

103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540  
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DEREK S. HANSEL  
*Executive Director*

**MINUTES OF THE MEETING OF THE  
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY  
ON TUESDAY, SEPTEMBER 23, 2014**

The meeting was called to order at 9:05 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 June 6, 2014, 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., Chair (via phone)  
Rochelle Hendricks, Secretary of Higher Education, Vice Chair (via phone)  
Joshua Hodes, Treasurer (via phone)  
Ridgeley Hutchinson (via phone)  
Katherine Ungar (via phone)  
Louis Rodriguez (via phone)  
Andrew P. Sidamon-Eristoff, State Treasurer (represented by Steven Petrecca) (via phone)

**AUTHORITY MEMBERS ABSENT:**

None

**STAFF PRESENT:**

Derek S. Hansel, Executive Director  
Katherine Newell, Esq., Director of Risk Management  
Sheryl Stitt, Dir. of Legislative Strategy and Public Communications  
Steven Nelson, Project Manager  
Lisa Walker, Accountant  
Sheila Toles, Exec. Assistant/Human Resources Manager

**ALSO PRESENT:**

Amy Herbold, Esq., Governor's Authorities Unit (via phone)  
Clifford Rones, Esq., Deputy Attorney General

**ITEMS OF DISCUSSION**

**1. Adoption of Resolution Consenting to Entry by Felician College of Lodi into Certain Lines of Credit**

Ms. Newell reported that Felician College wishes to enter into lines of credit with PNC Bank for a total of \$12 million to be used to pay off an existing \$5 million line of credit with Provident Bank and to finance part of the cost of certain capital projects. She advised that the Authority issued bonds for Felician in 2006 which are held by Capital One. Ms. Newell reported that the bond documents require Capital One's consent, which has been obtained and also require the Authority's consent and that the resolution provides the consent and authorizes all necessary action to implement it.

Ms. Newell invited Michael Fescue, Vice President of Finance for Felician College and John Bitar, Esq. of Windels, Marx Lane & Mittendorf, LLP to answer any questions. Mr. Jacobs asked if there was a time limit on the line and Mr. Fescue responded that the line runs through June 30, 2015. He advised that they were looking to go out within the next nine months with other ministries of Felician Sisters and the offering would assist with the capital projects, pay off this line and also pay off existing debt with Capital One.

Mr. Hansel advised that staff reviewed the terms of the proposed lines of credit with PNC and that the Sisters are serving as a co-borrower under the transaction. Mr. Hansel stated that the transaction looks favorable from the College's perspective.

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

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
CONSENTING TO ENTRY BY FELICIAN COLLEGE OF LODI INTO CERTAIN  
LINES OF CREDIT**

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

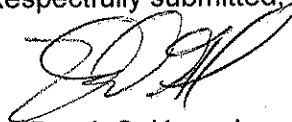
The adopted resolution is appended as Exhibit I.

**2. Next Meeting Date**

Mr. Jacobs advised that the October 28<sup>th</sup> meeting may be rescheduled and that the Members would be notified accordingly. He then requested a motion to adjourn.

Mr. Rodriguez moved that the meeting be adjourned at 9:13 a.m.; the motion was seconded by Ms. Hendricks and passed unanimously.

Respectfully submitted,



Derek S. Hansel  
Secretary

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
CONSENTING TO ENTRY BY FELICIAN COLLEGE OF LODI INTO CERTAIN LINES OF  
CREDIT

September 23, 2014

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

WHEREAS, on June 30, 2006, at the request of Felician College of Lodi (the "College"), the Authority issued its Revenue Refunding Bonds, Felician College Issue, 2006 Series I in the original principal amount of \$11,445,000 (the "Bonds"); and

WHEREAS, the Bonds were issued under and secured by a Trust Agreement dated as of June 30, 2006 (the "Trust Agreement") between the Authority and The Bank of New York (now known as The Bank of New York Mellon), as Trustee (the "Trustee"); and

WHEREAS, in connection with the issuance of the Bonds, the Authority and the College entered into a Loan Agreement dated as of June 30, 2006 (the "Loan Agreement") pursuant to which the Authority loaned the proceeds of the Bonds to the College and pursuant to which the College is obligated, among other things, to pay amounts sufficient to pay interest and principal on the Bonds in repayment of such loan, all as set forth in the Loan Agreement; and

WHEREAS, the Bonds were sold to North Fork Bank, now known as Capital One, N.A. (the "Purchaser"); and

WHEREAS, in connection with the issuance of the Bonds, the College entered into a swap agreement with North Fork Bank, now known as Capital One, N.A., as swap provider (the "Swap Provider") pursuant to an ISDA Master Agreement dated June 23, 2006 and the schedules and confirmations related thereto (the "Swap Agreement"); and

WHEREAS, the College entered into a Master Trust Indenture (the "Master Trust Indenture") and a First Supplemental Indenture to the Master Trust Indenture (the "First Supplemental Indenture", and together with the Master Trust Indenture, the "Master Indenture") each dated as of June 30, 2006, by and between the College and North Fork Bank, as master trustee (the "Master Trustee"); and

WHEREAS, pursuant to the First Supplemental Indenture, the College issued (i) the 2006 Series A Note (the "2006 Series A Note") in favor of the Trustee to evidence the obligations of the College pursuant to the Loan Agreement with respect to the 2006 Bonds, (ii) the 2006 Series B Note (the "2006 Series B Note") in favor of the Purchaser to evidence the obligations of the College pursuant to the Revolving Line of Credit Agreement dated as of June 30, 2006 (the "Original Line of Credit"), and (iii) the Swap Agreement – 2006 Series I Bonds in favor of the Swap Provider to evidence the obligations of the College under the Swap Agreement (the "Swap Obligation"); and

WHEREAS, the 2006 Series B Note and the Original Line of Credit are no longer outstanding; and

WHEREAS, the 2006 Series A Note and the Swap Obligation (collectively, the "Outstanding Master Indenture Obligations") are secured on a parity basis under the Master Indenture by: (i) a mortgage on the College's Rutherford Campus (the "Mortgage"), (ii) a security agreement on certain other personal property of the College, and (iii) and an assignment of leases and rents made by the College in favor of the Master Trustee for the benefit of the holders of the Notes); and

WHEREAS, in 2012, with the consent of the Purchaser, the Swap Provider and the Authority, the College entered into a \$5,000,000 Line of Credit with The Provident Bank (the "Provident Line of Credit") to provide funds for general capital improvements for the College and to replace an earlier construction line of credit provided by The Provident Bank that proved unnecessary for construction; and

WHEREAS, the Provident Line of Credit is secured by second lien on the College's Rutherford Campus pursuant to a second mortgage by the College in favor of The Provident Bank (the "Second Lien Mortgage"); and

WHEREAS, the College has drawn on the Provident Line of Credit in the amount of \$5,000,000; and

WHEREAS, the College has informed the Authority that PNC Bank has agreed to provide the College and the Felician Sisters of North America Endowment Trust (as co-borrower) with an unsecured non-revolving Line of Credit in the amount up to \$11,000,000 and a revolving line of credit in the amount up to \$1,000,000 (collectively, the "PNC Lines of Credit") under the terms and conditions set forth in Exhibit A; and

WHEREAS, the College will apply the proceeds of the PNC Lines of Credit to (i) the repayment of the Provident Line of Credit in full (the Second Lien Mortgage will be discharged), (ii) a portion of the costs of (A) renovating the Education Commons facility and (B) an energy conservation project including upgrades to heating and cooling equipment, and replacement of boilers, windows and lighting and (iii) fund general working capital needs; and

WHEREAS, the College has informed the Authority that it is a condition to issuance of the PNC Lines of Credit that the Purchaser and the Swap Provider consent to the PNC Lines of Credit; and

WHEREAS, pursuant to Section 4.2 of the Loan Agreement, the College has agreed that, so long as the Bonds are outstanding, the College will not incur any additional debt (whether or not related to the Bonds) without the prior written consent of the Authority; and

WHEREAS, the College has requested that the Authority consent to entry by the College into the PNC Lines of Credit; and

WHEREAS, the College has provided the Authority with a copy of the written consent of the Purchaser and Swap Provider to entry by the College into the PNC Lines of Credit; and

WHEREAS, the Authority has determined that it is in the best interest of the College and its students to consent to entry by the College into the PNC Lines of Credit.

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

**Section 1. Consent to Entry Into the PNC Line of Credit.**

The Authority, in accordance with the Trust Indenture and the Loan Agreement, hereby consents to entry by the College into the PNC Lines of Credit substantially under the terms and conditions set forth in Exhibit A with such changes therein as may be authorized by the Chair, Vice Chair, Executive Director, Deputy Executive Director, Director of Project Management, Director of Risk Management, Secretary and any Assistant Secretary of the Authority (each an "Authorized Officer") with the advice of counsel to the Authority provided that the Purchaser and the Swap Provider consent to entry by the College into the PNC Lines of Credit.

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

Any and all prior actions taken by the Authority in connection with the entry by the College into the PNC Lines of Credit are hereby ratified and confirmed. The Authorized Officers, are each hereby authorized and directed to undertake any and all actions necessary to effect the consent of the Authority to entry by the College into the PNC Lines of Credit and to execute and deliver any other consents, agreements, documents, certificates, directions and notices as may be necessary, advisable, or appropriate to effect such consent and the taking of any such action, and the execution and delivery of each such consent, agreement, documents, certificates, directions and notices shall be conclusive evidence of the approval thereof by the Authorized Officer taking such action and of its necessity, advisability or appropriateness.

**Section 3. Effective Date.**

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

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

**AYE:** Roger B. Jacobs  
Rochelle Hendricks  
Joshua Hodes  
Ridgeley Hutchinson  
Louis Rodriguez  
Katherine Ungar  
Andrew Sidamon-Eristoff (represented by Steven Petrecca)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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



August 1, 2014

Felician College  
262 South Main Street  
Lodi, NJ 07644

Attention: Michael Fescoe, Vice President Finance & Mark Schafale, Chief Administrative Financial Officer of the Felician Sisters of North America

Dear Mr. Fescoe & Mr. Schafale:

On behalf of PNC Bank, National Association ("PNC") and our corporate parent, The PNC Financial Services Group, Inc., we are pleased to present the following financing opportunity for the consideration of Felician College ("College" or "Borrower"). PNC Bank is proposing to provide the Borrower with **\$12,000,000** in financing (the "Credit Facility") for the refinance of existing debt, capital expenditures at Felician College, and general working capital needs.

PNC is pleased to present for preliminary discussion purposes only, a proposal to provide the Credit Facility for the purposes set forth above as more fully described in the attached Preliminary Memorandum of Terms and Conditions (the "Preliminary Term Sheet").

This letter and the Preliminary Term Sheet merely constitute a statement of suggested terms for the Credit Facility, and do not contain all matters upon which agreement must be reached in order for the transactions contemplated hereby to be consummated and, therefore, do not constitute a binding commitment or offer to lend with respect to these transactions. A binding commitment with respect to the Credit Facility will result only from execution and delivery by all of the parties of a commitment letter or a definitive agreement relating to the Credit Facility, and will be subject to the conditions contained therein. We may terminate discussions regarding the proposed Credit Facility at any time.

By signing below, the Borrower represents that, to the best of its knowledge, all information prepared or furnished to the Bank by the Borrower or any of its representatives concerning the Borrower or the transaction contemplated by this letter will be complete and correct in all material respects and will not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading. The Borrower understands and acknowledges that Bank will be using and relying on all such information without independent verification.

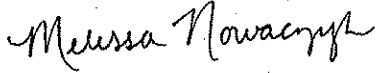
To accept the terms of the proposed Credit Facility, please sign the enclosed copy of this letter and return it to me by August 29, 2014 or this letter will terminate and PNC Bank will have no liability or further obligation.

We appreciate this opportunity to review your financial needs and look forward to your acceptance of this letter.

(signature page to follow)

Sincerely,

PNC BANK, NATIONAL ASSOCIATION



By: \_\_\_\_\_  
Melissa Nowaczyk  
Assistant Vice President

The undersigned agrees to and accepts the authorization to obtain credit reports and accepts the terms of the proposed Credit Facility:

Felician College

By: \_\_\_\_\_

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

Title: \_\_\_\_\_



**Felician College**  
**PRELIMINARY SUMMARY OF TERMS AND CONDITIONS**  
**August 1, 2014**

This Summary of Terms and Conditions is not a commitment or an offer to lend and does not create any obligation on the part of the Bank. The Bank will not be deemed to extend any commitment to the Borrowers unless and until a formal commitment letter is issued. This outline is only a brief description of the principal terms of the suggested Facility and is intended for discussion purposes only.

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>Borrowers</u></b>            | Felician College (the "College") and Felician Sisters of North America (the "Sisters") collectively (the "Borrowers").                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b><u>Bank</u></b>                 | PNC Bank, National Association ("PNC") or (the "Bank").                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b><u>Credit Facility</u></b>      | \$12,000,000 taxable line of credit to be structured as follows:<br>1) \$11,000,000 non-revolving line of credit<br>2) \$1,000,000 revolving line of credit                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b><u>Purpose</u></b>              | 1) To be used for repayment of Provident line and construction costs<br>2) To be used for working capital needs                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b><u>Maturity</u></b>             | 18 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b><u>Pricing</u></b>              | 1 Month LIBOR + 75 basis points                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b><u>Commitment Fee</u></b>       | For \$1,000,000 revolving line of credit, 10 bps on the unused portion of the facility.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b><u>Default Rate</u></b>         | Upon the occurrence and during the continuation of a default under the Credit Facility, all amounts due including principal and interest shall bear interest at a rate equal to the Bank's Base Rate + 3.00%.                                                                                                                                                                                                                                                                                                                                                                           |
| <b><u>Base Rate</u></b>            | The Bank's Base Rate is a rate of interest per annum equal to the greatest of: (i) Bank's Prime Rate + 1.00%, (ii) the Federal Funds Open Rate plus 2.00%, or (iii) 1 Month LIBOR plus 3.00%.                                                                                                                                                                                                                                                                                                                                                                                           |
| <b><u>Yield Protection</u></b>     | The Note shall contain customary provisions for the Bank against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law (including, that for the purposes of determining a change in law, the Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III, and all requests, rules, guidelines or directives promulgated thereunder or issued in connection therewith) and from changes in withholding or other taxes (other than franchise or income taxes)                                               |
| <b><u>Expenses</u></b>             | All expenses incurred by the Bank shall be paid by the Borrowers, including, but not limited to, fees and expenses of any of PNC's legal counsel (inside and outside), lien searches, recording of UCC filings and other security interests, and any other expenses in reference to structuring, documenting, closing, monitoring or enforcing the Credit Facility shall be for the account of the Borrowers and shall be payable at closing and otherwise on demand. Payment by Borrowers of expenses described above shall not be contingent upon the closing of the Credit Facility. |
| <b><u>Collateral</u></b>           | Unsecured.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b><u>Covenants</u></b>            | Unrestricted and Unencumbered Cash & Investments to Funded Debt of 2.0x to be tested on the Felician Sisters of North America.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b><u>Additional Covenants</u></b> | Affirmative and negative covenants will be specified by the Bank for inclusion in the Loan Documents. Covenants are expected to include but may not be limited to (a) limitation on sale of assets outside the normal course of business; (b) negative pledge on assets (c) prohibition on change in business; (d) limitation on loans and advances; (e) limitation on additional debt; (f) prohibition on mergers and acquisitions.                                                                                                                                                    |

Certain other affirmative and negative covenants customary for transactions of similar type and size.

**Events of Default**

Events of default customary for transactions of similar type and size to include, but not be limited to the following:

- 1) Payment of default
- 2) Breach of Representations or Warranties
- 3) Violation of covenant(s)
- 4) Bankruptcy, insolvency

**Representations and Warranties**

The Borrower shall make representations and warranties standard for this type of transaction, in form and substance satisfactory to the Bank.

**Reporting Requirements**

- 1) Annual, GAAP-based, unqualified audited financial statements of the Borrowers no later than 150 days after fiscal year-end.
- 2) Annual operating budgets and forecasts of the Borrowers prior to the beginning of each fiscal year, and copies of all subsequent revisions upon completion.
- 3) Covenant compliance certificates showing calculations within 150 days after fiscal year-end.
- 4) Annual enrollment statistics provided by the College with delivery of financial statements.

Other information reasonably requested by the Bank to evaluate the financial condition and cash flow of the Borrowers.

**Conditions Precedent to Closing**

- 1) Completion of the Bank's due diligence regarding the Borrowers.
- 2) The Borrowers shall deliver to the Bank a true and complete copy of the Borrowers' Articles of Incorporation and By-Laws certified by an authorized representative of the Borrowers, together with a borrowing resolution and such other evidence of due authorization by the Borrowers as the Bank shall reasonably request.
- 3) All documentation relating to the Credit Facility in form and substance satisfactory to the Bank and its counsel.
- 4) No material adverse change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrowers.
- 5) No material threatened or pending litigation or material contingent obligations.
- 6) Payment of all fees and expenses.

Other conditions precedent as appropriate.

**Bank Counsel**

Buchanan Ingersoll & Rooney PC.

**Governing Law**

State of New Jersey. Waiver of jury trial and Confession of Judgment.

This proposal expires after August 29, 2014.