closely with the Authority to streamline these general audit procedures and eliminate duplication of effort at the program/ department level and overall level. We will be proactive in identifying and assuming responsibility for any changes necessary to the general audit procedures.

The Ernst & Young IT integration model



Computer audit techniques

We will make extensive use of computer-assisted audit techniques (CAATs) on our audit of the Authority. CAATs increase efficiency and effectiveness by using computer records as the primary source of the information to be examined. We have found that CAATs are essential to audit effectively sophisticated, on-line environments, such as those encountered in the Authority.

In order to perform our CAATS, we make extensive use of Audit Command Language (ACL). ACL is a state-of-the-art CAAT platform that is flexible, powerful, simple to use and has several advantages for our clients, including the following:

- ▶ ACL reduces the development time for CAAT applications for specific circumstances by as much as 50%
- ▶ ACL has the ability to process large client data files, cutting processing time by as much as 75% and reducing disruption to your data centers
- ▶ CAAT applications are more frequently used because ACL is easy to use and provides significant performance improvement over previous applications

We have effectively used ACL for many years in connection with our Single Audits. Some examples of our use of ACL include:

- ▶ Stratifying the sub-recipient universe in connection with our overall sub-recipient audit monitoring procedures
- ▶ Downloading of information from the modules in the respective Authority's accounting system
- ▶ Selecting samples from the accounting system for compliance tests.

6. Control of budget

Each engagement that we perform is carefully budgeted on a task basis in light of the client's environment, audit requirements, prior experience, expected degree of internal control and effective accounting procedures applicable to the client. Timely progress reports are maintained by the staff on each engagement, together with a full reporting and follow-up system. We believe this control is essential to provide you maximum service in a minimum amount of time.

We also assume that (a) all financial records are reconciled and proved to the subsidiary records with completed account analysis; (b) requested special analyses would be prepared; (c) we would receive full cooperation in the area of photocopying, locating invoices, account analysis, etc., and (d) adequate working facilities would be available to our staff. Should any unforeseen situation develop which would require an unusual amount of additional work, we would, of course, confer with prior to expanding our work.

These factors along with our client history and industry factors help us drive to the most effective and efficient estimate of hours to perform a project. Once our hours have been estimated by staff level we develop our overall fee estimate.

Consultation relative to tax and accounting issues

It is not Ernst & Young's policy to charge for consulting on general accounting or tax matters, however if the nature of the discussion would require work beyond the norm we will alert you to this fact. In cases where it is determined that a special project should be undertaken, we will come to an agreement with you regarding the scope of the project and the all-inclusive fee prior to performing any work. Fees for such work will be based on the hourly rates by personnel classification included above.

7. Control of schedule

As indicated in the request for proposal, the NJEFA has specific deadlines relative to the receipt of its financial statements and reports thereafter. These deadlines are consistent with its bond covenants and contracts. Ernst & Young understands the importance of meeting your deadlines. We've had an impeccable record of producing a quality product for the NJEFA within the designated time frame, and we will again sustain that record when servicing the NJEFA. Accordingly, we specifically confirm that our interim fieldwork will be completed no later than mid-December each fiscal year and year end (final) fieldwork will be completed no later than the first Friday in February following the end of the fiscal year. Our report for the NJEFA will be issued no later than 1 week following the completion of the technical review process. As in prior years, we do not anticipate any problems in meeting your reporting deadlines.

Our engagement management strategy for the NJEFA will be to provide people who know your industry, who understand the business you operate and who have the experience and maturity to provide the NJEFA with sound accounting and business advice. As such, the team we have assembled is organized to promote close coordination, communication and quality control throughout the audit.

David Milkosky will serve as the overall coordinating partner. He will be responsible to confirm that the Authority receives excellent service. Reporting to David will be Randy Nelson and Kim Hancy, two individuals who possess significant public sector experience. It will be their responsibility to coordinate our audit services and they will devote a significant amount of their time to this engagement. David Milkosky, Randy Nelson and Kimberly Hancy all have significant experience providing services to the Metro New York Area public sector industry and have worked closely with the NJEFA over the last several years. Their responsibilities in this capacity include, among other duties, the overall supervision and review of our staff, review, edit and timely issuance of our findings, resolution of technical auditing issues and coordination with the Authority in processing the financial statements and single audit report. They will make themselves available as the focal contact point for the Authority and will work with the Authority in addressing audit concerns, discussing technical issues, exploring ideas to expedite the audit process, coordinating meetings, preparing for and attending/participating in meetings, disseminating audit policies and procedures to Ernst & Young personnel. The key client service executives identified above will not be removed from the project without written approval from the NJEFA.

If we are successful, David, Randy and Kimberly would attend the initial organizational meeting with the Authority's Audit Committee and other Authority financial related staff, as appropriate at the Trenton offices of the Authority as required by the RFP.

At Ernst & Young, we have invested quite extensively in the tools necessary to budget, plan and staff our engagements. As you can imagine, because of the nature of our business and the intensity of our work it's vital for us to effectively schedule and staff our engagements. We accomplish this by discussing with our clients their requirements with respect to the timing of each of the deliverables required under the scope of an engagement. Based on the timing of the deliverable, specific staff members are scheduled for service.

Key engagement team members are pre-assigned to each engagement. They are matched up to each engagement based on the professional requirements and talents necessary to properly serve each client. Specifically as it relates to the NJEFA engagement, our team is made up of individuals that devote 100% of their time to serving entities in the Public Sector. They make it a point to stay in contact with each of their clients throughout the year to address client issues and concerns as they arise.

We make it a practice to co-develop a schedule for progress meetings with the appropriate Authority personnel. We will also communicate with the Authority in advance of these meetings for purposes of coordinating the issues to report. At these meetings we will focus on such matters as the progress of the audit, status of our work product, adoption of new auditing standards and audit issues or concerns in connection with our assigned audit areas. We commit to work with you in addressing technical issues in an effective and efficient manner, including the use of our national resources and technical consultants and will work closely with the Authority to provide meaningful and timely input to avoid "surprises."

A distinguishing factor of our client service approach is the high level of involvement of our client service executive teams. Over the years, we have developed a thorough knowledge and understanding of your organization because of the involvement of these executives. We will continue to maintain a high level of involvement to ensure that you receive the accounting business consultation that the NJEFA needs.

Availability and communication

We have found that frequent, consistent communication means "no surprises" for the Authority. Our preferred methods of communication - both formal and informal - include face-to-face meetings, teleconference calls, written correspondence and online collaborative tools. Once Ernst & Young has been selected as your auditor, Dave Milkosky and Randy Nelson will meet with management to understand your preferences and agree upon communication protocols. They will be accessible to the Authority at all times and will meet with you regularly to discuss the scope of our services, as well as review the results of the quarterly reviews, conduct interim status meetings and hold a year-end closing meeting.

Communication protocols

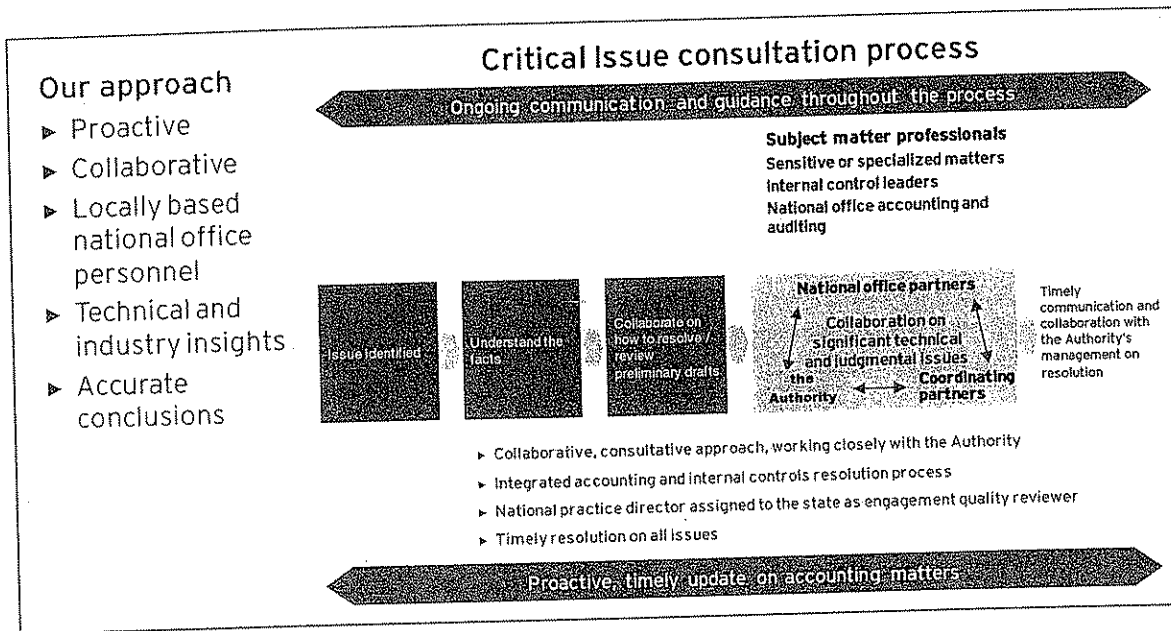
Ongoing communication with the Audit Committee- Since the passage of the Sarbanes-Oxley Act, the fiscal viability of an organization and investment decisions are being directly tied to its demonstrated strong corporate governance. The role and involvement of the Audit Committee has never been more critical than today. Trust, openness and candor are imperative for interacting effectively in this new environment. Ernst & Young is on the leading edge of facilitating the expanded relationship between Audit Committee, Management and the Auditor.

Collaborative issue resolution - As part of our commitment to open and forthright communication with our clients, Ernst & Young has developed a simple and local approach to national consultation. When technical questions are raised, the protocol of resolution begins with Randy. If a higher level of consultation is required, he will further escalate any issue to David Milkosky and if necessary, Stephen Baloga, our engagement quality review partner. With over 30 years of public sector experience, Stephen is well equipped to respond to most issues that may arise. He has direct access to our firm's subject matter professionals and has the ultimate authority and the backing of our global leadership in resolving technical issues. To promote quality, the Professional Practice Directors are independent of the local offices; they report to, and are evaluated and compensated by, the National Office. This separation was designed to provide greater assurance that our consultation process is objective, and that the Authority will receive the highest-quality guidance, delivered with integrity.

The continual pace of regulatory change in the accounting industry has created an avalanche of technical issues for most entities when it comes to the adoption of new policies and procedures. It's important to have a firm that is built for speed and accuracy when it comes to technical consultation. Therefore, we have designed a technical consultation process that enables timely resolution of critical issues.

Through communication protocols established at the initiation of our audit service relationship, Ernst & Young facilitates the development of transparent, direct and timely communication protocols with the Audit Committee and Management. These protocols are of critical importance during consultation on technical matters, when both speed and accuracy are required. The diagram below illustrates a typical process established between our engagement team, Management and the Audit Committee for consultation on technical issues.

Effective technical interaction



Approach to communicating and implementing new GASB requirements

Proactive advice on new accounting pronouncements

Ernst & Young is extremely active in alerting clients to emerging issues and potential changes in accounting principles or auditing standards. Strategic information is provided in thought leadership publications, many of which are industry-specific. This information is pushed out to our clients through a variety of electronic sources, including Webcasts featuring leading subject matter professionals. We also have robust electronic tools that we make available to our clients for independent research and analysis on demand, if you prefer to receive information in that manner. Due to the ever-changing regulatory and business environment, our materials and programs are continuously evolving. As important information becomes available, David Milkosky will confirm that the Authority's representatives are made aware of matters of importance to you.

8. Cost

The philosophy of Ernst & Young towards each of its engagements is to provide the maximum level of client service and individual staff capabilities at the minimum cost which can be achieved within the highest professional standards and competence.

We conduct each engagement under a highly developed system of time planning and control. Each job is carefully budgeted on a task basis in light of audit program requirements, prior experience, and expected degree of internal control and effective accounting procedures applicable to the client. Timely progress reports are maintained by the staff on each engagement and a full reporting and follow-up system is maintained. We believe that each staff member realize the value of their time and attempt to provide the client a maximum service level efficiently.

Based on our experience with the Authority, our all inclusive maximum price for the year ending December 31, 2010 will be \$39,300. Our fee for the audit services for the 2010, 2011 and 2012 contract years are detailed on the following page by category of personnel as required by the RFP.

In all matters dealing with this proposal and our engagement to serve the New Jersey Educational Facilities Authority, David J. Milkosky the coordinating partner shall represent Ernst & Young LLP. Mr. Milkosky is empowered to submit this fee quote and authorized to sign the related contract if we are successful.

The estimate average hourly billing rates by specific category of personnel are included on the following page. Our average billing rates reflect a discount of 40% to 50% from our standard rates and demonstrates our desire to continue to serve the Authority

COST BY CATEGORY OF PERSONNEL
 Year ending December 31, 2010

<u>Staff person (or classification) and Discipline</u>	<u>Estimated Hours</u>	<u>Rate</u>	<u>Cost</u>
Partner/Principal	10	\$395	\$3,950
Senior Manager/Manager	24	\$325	\$7,800
Senior	110	\$195	\$21,450
Staff	<u>80</u>	\$145	<u>\$11,600</u>
Sub-total	<u>224</u>		\$44,800
Additional Discount			<u>(8,500)</u>
			36,300
Out of Pocket Expenses			<u>3,500</u>
All Inclusive Maximum Price	December 31, 2010		39,800
	December 31, 2011 (page 37)		42,000
	December 31, 2012 (page 38)		<u>43,000</u>
	Total		<u><u>\$124,800</u></u>

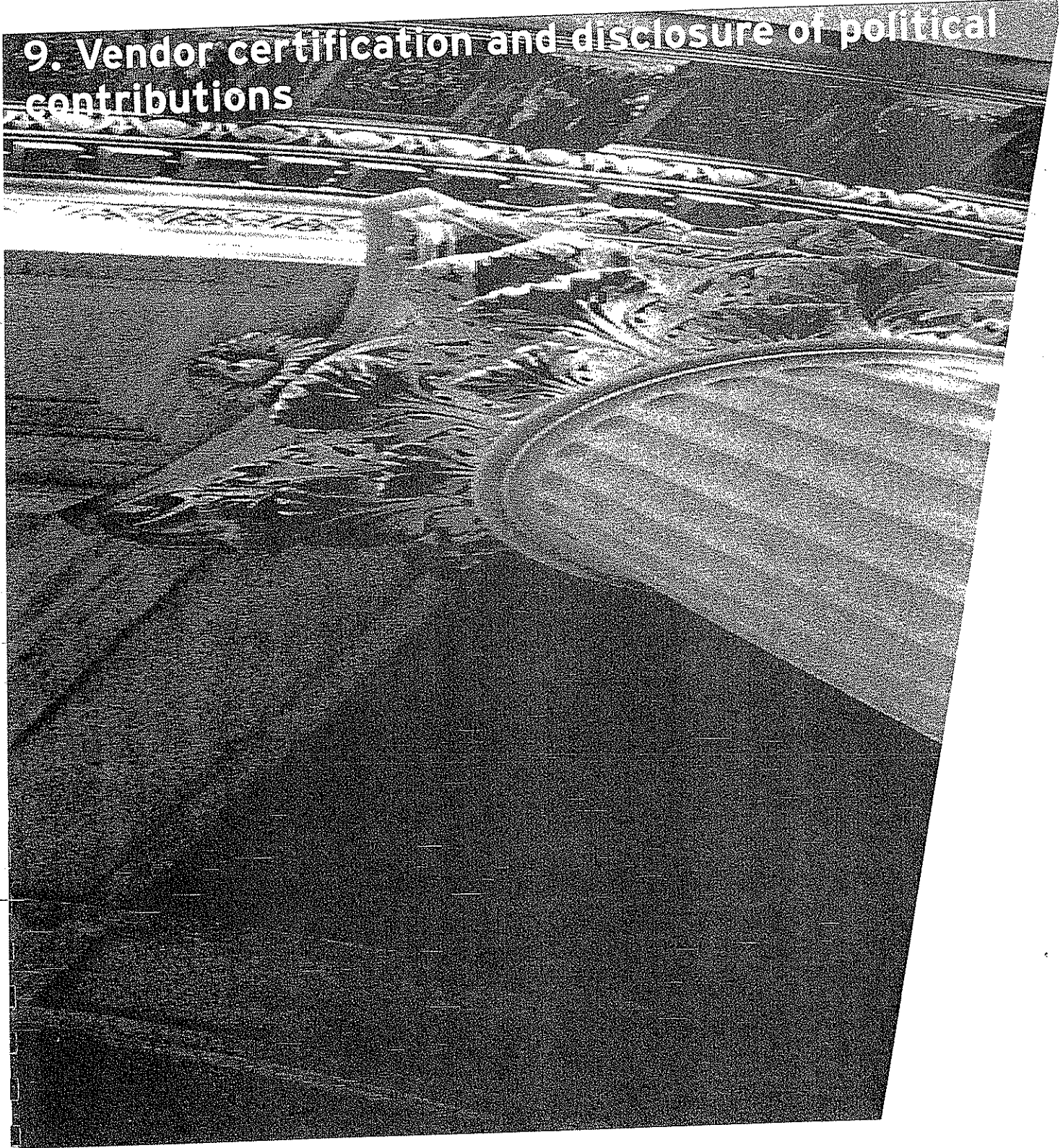
COST BY CATEGORY OF PERSONNEL
Year ending December 31, 2011

<u>Staff person (or classification) and Discipline</u>	<u>Estimated Hours</u>	<u>Rate</u>	<u>Cost</u>
Partner/Principal	10	\$413	\$4,130
Senior Manager/Manager	24	\$340	\$8,160
Senior	110	\$204	\$22,440
Staff	80	\$152	\$12,160
Sub-total	<u>224</u>		\$46,890
Additional Discount			<u>(8,390)</u> 38,500
Out of Pocket Expenses			<u>3,500</u>
All Inclusive Maximum Price	December 31, 2011		<u><u>\$42,000</u></u>

COST BY CATEGORY OF PERSONNEL
 Year ending December 31, 2012

<u>Staff person (or classification) and Discipline</u>	<u>Estimated Hours</u>	<u>Rate</u>	<u>Cost</u>
Partner/Principal	10	\$431	\$4,310
Senior Manager/Manager	24	\$355	\$8,520
Senior	110	\$213	\$23,430
Staff	<u>80</u>	\$158	<u>\$12,640</u>
Sub-total	<u>224</u>		\$48,900
Additional Discount			<u>(9,400)</u> 39,500
Out of Pocket Expenses			<u>3,500</u>
All Inclusive Maximum Price	December 31, 2012		<u><u>\$43,000</u></u>

9. Vendor certification and disclosure of political contributions





State of New Jersey
Division of Purchase and Property
 Two-Year Chapter 51 / Executive Order 117 Vendor Certification and
 Disclosure of Political Contributions

For AGENCY USE ONLY	
General Information	
Solicitation, RFP or Contract No. _____	Award Amount _____
Description of Services _____	
Agency Contact Information	
Agency _____	Contact Person _____
Phone Number _____	Agency Email _____

Part 1: Vendor Information

Full Legal Business Name Ernst & Young LLP
 (Including trade name if applicable)

Business Type Corporation Limited Partnership Professional Corporation General Partnership
 Limited Liability Company Sole Proprietorship Limited Liability Partnership

Address 1 99 Wood Avenue South Address 2 _____
 City Iselin State NJ Zip 08830 Phone 732-516-4200

Vendor Email david.milkosky@ey.com Vendor FEIN 34-6565596

Part 2: Public Law 2005, Chapter 51/ Executive Order 117 (2008) Certification

I hereby certify as follows:

1. On or after October 15, 2004, neither the below-named entity nor any individual whose contributions are attributable to the entity pursuant to Executive Order 117 (2008) has solicited or made any contribution of money, pledge of contribution, including in-kind contributions, company or organization contributions, as set forth below that would bar the award of a contract to the vendor, pursuant to the terms of Executive Order 117 (2008).

a) Within the preceding 18 months, the below-named person or organization has not made a contribution to:

- (i) Any candidate committee and/or election fund of any candidate for or holder of the public office of Governor or *Lieutenant Governor*;
- (ii) Any State, county, *municipal* political party committee; OR
- (iii) Any *legislative leadership committee*.

b) During the term of office of the current Governor(s), the below-named person or organization has not made a contribution to

- (i) Any candidate, committee and/or election fund of the Governor or *Lieutenant Governor*; OR
- (ii) Any State, county or *municipal* political party committee nominating such Governor in the election preceding the commencement of said Governor's term.

c) Within the 18 months immediately prior to the first day of the term of office of the Governor(s), the below-named person or organization has not made a contribution to

- (i) Any candidate, committee and/or election fund of the Governor or *Lieutenant Governor*; OR
 Any State, county, *municipal* political party committee of the political party nominating the successful gubernatorial candidate(s) in the last gubernatorial election.

PLEASE NOTE: Prior to November 15, 2008, the only disqualifying contributions include those made by the vendor or a principal owning or controlling more than 10 percent of the profits or assets of a business entity (or 10 percent of the stock in the case of a business entity that is a corporation for profit) to any candidate committee and/or election fund of the Governor or to any state or county political party within the preceding 18 months, during the term of office of the current Governor or within the 18 months immediately prior to the first day of the term of Office of Governor.

Part 3: Disclosure of Contributions Made

Check this box if no reportable contributions have been made by the above-named business entity or individual.

Name of Recipient _____	Address of Recipient _____
Date of Contribution _____	Amount of Contribution _____
Type of Contribution (i.e. currency, check, loan, in-kind) _____	
Contributor Name _____	
Relationship of Contributor to the Vendor _____	
Contributor Address _____	
City _____	State _____ Zip _____

If this form is not being completed electronically, please attach pages for additional contributions as necessary. Otherwise click "Add a Contribution" to enter additional contributions.


Part 4: Certification

I have read the instructions accompanying this form prior to completing this certification on behalf of the above-named business entity. I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

I understand that this certification will be in effect for two (2) years from the date of approval, provided the ownership status does not change and/or additional contributions are not made. If there are any changes in the ownership of the entity or additional contributions are made, a new full set of documents are required to be completed and submitted. By submitting this Certification and Disclosure, the person or entity named herein acknowledges this continuing reporting responsibility and certifies that it will adhere to it.

(CHECK ONE BOX A, B or C)

- (A) I am certifying on behalf of the above-named business entity and all individuals and/or entities whose contributions are attributable to the entity pursuant to Executive Order 117 (2008).
- (B) I am certifying on behalf of the above-named business entity only.
- (C) I am certifying on behalf of an individual and/or entity whose contributions are attributable to the vendor.

Signed Name  Print Name David J. Milkosky
Phone Number 732-516-4225 Date 9/16/10
Title/Position Partner

Agency Submission of Forms

The agency should submit the completed and signed Two-Year Vendor Certification and Disclosure forms, together with a completed Ownership Disclosure form, either electronically to cd134@treas.state.nj.us, or regular mail at Chapter 51 Review Unit, P.O. Box 039, 33 West State Street, 9th Floor, Trenton, NJ 08625. The agency should save the forms locally and keep the original forms on file, and submit copies to the Chapter 51 Review Unit.

10. Certification of no change

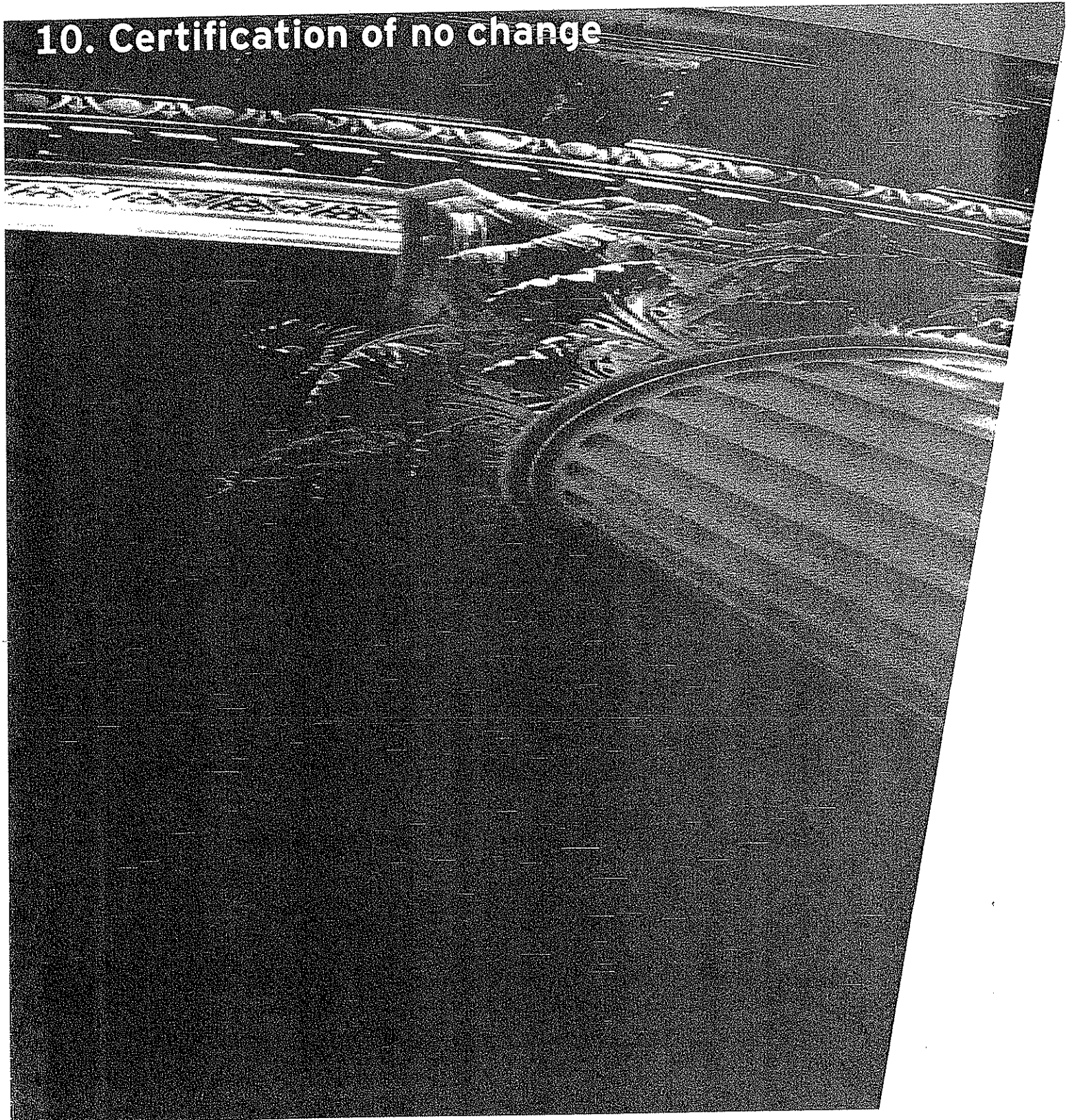



Exhibit A


P.L. 2005, c. 51 / Executive Order No. 117
Certification of No Change

I, David Milkosky the Partner of Ernst & Young LLP (the "Auditor") in connection with the Request for Proposal for Auditing Services (the "RFP") issued by the New Jersey Educational Facilities Authority (the "Authority") does hereby certify that all information, certifications and disclosure statements previously provided in connection with P.L. 2005, c. 51, which codified Executive Order No. 134 (McGreevey 2004), as amended by Executive Order No. 117 (Corzine 2008) are true and correct as of the date hereof and that all such statements have been made with full knowledge that the Authority and the State of New Jersey shall rely upon the truth of the statements contained therein and herein in connection with the RFP.

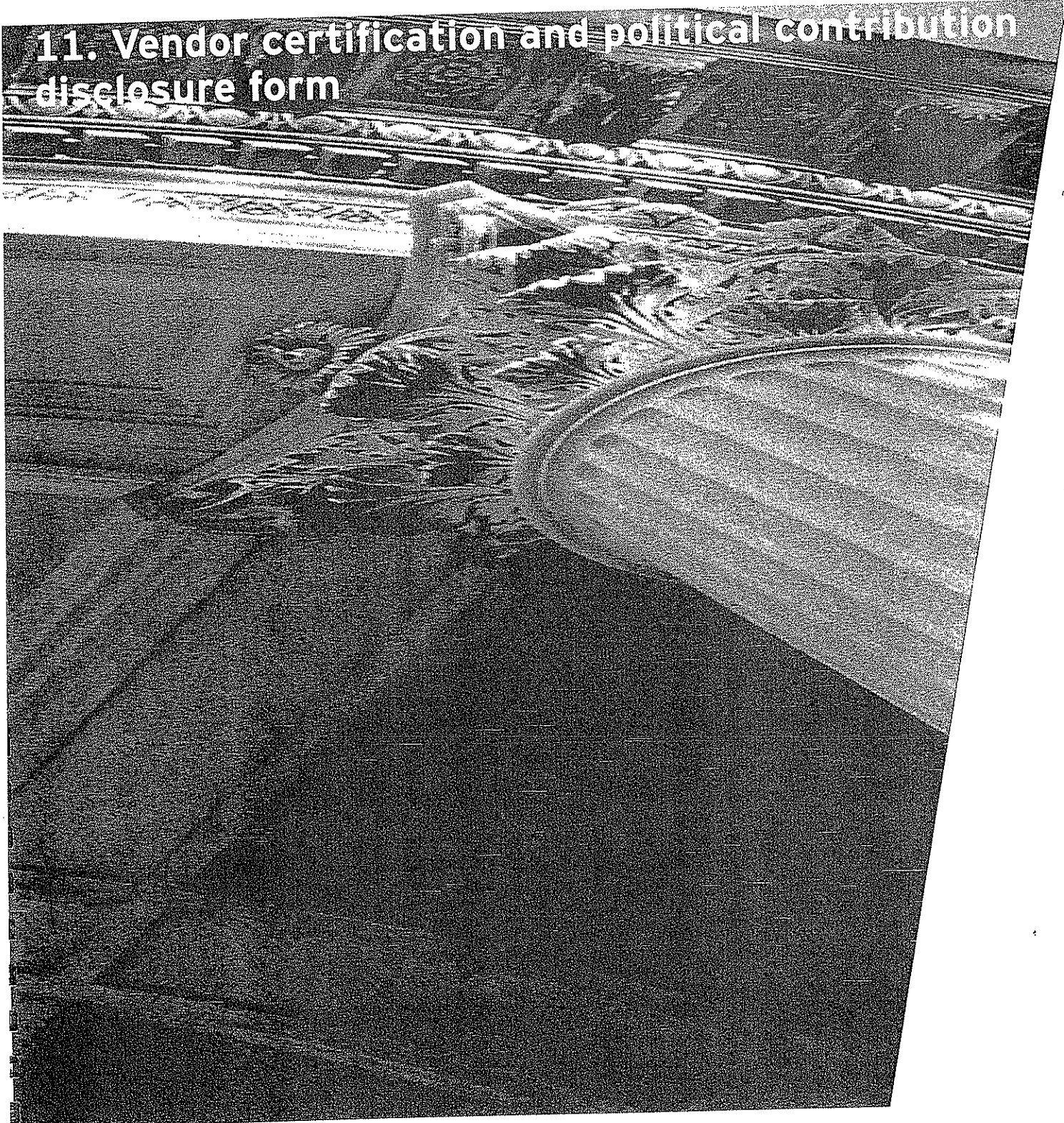
IN WITNESS WHEREOF, we have executed this certificate as of this 16th day of SEPTEMBER 2010.


SHERI LICHTENBERG
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 9/4/13

Ernst & Young LLP
[NAME OF AUDITOR]

By: 
Name: David J. Milkosky
Title: Partner

11. Vendor certification and political contribution disclosure form



Attachment 3

Public Law 2005, Chapter 271 Vendor Certification and Political Contribution
Disclosure Form

**PUBLIC LAW 2005
CHAPTER 271**

**Vendor Certification and
Political Contribution
Disclosure Form**

Contract Reference: Auditing Serv. Vendor: Ernst & Young LLP

At least ten (10) days prior to entering into the above-referenced contract, the Vendor must complete this Certification and Disclosure Form, in accordance with the directions below and submit it to the State contact for such contract.

Please note that the disclosure requirements under Public Law 2005, Chapter 271 are separate and different from the disclosure requirements under Public Law 2005, Chapter 51 (formerly Executive Order 134). Although no vendor will be precluded from entering into a contract by any information submitted on this form, a vendor's failure to fully, accurately and truthfully complete this form and submit it to the appropriate State agency may result in the imposition of fines by the New Jersey Election Law Enforcement Commission.

Disclosure

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

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

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

**PUBLIC LAW 2005
CHAPTER 271**

Vendor: Ernst & Young LLP

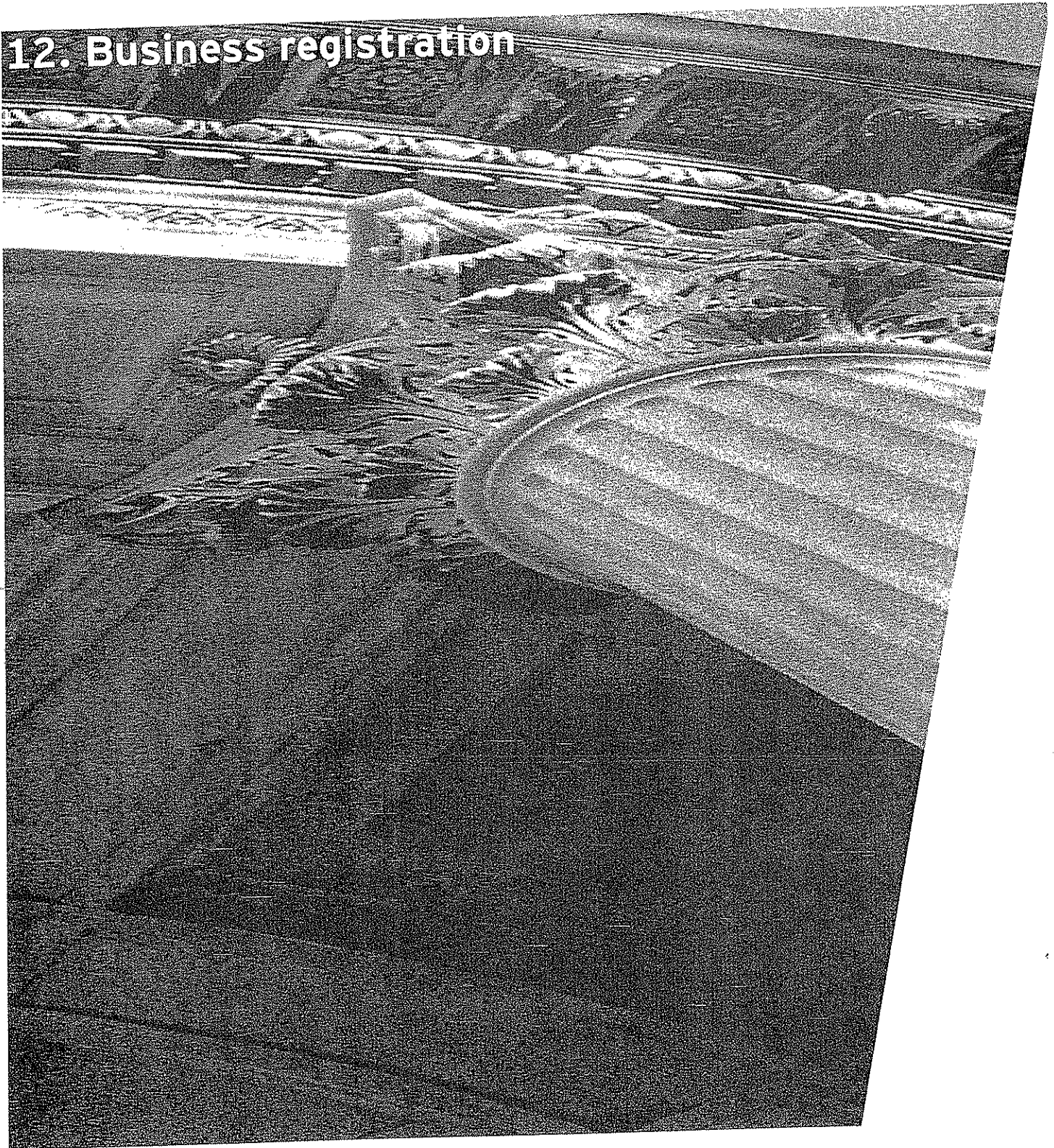
Name and Address of Committee to Which Contribution Was Made	Date of Contribution	Amount of Contribution	Contributor's Name
Indicate "none" if no Reportable Contributions were made. Attach Additional Pages As Needed			
#1 None			

Certification:

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

#2 Name of Vendor: Ernst & Young LLP
Signed: *D. J. Milkosky*
Print Name: David J. Milkosky
Title: Partner
Date: 9/16/10

12. Business registration



10/18/01

Taxpayer Identification# 346-555-588/008

Dear Business Representative:

Congratulations! You are now registered with the New Jersey Division of Revenue.

Use the Taxpayer Identification Number listed above on all correspondence with the Divisions of Revenue and Taxation, as well as with the Department of Labor (if the business is subject to unemployment withholdings). Your tax returns and payments will be filed under this number, and you will be able to access information about your account by referencing it.

Additionally, please note that State law (Public Law 2001, c.134) requires all contractors and subcontractors with State, county and municipal agencies to provide proof of their registration with the Division of Revenue. The law also amended Section 92 of the Casino Control Act, which deals with the casino service industry.

We have attached a Proof of Registration Certificate for your use. To comply with the law, if you are currently under contract or entering into a contract with a State, county or municipal agency, you must provide a copy of the certificate to the contracting agency.

If you have any questions or require more information, feel free to call our Registration Hotline at (800) 282-1730.

I wish you continued success in your business endeavors.

Sincerely,

Patricia A. Chiacchio

Patricia A. Chiacchio
Director, Division of Revenue

STATE OF NEW JERSEY
BUSINESS REGISTRATION CERTIFICATE
FOR STATE AGENCY AND CASINO SERVICE CONTRACTORS

DEPARTMENT OF TREASURY/
DIVISION OF REVENUE
PO BOX 252
TRENTON, N.J. 08646-0252

TAXPAYER NAME:

ERNST & YOUNG U S LLP

TAXPAYER IDENTIFICATION#

346-555-588/008

ADDRESS

125 CHUBB AVENUE
LYNDHURST NJ 07071

EFFECTIVE DATE:

11/25/85

FORM-BRC(08-01)

TRADE NAME:

ERNST & YOUNG

CONTRACTOR CERTIFICATION#

0104508

ISSUANCE DATE:

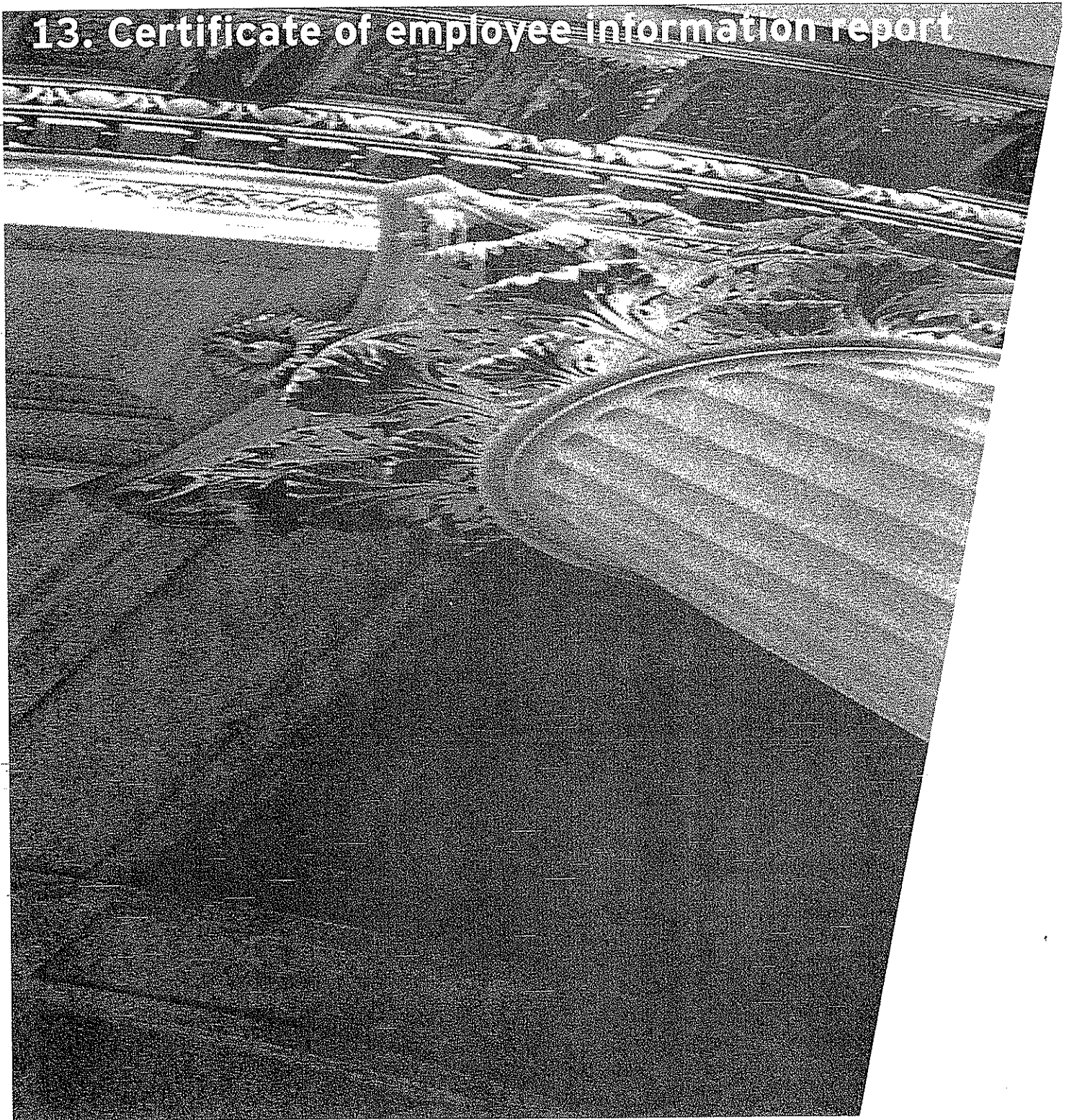
10/18/01

Patricia A. Chiacchio

Director, Division of Revenue

This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.

13. Certificate of employee information report



Certification 1219

CERTIFICATE OF EMPLOYEE INFORMATION REPORT

RENEWAL

This is to certify that the contractor listed below has submitted an Employee Information Report pursuant to N.J.A.C. 17:27-1.1 et seq. and the State Treasurer has approved said report. This approval will remain in effect for the period of

15-APR-2008 to 15-APR-2011



ERNST & YOUNG LLP
200 PLAZA DRIVE
SECAUCUS NJ 07094

Acting State Treasurer

Ernst & Young

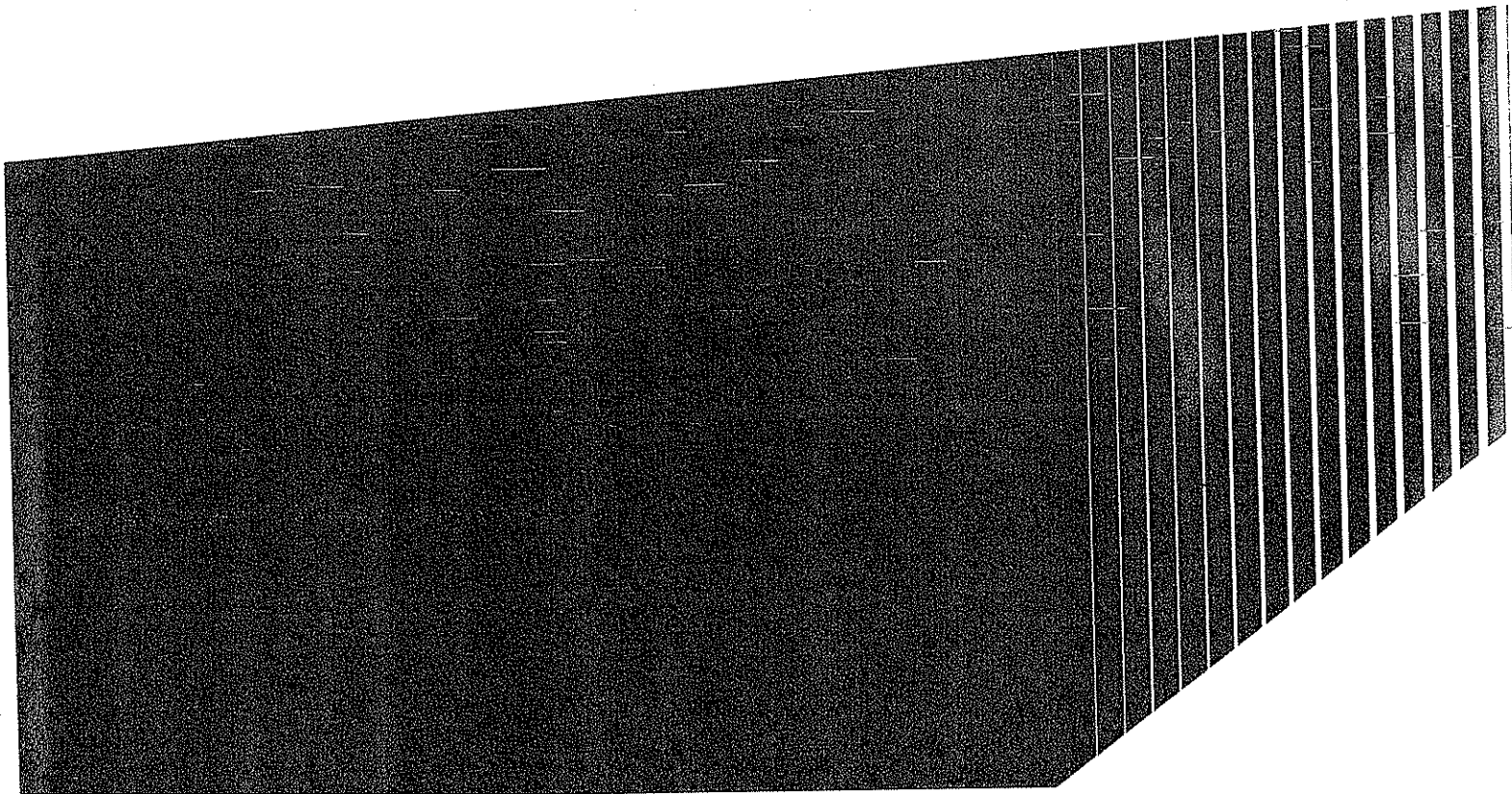
Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 144,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit www.ey.com.

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**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
REQUEST FOR PROPOSAL
FOR AUDITING SERVICES**

September 2010

I. Introduction

The New Jersey Educational Facilities Authority (the "Authority") is soliciting proposals for the performance of annual auditing services, in accordance with generally accepted auditing standards. This RFP process is being administered in accordance with Executive Orders No. 26 (1994), 122 (2004), 129 (2004), 134 (2004), 37 (2006), related guidelines and applicable statutes and regulations.

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"), to provide a means for New Jersey public and private colleges and universities to construct facilities through the financial resources of a public authority empowered to sell taxable and tax-exempt bonds, notes and other obligations. The Authority also, from time to time, issues bonds for various purposes that are secured by a contract with the State Treasurer to pay principal and interest upon such bonds subject to appropriations by the State Legislature.

The Authority finances and refines various types of projects for public and private colleges and universities, including but not limited to, the acquisition and construction of residential, academic and auxiliary service facilities, renovation and rehabilitation of existing facilities and capital equipment and utilities-related projects. The Authority is also authorized to provide financing for capital improvements at qualified public libraries. Additional information about the Authority and its activities, including historical financial statements, can be found at www.njefa.com.

The Authority is required under its bond documents to engage a "nationally recognized independent public accountant" to conduct its audits.

II. Key Events

The term of the Contract shall be for three years, commencing with the audit for the year ending December 31, 2010. The Contract may be extended for two additional one year periods with mutual consent.

Questions with respect to the Request for Proposal will be addressed during a meeting for potential bidders scheduled for Tuesday, September 14, 2010 at 2:00 p.m. This meeting will be held at the Offices of the Authority, 103 College Road East, Princeton, New Jersey. Attendance at this meeting is strongly recommended, but optional for those intending to submit proposals. Please call Denise Carroll at 609-987-0880 to reserve a space. Questions may be submitted in writing prior to the meeting via email to ContactUs@NJefa.com. No inquiries will be accepted subsequent to the meeting.

Five scaled copies of your firm's proposal must be delivered to the Evaluation Committee, New Jersey Educational Facilities Authority, 103 College Road East, 2nd Floor, Princeton, New Jersey 08540-6612 no later

than 12:00 noon, Monday, September 20, 2010.

Selection will be made in early October.

III. Scope of Work

The audit period will be the Authority's fiscal year, which ends December 31. The first year to be audited will be the year ending December 31, 2010.

The auditors shall be available to meet with the staff of the Authority, the Audit Committee and the Authority Board, as necessary to insure full and proper communications.

The audit and opinion shall be provided for all of the Authority's financial statements covering all of the Authority's funds and accounts, including the Operating Fund and Trustee held Funds, as required by bond resolutions.

A separate management letter including findings and recommendations shall be provided, if appropriate, based upon a review of internal controls and procedures.

The auditors shall also be required to certify to the bond Trustees and to the Authority that:

- Balances in the Reserve Funds and the Renewal and Replacement Accounts meet the requirements of the Bond documents.
- The insurance in force meets all requirements of the Bond documents.
- In performing the audit, no knowledge of any default in the fulfillment of any of the terms, covenants, or provisions of the Bond documents was obtained, or if knowledge of any such default was obtained, a statement thereof.

The financial statements and auditor's opinions will be incorporated in the Authority's Annual Reports. Any fees related to publication of the auditor's opinion in the Annual Report must be clearly disclosed in the bidder's proposal.

All audit work is to be completed by such time to permit distribution of the Financial Statements and Auditor's opinion by March 31 of each year.

IV. Minimum Qualifications

- offices in at least three states;
- firm in existence for at least five years, and
- net revenues in 2009 of at least \$100 million.

V. Proposal Format and Content

Proposals shall provide, at a minimum, the types of information described below:

Technical

A description of the bidder's approach and plans for accomplishing the work, outlined in the

scope of work stated in sufficient detail to permit a fair evaluation. In addition, the bidder should describe the effort in total estimated hours and skills necessary to complete the project.

Organizational Support and Experience

This shall include all pertinent information relating to the bidder's organization, background and personnel to be assigned and a brief description of relevant experience that would substantiate the bidder's qualifications and capabilities to perform the services described above. In addition, please provide information regarding the provider and the amount of the bidder's errors and omissions insurance.

Also include a description of the Auditor's internal quality control procedures, any material issues raised by peer/governmental/professional quality control reviews, and steps taken to address such issues.

Cost

Each Proposal shall include an approximation of the number of hours per professional skill level needed to complete the engagement, and the corresponding hourly rates.

Each Proposal shall also include a firm, fixed-price base quote for each year of the original three years of the contract period. In recognition of the additional audit responsibilities related to the sale of new issues by the Authority, bidders may provide a quoted additional amount for each issue sold in a year.

Material submitted in response to this RFP will become the property of the Authority. Respondents are responsible for all costs incurred in preparing the Proposals and will not be reimbursed by the Authority. The Authority reserves the right to request additional information or oral presentations if necessary.

The proposal of the successful bidder, and this RFP, will become part of the contract awarded as a result of the RFP.

NOTE: P.L. 2005, c. 51, enacted March 22, 2005, which codified Executive Order No. 134 (McGreevey 2004), as amended by Executive Order No. 117 (Corzine 2008), limits the ability of State agencies and independent authorities, such as the Authority, to enter into contracts with business entities that have made certain political contributions. If your firm has not previously submitted the certification form(s) and disclosure form(s) pursuant to P.L. 2005, c. 51/Executive Order No. 117, they must be completed and are attached to this RFP as "Attachment 1".

If your firm has previously submitted the certification form(s) and disclosure form(s) pursuant to Executive Order No. 134, codified by P.L. 2005, c. 51, as amended by Executive Order No. 117 (Corzine 2008) you are required only to submit the P.L. 2005, c. 51/Executive Order No. 117 Certification of No Change, "Exhibit A" attached hereto, with your response to this RFP.

If you have previously provided the required information but cannot submit the Certification of No Change, you should complete and submit the form(s) attached as "Attachment 1". For information about submitting the Certification of No Change or the updated form(s), please call Jennifer LaMarsh, Project/Communications Assistant, at 609-987-0880.

If your firm has questions concerning the requirements of P.L. 2005, c. 51/Executive Order No. 117, please contact Jennifer LaMarsh, Project/Communications Assistant at 609 987-0880.

Failure to submit the required certification form(s) and disclosure form(s) pursuant to P.L. 2005, c. 51/Executive Order No. 117 shall be cause for automatic rejection of your proposal.

FURTHER NOTE: Pursuant to P.L. 2005, c. 271, at least ten (10) days prior to entering into any agreement or contract with a value of over \$17,500 with the Authority, business entities (as defined in P.L. 2005, c. 271 attached hereto as "Attachment 2" and also described in the Public Law 2005 c. 271 Vendor Certification and Political Contribution Disclosure Form attached hereto as "Attachment 3") are required to submit a disclosure of certain political contributions.

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

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

FINAL NOTE: Pursuant to *N.J.S.A. 52:32-44*, entities providing goods or services to the Authority must be registered with the New Jersey Department of the Treasury, Division of Revenue. Effective September 1, 2004, pursuant to an amendment to

N.J.S.A. 52:32-44, State and local entities (including the Authority) are prohibited from entering into a contract with an entity unless the firm has provided a copy of its business registration certification (or interim registration) as part of its response.

VI. Evaluation Criteria

The following general criteria, not necessarily listed in order of significance, will be used to evaluate proposals.

- The bidder's general approach and plans to meet the requirements of the RFP;
- The firm's qualifications and experience of personnel;
- The bidder's past performance on projects of similar scope and size;
- The ability of the bidder to successfully complete the project within the proposed schedule;
- Cost;
- New Jersey presence.

The Authority reserves the right to reject any or all proposals, or to waive any irregularities, if deemed to be in the best interest of the Authority. Incomplete proposals and conditional acceptances may be rejected as non-responsive. In the event that all proposals are rejected, the Authority reserves the right to resolicit proposals.

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

Five copies of your proposal must be received by the Authority no later than 12:00 noon on Monday, September 20, 2010 at the location listed below. Responses received after this time and date will not be considered. E-mailed and/or faxed proposals will not be accepted.

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

Attention: Evaluation Committee

All information submitted in response to this RFP will become the property of the Authority and may be open to inspection by members of the public pursuant to the Open Public Records Act and Executive Order No. 26 (Whitman 1994) and Executive Order No. 37 (Corzine 2006).

Attachment 1

Public Law 2005, Chapter 51
(Information and Instructions - 4 pages; Form - 3 pages)

Public Law 2005, Chapter 51

(formerly Executive Order 134) and Executive Order 117 (2008)

**INFORMATION AND INSTRUCTIONS
For Completing The "Two- Year Vendor Certification and Disclosure of Political
Contributions" Forms**

Background Information

On September 22, 2004, then-Governor James E. McGreevey issued Executive Order 134, the purpose of which was to insulate the negotiation and award of State contracts from political contributions that posed a risk of improper influence, purchase of access or the appearance thereof. To this end, Executive Order 134 prohibited State departments, agencies and authorities from entering into contracts exceeding \$17,500 with individuals or entities that made certain political contributions. Executive Order 134 was superseded by Public Law 2005, c. 51, signed into law on March 22, 2005 ("Chapter 51").

On September 24, 2008, Governor Jon S. Corzine issued Executive Order No. 117 ("E.O. 117"), which is designed to enhance New Jersey's efforts to protect the integrity of procurement decisions and increase the public's confidence in government. The Executive Order builds upon the provisions of Chapter 51.

Two-Year Certification Process

Upon approval by the State, the Certification and Disclosure of Political Contributions form (CH51.1R1/21/2009) is valid for a two (2) year period. Thus, if a vendor receives approval on Jan 1, 2009, the certification expiration date would be Dec 31, 2011. Any change in the vendor's ownership status and/or political contributions during the two-year period will require the submission of new Chapter 51/EO117 forms to the State Review Unit. **Please note that it is the vendor's responsibility to file new forms with the State should these changes occur.**

Prior to the awarding of a contract, the agency should first send an e-mail to CD134@treas.state.nj.us to verify the certification status of the vendor. If the response is that the vendor is NOT within an approved two-year period, then forms must be obtained from the vendor and forwarded for review. If the response is that the vendor is within an approved two-year period, then the response so stating should be placed with the bid/contract documentation for the subject project.

Instructions for Completing the Forms

NOTE: Please refer to the next section, "Useful Definitions for Purposes of Ch. 51 and E.O. 117," for guidance when completing the forms.

Part 1: VENDOR INFORMATION

Business Name -- Enter the full name of the Vendor, including trade name if applicable.

Business Type -- Select the vendor's business organization from the list provided.

Address, City, State, Zip and Phone Number -- Enter the vendor's street address, city, state, zip code and telephone number.

Vendor Email -- Enter the vendor's primary email address.

Vendor FEIN -- Please enter the vendor's Federal Employment Identification Number.

INFORMATION AND INSTRUCTIONS For Completing The "Two- Year Vendor Certification and Disclosure of Political Contributions" Forms

Part 2: PUBLIC LAW 2005, Chapter 51 / EXECUTIVE ORDER 117 (2008) DUAL CERTIFICATION

Read the following statements and verify that from the period beginning on or after October 15, 2004, no contributions as set forth at subsections 1(a)-(c) have been made by either the vendor or any individual whose contributions are attributable to the vendor pursuant to Executive Order 117 (2008).

NOTE: Contributions made prior to November 15, 2008 are applicable to Chapter 51 only.

Part 3: DISCLOSURE OF CONTRIBUTIONS MADE

Check the box at top of page 2 if no reportable contributions have been made by the vendor. If the vendor has no contributions to report, this box must be checked.

Name of Recipient Entity – Enter the full name of the recipient entity.

Address of Recipient Entity – Enter the recipient entity's street address.

Date of Contribution – Indicate the date of the contribution.

Amount of Contribution – Enter the amount of the reportable contribution.

Type of Contribution – Select the type of contribution from the list provided.

Contributor Name – Enter the full name of the contributor.

Relationship of Contributor to the Vendor -- Indicate relationship of the contributor to the vendor, e.g. officer or partner of the company, spouse of officer or partner, resident child of officer or partner, parent company of the vendor, subsidiary of the vendor, etc.

NOTE: If form is being completed electronically, click "Add a Contribution" to enter additional contributions. Otherwise, please attach additional pages as necessary.

Part 4: CERTIFICATION

Check box A if the person completing the certification and disclosure is doing so on behalf of the vendor and all individuals and/or entities whose contributions are attributable to the vendor.

Check box B if the person completing the certification and disclosure is doing so on behalf of the vendor only.

Check box C if the person completing the certification and disclosure is doing so on behalf of an individual and/or entity whose contributions are attributable to the vendor.

Enter the full name of the person authorized to complete the certification and disclosure, the person's title or position, date and telephone number.

INFORMATION AND INSTRUCTIONS For Completing The "Two-Year Vendor Certification and Disclosure of Political Contributions" Forms

USEFUL DEFINITIONS FOR THE PURPOSES OF Ch. 51 and E.O. 117

- "Vendor" means the contracting entity.
- "Business Entity" means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. The definition also includes (i) if a business entity is a for-profit corporation, any officer of the corporation and any other person or business entity that owns or controls 10% or more of the stock of the corporation; (ii) if a business entity is a professional corporation, any shareholder or officer; (iii) if a business entity is a general partnership, limited partnership or limited liability partnership, any partner; (iv) if a business entity is a sole proprietorship, the proprietor; (v) if the business entity is any other form of entity organized under the laws of New Jersey or any other state or foreign jurisdiction, any principal, officer or partner thereof; (vi) any subsidiaries directly or indirectly controlled by the business entity; (vii) any political organization organized under 26 U.S.C.A. § 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (viii) with respect to an individual who is included within the definition of "business entity," that individual's spouse or civil union partner and any child residing with that person.¹
- "Officer" means a president, vice-president with senior management responsibility, secretary, treasurer, chief executive officer, or chief financial officer of a corporation or any person routinely performing such functions for a corporation. Please note that officers of non-profit entities are excluded from this definition.
- "Partner" means one of two or more natural persons or other entities, including a corporation, who or which are joint owners of and carry on a business for profit, and which business is organized under the laws of this State or any other state or foreign jurisdiction, as a general partnership, limited partnership, limited liability partnership, limited liability company, limited partnership association, or other such form of business organization.
- "Reportable Contributions" are those contributions, including in-kind contributions, in excess of \$300.00 in the aggregate per election made to or received by a candidate committee, joint candidates committee, or political committee; or per calendar year made to or received by a political party committee, legislative leadership committee, or continuing political committee.
- "In-kind Contribution" means a contribution of goods or services received by a candidate committee, joint candidates committee, political committee, continuing political committee, political party committee, or legislative leadership committee, which contribution is paid for by a person or entity other than the recipient committee, but does not include services provided without compensation by an individual volunteering a part of or all of his or her time on behalf of a candidate or committee.
- "Continuing Political Committee" includes any group of two or more persons acting jointly, or any corporation, partnership, or any other incorporated or unincorporated association, including a political club, political action committee, civic association or other organization, which in any calendar year contributes or expects to contribute at least \$4,300 to aid or promote the candidacy of an individual, or the candidacies of individuals, for elective public office, or the passage or defeat of a public questions, and which may be expected to make contributions toward such aid or promotion or passage or defeat during a subsequent election, provided that the group, corporation, partnership, association or other organization has been determined by the Commission to be a continuing political committee in accordance with N.J.S.A. 19:44A-8(b).

¹ Contributions made by a spouse, civil union partner or resident child to a candidate for whom the contributor is eligible to vote or to a political party committee within whose jurisdiction the contributor resides are permitted.

INFORMATION AND INSTRUCTIONS For Completing The "Two-Year Vendor Certification and Disclosure of Political Contributions" Forms

- "Candidate Committee" means a committee established by a candidate pursuant to N.J.S.A. 19:44A-9(a), for the purpose of receiving contributions and making expenditures.
- "State Political Party Committee" means a committee organized pursuant to N.J.S.A. 19:5-4.
- "County Political Party Committee" means a committee organized pursuant to N.J.S.A. 19:5-3.
- "Municipal Political Party Committee" means a committee organized pursuant to N.J.S.A. 19:5-2.
- "Legislative Leadership Committee" means a committee established, authorized to be established, or designated by the President of the Senate, the Minority Leader of the Senate, the Speaker of the General Assembly, or the Minority Leader of the General Assembly pursuant to N.J.S.A. 19:44A-10.1 for the purpose of receiving contributions and making expenditures.
- "Political Party Committee" means:
 1. The State committee of a political party, as organized pursuant to N.J.S.A. 19:5-4;
 2. Any county committee of a political party, as organized pursuant to N.J.S.A. 19:5-3; or
 3. Any municipal committee of a political party, as organized pursuant to N.J.S.A. 19:5-2.

Agency Submission of Forms

The agency should submit the completed and signed Two-Year Vendor Certification and Disclosure forms, together with a completed Ownership Disclosure form, either electronically to cd134@treas.state.nj.us or regular mail at Chapter 51 Review Unit, P.O. Box 039, 33 West State Street, 9th Floor, Trenton, NJ 08625. Original forms should remain with the Agency and copies should be sent to the Chapter 51 Review Unit.

Questions & Answers

Questions regarding the interpretation or application of Public Law 2005, Chapter 51 (N.J.S.A. 19:44A-20.13) or Executive Order 117 (2008) may be submitted electronically through the Division of Purchase and Property website at <http://www.state.nj.us/treasury/purchase/execorder134.shtml>. Responses to previous questions are posted on the website, as well as additional reference materials and forms.

NOTE: The Chapter 51 Q&A on the website **DOES NOT** address the expanded pay-to-play requirements imposed by Executive Order 117. The Chapter 51 Q&A are only applicable to contributions made prior to November 15, 2008. There is a separate, combined Chapter 51/E.O. 117 Q&A section dealing specifically with issues pertaining to contributions made after November 15, 2008, available at <http://www.state.nj.us/treasury/purchase/execorder134.shtml#state>.



State of New Jersey
Division of Purchase and Property
 Two-Year Chapter 51 / Executive Order 117 Vendor Certification and
 Disclosure of Political Contributions

For AGENCY USE ONLY	
General Information	
Solicitation, RFP or Contract No. _____	Award Amount _____
Description of Services _____	
Agency Contact Information	
Agency _____	Contact Person _____
Phone Number _____	Agency Email _____

Part 1: Vendor Information

Full Legal Business Name _____
 (Including trade name if applicable)

Business Type Corporation Limited Partnership Professional Corporation General Partnership
 Limited Liability Company Sole Proprietorship Limited Liability Partnership

Address 1 _____ Address 2 _____
 City _____ State _____ Zip _____ Phone _____

Vendor Email _____ Vendor FEIN _____

Part 2: Public Law 2005, Chapter 51/ Executive Order 117 (2008) Certification

I hereby certify as follows:

1. On or after October 15, 2004, neither the below-named entity nor any individual whose contributions are attributable to the entity pursuant to Executive Order 117 (2008) has solicited or made any contribution of money, pledge of contribution, including in-kind contributions, company or organization contributions, as set forth below that would bar the award of a contract to the vendor, pursuant to the terms of Executive Order 117 (2008).
 - a) **Within the preceding 18 months**, the below-named person or organization has not made a contribution to:
 - (i) Any candidate committee and/or election fund of any candidate for or holder of the public office of Governor or **Lieutenant Governor**,
 - (ii) Any State, county, **municipal** political party committee; OR
 - (iii) Any **legislative leadership committee**.
 - b) **During the term of office of the current Governor(s)**, the below-named person or organization has not made a contribution to
 - (i) Any candidate, committee and/or election fund of the Governor or **Lieutenant Governor**, OR
 - (ii) Any State, county or **municipal** political party committee nominating such Governor in the election preceding the commencement of said Governor's term.
 - c) **Within the 18 months immediately prior to the first day of the term of office of the Governor(s)**, the below-named person or organization has not made a contribution to
 - (i) Any candidate, committee and/or election fund of the Governor or **Lieutenant Governor**, OR
 Any State, county, **municipal** political party committee of the political party nominating the successful gubernatorial candidate(s) in the last gubernatorial election.

PLEASE NOTE: Prior to November 15, 2008, the only disqualifying contributions include those made by the vendor or a principal owning or controlling more than 10 percent of the profits or assets of a business entity (or 10 percent of the stock in the case of a business entity that is a corporation for profit) to any candidate committee and/or election fund of the Governor or to any state or county political party within the preceding 18 months, during the term of office of the current Governor or within the 18 months immediately prior to the first day of the term of Office of Governor.

Part 3: Disclosure of Contributions Made

Check this box if no reportable contributions have been made by the above-named business entity or individual.

Name of Recipient _____	Address of Recipient _____
Date of Contribution _____	Amount of Contribution _____
Type of Contribution (i.e. currency, check, loan, in-kind) _____	
Contributor Name _____	
Relationship of Contributor to the Vendor _____	
Contributor Address _____	
City _____	State _____ Zip _____

If this form is not being completed electronically, please attach pages for additional contributions as necessary. Otherwise click "Add a Contribution" to enter additional contributions.

Part 4: Certification

I have read the instructions accompanying this form prior to completing this certification on behalf of the above-named business entity. I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

I understand that this certification will be in effect for two (2) years from the date of approval, provided the ownership status does not change and/or additional contributions are not made. If there are any changes in the ownership of the entity or additional contributions are made, a new full set of documents are required to be completed and submitted. By submitting this Certification and Disclosure, the person or entity named herein acknowledges this continuing reporting responsibility and certifies that it will adhere to it.

(CHECK ONE BOX A, B or C)

- (A) I am certifying on behalf of the above-named business entity and all individuals and/or entities whose contributions are attributable to the entity pursuant to Executive Order 117 (2008).
- (B) I am certifying on behalf of the above-named business entity only.
- (C) I am certifying on behalf of an individual and/or entity whose contributions are attributable to the vendor.

Signed Name _____ Print Name _____
Phone Number _____ Date _____
Title/Position _____

Agency Submission of Forms

The agency should submit the completed and signed Two-Year Vendor Certification and Disclosure forms, together with a completed Ownership Disclosure form, either electronically to cd134@treas.state.nj.us, or regular mail at Chapter 51 Review Unit, P.O. Box 039, 33 West State Street, 9th Floor, Trenton, NJ 08625. The agency should save the forms locally and keep the original forms on file, and submit copies to the Chapter 51 Review Unit.

Exhibit A

P.L. 2005, c. 51 / Executive Order No. 117
Certification of No Change

I, _____ the _____ of _____ (the "Auditor") in connection with the Request for Proposal for Auditing Services (the "RFP") issued by the New Jersey Educational Facilities Authority (the "Authority") does hereby certify that all information, certifications and disclosure statements previously provided in connection with P.L. 2005, c. 51, which codified Executive Order No. 134 (McGreevey 2004), as amended by Executive Order No. 117 (Corzine 2008) are true and correct as of the date hereof and that all such statements have been made with full knowledge that the Authority and the State of New Jersey shall rely upon the truth of the statements contained therein and herein in connection with the RFP.

IN WITNESS WHEREOF, we have executed this certificate as of this _____ day of _____ 2010.

[NAME OF AUDITOR]

By: _____
Name:
Title:

Attachment 2

Public Law 2005, Chapter 271

P.L. 2005, c.271

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

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

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

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

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

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

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

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

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

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

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

c. As used in this section:

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

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

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

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

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

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

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

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

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

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

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

As used in this section:

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

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

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

4. This act shall take effect immediately.

Attachment 3

Public Law 2005, Chapter 271 Vendor Certification and Political Contribution
Disclosure Form

**PUBLIC LAW 2005
CHAPTER 271**

**Vendor Certification and
Political Contribution
Disclosure Form**

Contract Reference: _____ **Vendor:** _____

At least ten (10) days prior to entering into the above-referenced contract, the Vendor must complete this Certification and Disclosure Form, in accordance with the directions below and submit it to the State contact for such contract.

Please note that the disclosure requirements under Public Law 2005, Chapter 271 are separate and different from the disclosure requirements under Public Law 2005, Chapter 51 (formerly Executive Order 134). Although no vendor will be precluded from entering into a contract by any information submitted on this form, a vendor's failure to fully, accurately and truthfully complete this form and submit it to the appropriate State agency may result in the imposition of fines by the New Jersey Election Law Enforcement Commission.

Disclosure

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

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

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

**PUBLIC LAW 2005
CHAPTER 271**

Vendor: _____

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

#1

Certification:

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

#2

Name of Vendor: _____

Signed: _____

Print Name: _____

Title: _____

Date: _____

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
2010 BUDGET VARIANCE ANALYSIS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2010**

Executive Summary

The NJEFA concluded nine months of 2010 with net operating income in the amount of \$590,175, based on revenues of \$2,673,623 and expenses of \$2,083,448. As a result, net operating income is higher than budgeted by \$261,340. This difference is a result of less than budgeted expenses in the amount of \$263,393 partially offset by less than expected revenues in the amount of \$2,053.

Revenues

Revenues were \$2,053 less than projected due to lower than anticipated investment income.

Expenses

Operating expenditures for the nine months of the year were favorable as compared to budget by \$263,393. Attorney General Fees were \$57,753 less than budgeted. The remaining line items display positive deviations and are primarily the result of timing.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ACTUAL vs. BUDGET REPORT
SEPTEMBER 2010

	Month Ended September 30, 2010			Nine Months Ended September 30, 2010		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<u>Operating Revenues</u>						
Annual Administrative Fees	\$244,768	\$244,768	\$ -	\$ 2,378,226	\$ 2,378,226	\$ -
Initial Fees	85,450	12,600	72,850	284,450	277,200	7,250
Investment Income	1,001	2,250	(1,249)	10,947	20,250	(9,303)
	<u>\$ 331,219</u>	<u>\$ 259,618</u>	<u>\$ 71,601</u>	<u>\$ 2,673,623</u>	<u>\$ 2,675,676</u>	<u>\$ (2,053)</u>
<u>Operating Expenses</u>						
Salaries	\$106,174	\$118,196	\$ 12,022	\$ 1,052,250	\$ 1,105,002	\$ 52,752
Employee Benefits	27,877	32,032	4,155	398,207	411,973	13,766
Provision for Post Ret. Health Benefits	10,000	10,000	-	90,000	90,000	-
Office of The Governor	1,500	1,500	-	13,500	13,500	-
Office of The Attorney General	4,000	10,417	6,417	36,000	93,753	57,753
Sponsored Programs	254	3,125	2,871	1,969	15,625	13,656
Telephone	1,717	2,318	601	15,205	19,044	3,839
Gasoline & Auto Maintenance	1,140	1,555	415	5,461	12,840	7,379
Rent	18,184	18,333	149	163,659	164,997	1,338
Utilities	1,687	1,792	105	15,180	16,128	948
Postage	668	527	(141)	2,219	4,416	2,197
Office Supplies & Expenses	2,336	3,891	1,555	20,087	31,328	11,241
Travel & Official Receptions	740	2,436	1,696	7,849	19,688	11,839
Staff Training & Tuition Reimbursement	199	2,345	2,146	3,555	18,960	15,405
Insurance	3,603	3,546	(57)	28,075	29,364	1,289
Annual Report & Newsletters	-	2,727	2,727	7,736	21,816	14,080
Public Relations	-	982	982	189	8,056	7,867
Professional Services	4,358	19,498	15,140	82,778	108,213	25,435
Dues & Subscriptions	7,644	9,641	1,997	46,971	52,778	5,807
Data Processing	3,000	3,545	545	25,000	28,360	3,360
Maintenance of Equipment	783	3,667	2,884	19,561	33,003	13,442
Depreciation	5,333	5,333	-	47,997	47,997	-
Contingency	-	-	-	-	-	-
	<u>201,197</u>	<u>257,406</u>	<u>56,209</u>	<u>2,083,448</u>	<u>2,346,841</u>	<u>263,393</u>
Net Operating Income	<u>\$ 130,022</u>	<u>\$ 2,212</u>	<u>\$ 127,810</u>	<u>\$ 590,175</u>	<u>\$ 328,835</u>	<u>\$ 261,340</u>