



103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540  
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JIM POOLE  
*Executive Director*

**MINUTES OF THE MEETING OF THE  
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY  
ON TUESDAY, JANUARY 25, 2011**

The meeting was called to order at 9:04 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 11, 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  
Joshua Hodes, Treasurer  
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:**

None

**STAFF PRESENT:**

James Poole, Executive Director  
Barbara Cannon, Deputy Executive Director  
Mary Jane Darby, Director of Project Management  
Sheryl Stitt, Director of Communications  
Katherine Newell, Esq., Director of Risk Management  
Kristen Middleton, Assistant Controller  
Debra Paterson, Sr. Risk Manager  
Gary Vencius, Senior Accountant  
Jennifer Soyka, Esq., Project Manager  
Jennifer LaMarsh, Project/Communications Assistant  
Jamie O'Donnell, Accountant  
Denise Carroll, Administrative Assistant  
Linda Hazley, Office Manager  
Sheila Toles, Exec. Assistant/Human Resources Specialist

## **ALSO PRESENT:**

Anthony Inverso, Phoenix Advisors, LLC  
Brandon Minde, Esq., Governor's Authorities Unit  
Clifford Rones, Esq., Deputy Attorney General  
Cornell Brooks, Esq., New Jersey Institute for Social Justice  
Craig Levine, Esq., New Jersey Institute for Social Justice  
Dara Melchionni, Acacia Financial Group, Inc.  
Ellen Brown, New Jersey Institute for Social Justice  
Gregory Anderson, Raymond James & Associates  
James Fearon, Esq., Gluck Walrath, LLP  
John Lisica, BB&T Capital Markets  
Julie Ehlers, Powell Capital Markets, Inc.  
Robert Polakowski, Assoc. of Independent Colleges and Universities in New Jersey  
Scott Wentnick, TD Bank

## **ITEMS OF DISCUSSION**

### **1. Approval of the Minutes of the Meeting of December 15, 2010**

The minutes of the meeting of December 15, 2010 were delivered via United Postal Service to Governor Chris Christie under the date of December 15, 2010. Mr. Hutchinson moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Petrecca and passed unanimously.

### **2. Report on the Sale of NJEFA Revenue Bonds, Passaic County Community College Issue, Series 2010 C, In the Amount of \$13,635,000**

Ms. Darby reported that on December 15, 2010 the Authority successfully closed the sale of the Series 2010 C bonds on behalf of Passaic County Community College and described the various components of the transaction. The proceeds of the issue are being used for the construction of a portion of a three-story academic building consisting of approximately 68,000 square-feet, equipping and furnishing a portion of the building which will also house a one-stop career center; capitalized interest and to pay certain costs of issuance.

The transaction was structured as a fixed rate, negotiated transaction with a rating of A2 from Moody's Investors Service. The bonds have a true interest cost of 5.355% and a final maturity of July 1, 2041. Ms. Darby noted that the Authority had considered putting the issue on hold in light of the deteriorating market but the College wanted to move forward with construction and it was a good idea because the market rates are now higher than they were at the time.

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

### **3. Report on the Sale of NJEFA Revenue Bonds, Centenary College Issue, 2010 Series D, In the Amount of \$13,974,000**

Ms. Darby reported that on December 15, 2010 the Authority successfully closed the sale of the 2010 Series D bonds on behalf of Centenary College and described the various components of the transaction. The proceeds of the issue are being used for the refinancing

of a loan, the proceeds of which funded the construction of an approximately 69,000 square-foot student performing arts center and an approximately 5,200 square-foot addition to the Reeves Recreation Center; and the financing of the construction of an approximately 2,700 square-foot waste management facility and related infrastructure at the College's Equestrian Center; capitalized interest and to pay certain costs of issuance

The transaction was structured as a five-year fixed rate, direct purchase with an interest rate of 3.105% and a final maturity of January 1, 2041.

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

4. **Approval of Resolution Accepting the Designation of Counsel by the Attorney General for a Lease Financing of Equipment for Kean University**

Ms. Newell reported that at the December 15, 2010 meeting, the Members authorized the financing of a project consisting of the acquisition and installation of HVAC equipment for certain student residences on the campus of Kean University in an amount not to exceed \$15,000,000. She reported that the resolution specified that Special Counsel for the transaction would be designated by the Attorney General. Ms. Newell reported that the Attorney General had subsequently designated McCarter & English, pursuant to an RFP process, as special counsel based on a competitive process and requested approval of the resolution accepting the designation.

Mr. Hodes questioned the normal process and Ms. Newell responded that normally the Authority has bond counsel by the time the resolutions are presented to the Members but that the Authority was trying to accommodate the University's timing. Ms. Newell advised that the Members do not select bond counsel, the Attorney General's Office does and that Governor's Office had advised that going forward, it would be a good practice to have the Members accept the designation.

Ms. Darby advised that in a normal bond transaction, the documents that are presented to the Board for approval are prepared by bond counsel in advance of the meeting but in this case because it was a program that the Authority already had form documents it did not require that bond counsel be appointed in advance. Mr. Hodes inquired about the Attorney General's process and Ms. Newell responded that the Authority has a bond counsel pool consisting of 11 firms that had been selected by a RFP. Mr. Poole advised that of 12 firms originally selected, four firms responded: McCarter & English bid \$10,000; Gluck Walrath \$14,500; Windels, Marx Lane & Mittendorf \$15,000 and Wilentz, Goldman and Spitzer bid \$20,000 and that McCarter & English had been selected. Mr. Hodes asked if it was standard practice for the Attorney General's Office to select the lowest bidder and Mr. Poole responded that it does for the most part but not in all instances when a particular expertise is necessary.

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

RESOLUTION ACCEPTING THE DESIGNATION BY THE ATTORNEY GENERAL  
OF THE STATE OF NEW JERSEY FOR THE LEASE FINANCING OF EQUIPMENT  
FOR KEAN UNIVERSITY

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

The adopted resolution is appended as Exhibit III.

Chairman Jacobs requested a short break and was advised by Mr. Ronas that he would need to put forth a motion to pause the meeting. Mr. Hutchinson moved to pause, Mr. Hodes seconded and the meeting was put on hold at 9:14 a.m.

Dr. Lang joined the meeting during the break in proceedings.

The meeting reconvened at 9:30 and Mr. Poole repeated the roll call.

**5. Guest Speaker, Cornell Brooks, New Jersey Institute for Social Justice**

Dr. Brooks gave an informative report on the work of the New Jersey Institute for Social Justice and provided ideas on how the Authority and the attendees could work together to benefit all of New Jersey's citizens.

Mr. Hodes thanked Dr. Brooks for his presentation and informed him that he hoped that with the assistance of the Authority's Executive Director that the Members could perhaps explore some of the programs Dr. Brooks spoke of.

Mr. Hutchinson thanked Dr. Brooks and informed him that in his capacity as an Authority member and as Apprentice Director for the Carpenter's Union of New Jersey, he would be interested to hear more about the Institute's apprenticeship training program.

Chairman Jacobs added that he would be meeting with an Essex County representative next week about a project in Newark. He also noted that he and Authority staff had discussed a minority, women and small business conference.

Chairman Jacobs congratulated Mr. Hutchinson on being named the State Director of Apprenticeship for the Carpenters Union.

Chairman Jacobs informed Dr. Brooks that he had been encouraged by his visit and he thanked Mr. Levine and Ms. Brown who were also present from the Institute.

**6. Approval of Resolution Authorizing the Amendment of Documents Relating to NJEFA Revenue Bonds, Kean University Issue, 2007 Series D**

Mr. Hodes expressed concerns with the amending resolution for Kean University and stated that he would prefer to have a representative from Kean present at the meeting. Mr. Jacobs suggested tabling the issue until a representative of Kean would be available to attend an Authority meeting.

Mr. Hodes moved the decision to table the resolution until a representative from Kean could be available. The motion was seconded by Mr. Petrecca and passed unanimously.

**7. Approval of Resolution Authorizing the Appointment of a Swap Monitor**

Mr. Poole reported that on October 5, 2010, the Authority distributed a Request for Proposals for swap monitoring services to 15 firms, four of which requested the RFP as a result of advertising in The Bond Buyer and posted the RFP on the Authority's and the State's websites and received seven responses. He reported that the responses were reviewed by an Evaluation Committee based on knowledge and experience with swaps, price, the current size of the firms' swap portfolio and the firms' presence within New Jersey. Mr. Poole reported that the Evaluation Committee had recommended the appointment of BLX, LLC to provide swap monitoring services at the fees proposed of \$1,000 per swap per year for a total of \$12,000 for each existing swap and for each additional swap added during the term of the

engagement and that the firm would be appointed for a period of two years with a possible six month extension at the discretion of the Authority.

Mr. Hodes request information as to the duties of the swap monitor and the definition of a swap. Mr. Poole responded

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
APPROVING THE APPOINTMENT OF A SWAP MONITOR

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

The adopted resolution is appended as Exhibit IV.

**8. Approval of Resolution Authorizing Payment to the Authority's Current Swap Monitor**

Mr. Poole reported that the Authority is currently in the process of selecting a new swap monitor. He reported that the Authority's current swap monitor, DerivActiv had recently submitted a bill in the amount of \$8,950 for services performed since the expiration of the current contract of August 1, 2010 through January 31, 2011 and requested approval of the resolution authorizing payment.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
AUTHORIZING PAYMENT TO DERIVACTIV, LLC FOR THE PERIOD AUGUST 1,  
2010 THROUGH JANUARY 31, 2011

The motion was seconded by Dr. Lang and passed unanimously.

The adopted resolution is appended as Exhibit V.

Mr. Poole advised that TAB 9 regarding the Authority's Underwriter Pool had been pulled from the Agenda.

**9. Legislative Update**

Ms. Stitt reported that Governor Christie had signed Senate bill 104. The bill requires State entities, including the Authority, to examine opportunities of minority and women-owned financial institutions to serve as senior managing underwriters. Ms. Stitt reported that the Authority would be implementing a review of its procurement practices and experience as soon as possible and would be looking to the Department of Treasury for guidance on reporting criteria and mechanisms.

Ms. Stitt reported on Assembly bill 2505 which concerns compensation and benefits of officers, employees and members of state and local authorities and is on second reading in the Senate. She advised that the EFA is already generally compliant with its provisions.

Ms. Stitt reported on the recently released report and recommendations of the Higher Education Task Force.

Ms. Stitt reported Mr. Poole had already recommended that some of the Authority's state-backed bond programs could potentially meet some of the capital support recommendations of the Task Force.

Ms. Stitt advised that Governor Christie had already signed two executive orders in response to the recommendations, E.O. No. 51 which establishes an advisory committee to deal with the recommendations for Rutgers University and UMDNJ and E.O. No. 52 that establishes the Governor's Higher Education Council, comprised of 5 public members appointed by the Governor, to serve as an advisory body to the Governor on all Higher Education issues.

Mr. Jacobs complimented Ms. Stitt on the Authority's most recent Newsletter.

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

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

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

The reports are appended as Exhibit VI.

**11. Report on Pending Projects**

Ms. Darby, Director of Project Management, 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 VII.

**12. Report on the Securities and Exchange Commission Proposal**

Ms. Newell reported that one of the provisions of the Dodd-Frank Act requires "municipal advisors" to register with the Securities and Exchange Commission (SEC) and to provide personal financial and other information designed to establish the advisor's competence to deliver financial advice. She reported that on December 20, 2010, the SEC issued a proposed interpretation of the term "municipal advisor" to possibly include board members of governmental entities and of conduit borrowers who are "appointed" rather than "elected" public officials as "municipal advisors" and therefore subject them to the registration requirements. The proposal would affect all state and local government issuers in the United States and the Government Finance Officers Association is working with other national organizations to oppose the proposals. Ms. Newell advised that comments must be submitted to the SEC by February 22, 2011.

Mr. Poole added that all Members of the Authority would be impacted and would have to register as a financial advisor. He advised that there is a distinction in the proposal between an appointed ex-officio member and an elected ex-officio member and that the State Treasurer and Commission on Higher Education Chair, in addition to public members, would have to register.

Mr. Jacobs congratulated Ms. Newell on being on the Governor's Finance Officers Association's Debt Committee.

Mr. Jacobs congratulated Ms. Paterson on 25 years of service to the Authority.

Mr. Poole stated that due to time constraints, the Year in Review presentation would be given at the February meeting.

**13. Next Meeting Date**

Chairman Jacobs reminded everyone of the April 26, 2011 meeting at Caldwell College in Caldwell, New Jersey. He reported that he had visited Bloomfield College and met with the Chairman of the Board of Trustees and the President and was taken on a tour of Bloomfield College. He recommended similar visits to the other Members.

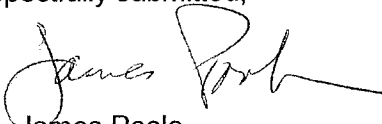
Chairman Jacobs announced that the next meeting will be on Tuesday, February 22, 2011 at 9:00 a.m. at the Authority's office.

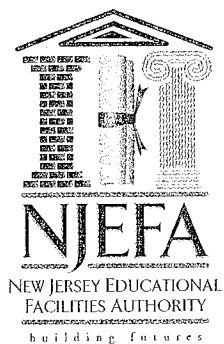
Ms. Stitt announced that John Nelson, Public Finance Managing Director of Moody's Investors Service would give his annual presentation at the February meeting.

Mr. Hutchinson complimented the Authority staff and Chairman Jacobs on the Authority's recent Newsletter.

Mr. Jacobs requested a motion to adjourn and Mr. Hodes moved that the meeting be adjourned at 10:34 a.m.; the motion was seconded by Mr. Petrecca and passed unanimously.

Respectfully submitted,

  
James Poole  
Secretary



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**BOND SALE SUMMARY**

**Borrower:** Passaic County Community College, Passaic, New Jersey

**Issue:** Series 2010 C

**Amount:** \$13,635,000

**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.

**Structure:** Negotiated Sale, Fixed Rate

**Final Maturity:** July 1, 2041

**True Interest Cost:** 5.355%

**Bond Ratings:** A2 - Moody's Investors Service

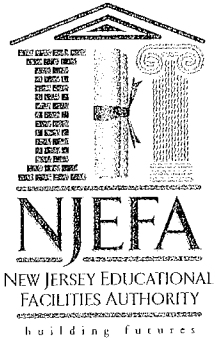
**Pricing:** December 1, 2010

**Closing:** December 15, 2010



**Professionals on the Transaction:**

<b>Bond Counsel:</b>	Gibbons, P.C.
<b>Authority's Counsel:</b>	Attorney General of the State of New Jersey
<b>Underwriter:</b>	RBC Capital Markets
<b>Trustee:</b>	US Bank, National Association
<b>Trustee's Counsel:</b>	McElroy Deutsch, Mulvaney & Carpenter, LLP



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**BOND SALE SUMMARY**

**Borrower:** Centenary College, Hackettstown, New Jersey

**Issue:** 2010 Series D

**Amount:** \$13,974,000

**Purpose:** To provide funds for the refinancing of the construction of an approximately 69,000 square-foot student performing arts center and an approximately 5,200 square-foot addition to the Reeves Recreation Center; and the financing of (i) the construction of an approximately 2,700 square-foot waste management facility and related infrastructure at the College's Equestrian Center; (ii) the payment of capitalized interest on the Bonds, if any; and (iii) the payment of certain costs of issuance.

**Structure:** Direct Purchase, 5-year Fixed Rate

**Interest Rate:** 3.105%

**Final Maturity:** January 1, 2041

**Closing:** December 15, 2010

**Professionals on the Transaction:**

<b>Bond Counsel:</b>	McManimon & Scotland, LLC
<b>Authority's Counsel:</b>	Attorney General of New Jersey
<b>Borrower's Counsel:</b>	Boyar, Suozzo & Motyczka, P.A.
<b>Purchaser:</b>	TD Bank, National Association
<b>Purchaser's Counsel:</b>	Hill Wallack LLP

**RESOLUTION ACCEPTING THE DESIGNATION BY THE  
ATTORNEY GENERAL OF THE STATE OF NEW JERSEY  
FOR THE LEASE FINANCING OF EQUIPMENT FOR  
KEAN UNIVERSITY**

**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**, by Resolution adopted on December 15, 2010 (the "Authorizing Resolution"), the Authority authorized the financing through the Authority's Lease Financing Program of a project (the "Project") consisting of the acquisition and installation of HVAC equipment for certain student residences on the campus of Kean University (the "University") in an amount not to exceed \$15,000,000 (the "Financing"); and

**WHEREAS**, the Authorizing Resolution authorized the financing with Special Counsel designated by the Attorney General of the State of New Jersey (the "Attorney General") on the basis of a competitive process; and

**WHEREAS**, the Attorney General has, on the basis of a competitive process, designated the firm of McCarter & English to act as Special Counsel to the Authority in connection with the Financing;

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

**1. Acceptance of the Designation of Special Counsel by the Attorney General.** The Authority hereby accepts the designation by the Attorney General of McCarter & English to act as Special Counsel to the Authority in connection with the Financing.

**2. Authorization of Action.** 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"), is authorized to take any and all action necessary or appropriate to implement this Resolution.

**3. Prior Actions Ratified.** All actions previously undertaken by the Authorized Officers in implementing the financing of the Project authorized by this Resolution are hereby ratified and confirmed.

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

\_\_\_ Mr. Hodes \_\_\_ 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  
Joshua Hodes  
Andrew Sidamon-Eristoff (represented by Steven Petrecca)  
Steven D. Weinstein (represented by Glenn Lang)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
APPROVING THE APPOINTMENT OF A SWAP MONITOR**

- 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) ("EO 26") which took effect on January 1, 1995 and which supersedes Executive Orders No. 79 and 92 and Executive Order No. 37 (Corzine) ("EO 37") which took effect on November 25, 2006; and
- WHEREAS:** The Authority previously retained DerivActiv, LLC ("DerivActiv") to provide swap monitoring services; and
- WHEREAS:** The Authority's contract with the Firm for such services has expired; and
- WHEREAS:** In accordance with the Authority's Derivative Policy adopted by the Authority on July 26, 2006, the Authority will make the services of a Swap Monitor available to its clients for each Swap related to Authority bonds; accordingly, it is necessary and advisable for the Authority to enter into a new contract for such services; and
- WHEREAS:** The Authority's clients currently have twelve (12) swaps outstanding for which swap monitoring services including daily mark-to-market, payment calculation and verification, automatic alerts to material changes among other services are being provided; and
- WHEREAS:** The staff of the Authority provided a Request for Proposal for Swap Monitoring Services dated October 5, 2010 (the "RFP") to fifteen (15) firms, four (4) of which requested the RFP as a result of advertising the RFP in The Bond Buyer and posting the RFP on the Authority's and the State's websites; and
- WHEREAS:** The Authority formed an Evaluation Committee consisting of the Authority's Executive Director, Director of Project Management and Project Manager in accordance with Paragraph 13 of EO 37; and
- WHEREAS:** The Authority received responses from seven (7) firms to the RFP (the "Responses"); and

**WHEREAS:** The Evaluation Committee reviewed the Responses and on the basis of the factors outlined in EO 37 including a firm's qualifications, knowledge and experience with swaps, price, the current size of the firms swap portfolio and presence within NJ; and

**WHEREAS:** The fees proposed in the aggregate for twelve (12) swaps ranged from \$12,000 a year to \$60,000 a year; and

**WHEREAS:** The Authority has determined that it would be in the best interests of the Authority to accept the Proposal of BLX LLC (the "BLX Response") to provide swap monitoring services at the fees proposed of \$1,000 per swap a year for each existing swap and for each additional swap added during the term of the engagement; and

**WHEREAS:** The Firm will be appointed for a period of two (2) years commencing on the effective date of this Resolution with a possible six month extension at the discretion of the Authority, unless terminated earlier in the sole discretion of the Authority; and

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

**SECTION 1.** The Authority hereby authorizes the engagement of BLX LLC to serve as the Authority's Swap Monitor for a period of two (2) years commencing on the effective date of this Resolution subject to the terms and conditions set forth in this Resolution, the RFP and the BLX Response with a possible six month extension at the discretion of the Authority unless terminated earlier in the sole discretion of the Authority.

**SECTION 2.** The Authority hereby authorizes the Executive Director, the Deputy Executive Director or the Director of Project Management to take and do any and all acts and things as may be necessary or desirable in connection with the engagement of BLX LLC as the Swap Monitor to the Authority.

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

\_\_\_\_\_ Mr. Hodes \_\_\_ 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  
Joshua Hodes  
Andrew Sidamon-Eristoff (represented by Steven Petrecca)  
Steven D. Weinstein (represented by Glenn Lang)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

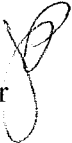
The Chair thereupon declared said motion carried and said resolution adopted.





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**TO:** Members of the Authority

**FROM:** James Poole  
Executive Director 

**DATE:** January 25, 2011

**SUBJECT:** Payment Request – DerivActiv, LLC

BACKGROUND

At the July 26, 2006 Board meeting, the Authority authorized the engagement of DerivActiv, LLC as swap monitor to the Authority for a two year term ending on August 1, 2008. The resolution also authorized the option to renew the Agreement for two successive one-year periods (August 1, 2010).

The Authority is in the process of selecting a new swap monitor. The current activities provided by DerivActive, LLC will be terminated effective January 31, 2011. DerivActive, LLC has recently submitted a bill for services performed in the amount of \$8,950 for the period since the expiration of the contract through January 31, 2011.

RECOMMENDATION

This is to request authorization to pay DerivActive, LLC the sum of \$8,950 for the period since the expiration of the contract through January 31, 2011. This amount is available from funds authorized in the NJEFA FY 2010 budget.

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

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

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
2010 BUDGET VARIANCE ANALYSIS  
FOR TWELVE MONTHS ENDED DECEMBER 31, 2010  
(UNAUDITED)**

**Executive Summary**

The NJEFA concluded 2010 with net operating income in the amount of \$1,022,345, based on revenues of \$3,724,531 and expenses of \$2,702,186. As a result, net operating income is higher than budgeted by \$931,964. This difference is a result of greater than expected revenues in the amount of \$270,001 and less than budgeted expenses in the amount of \$661,963.

**Revenues**

Revenues were \$270,001 greater than projected primarily due to greater than anticipated bond issuance activity late in the year.

**Expenses**

Operating expenditures through December were favorable as compared to budget by \$661,963. Professional Fees, Salaries and Attorney General Fees were \$172,541, \$154,052 and \$109,000 less than budgeted, respectively. Most of the remaining line items display favorable variances and represent a savings to the Authority.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**ACTUAL vs. BUDGET REPORT**  
**DECEMBER 2010**  
**(UNAUDITED)**

	<b>Twelve Months Ended</b>		
	<b>December 31, 2010</b>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b><u>Operating Revenues</u></b>			
Annual Administrative Fees	\$ 3,245,622	\$ 3,112,530	\$ 133,092
Initial Fees	464,843	315,000	149,843
Investment Income	<u>14,066</u>	<u>27,000</u>	<u>(12,934)</u>
	<u>\$ 3,724,531</u>	<u>\$ 3,454,530</u>	<u>\$ 270,001</u>
<b><u>Operating Expenses</u></b>			
Salaries	\$ 1,403,349	\$ 1,557,401	\$ 154,052
Employee Benefits	481,388	519,748	38,360
Provision for Post Ret. Health Benefits	120,000	120,000	-
Office of The Governor	16,148	18,000	1,852
Office of The Attorney General	16,000	125,000	109,000
Sponsored Programs	3,583	25,000	21,417
Telephone	23,932	26,000	2,068
Gasoline & Auto Maintenance	6,152	17,500	11,348
Rent	218,212	220,000	1,788
Utilities	20,240	21,500	1,260
Postage	2,954	6,000	3,046
Office Supplies & Expenses	35,082	43,000	7,918
Travel & Official Receptions	12,730	27,000	14,270
Staff Training & Tuition Reimbursement	8,575	26,000	17,425
Insurance	36,694	40,000	3,306
Annual Report & Newsletters	19,393	30,000	10,607
Public Relations	189	11,000	10,811
Professional Services	92,459	265,000	172,541
Dues & Subscriptions	62,671	69,000	6,329
Data Processing	39,000	39,000	-
Maintenance of Equipment	27,549	44,000	16,451
Depreciation	55,886	64,000	8,114
Contingency	-	<u>50,000</u>	<u>50,000</u>
	<u>2,702,186</u>	<u>3,364,149</u>	<u>661,963</u>
<b>Net Operating Income</b>	<u>\$ 1,022,345</u>	<u>\$ 90,381</u>	<u>\$ 931,964</u>

**New Jersey Educational Facilities Authority**  
**Summary of Construction Funds**  
**As of December 31, 2010**

	<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net</u>		<u>% Complete</u>
					<u>Disbursed</u>	<u>Balance</u>	
<b><u>Private</u></b>							
	Institute for Advanced Study	2006 Series C	Biology Bldg., & Renovations	\$ 19,939,000.00	\$ (16,647,502.51)	\$ 3,291,497.49	83%
	Saint Peter's College	2008 Series H	Various Construction & Renovations	5,075,000.00	(4,542,973.66)	532,026.34	90%
	Princeton University	2010 Series B	Various Construction & Renovations	261,506,999.13	(156,638,478.88)	104,868,520.25	60%
	Princeton Theological Seminary	2010 Series A	New Housing- West Windsor Campus	75,316,239.56	(11,934,458.07)	63,381,781.49	16%
	Sub Total			\$ 361,837,238.69	\$ (189,763,413.12)	\$ 172,073,825.57	
<b><u>Public</u></b>							
	Kean University	Series 2005 B	Various Projects & Renovations	\$ 91,383,145.08	\$ (78,688,941.94)	\$ 12,694,203.14	86%
	Montclair State University	Series 2006 A	Rec. Center, Parking & Renovations	99,691,116.44	(71,270,890.67)	28,420,225.77	71%
	Rowan University	Series 2006 G	Various Renovations	46,527,357.07	(39,053,047.02)	7,474,310.05	84%
	Rowan University	Series 2006 H	Property Acquisition, Renovations	19,797,386.13	(17,088,780.97)	2,708,605.16	86%
	Kean University	Series 2007 D	2 Residence Halls, Dining, Parking	124,287,050.02	(95,296,325.11)	28,990,724.91	77%
	Richard Stockton College of New Jersey	Series 2007 G	Housing V, Various Upgrades & Renov	40,242,421.65	(21,937,706.28)	18,304,715.37	55%
	* The College of New Jersey	Series 2008 D	1999 A and 2002 D Projects	54,933,452.51	(54,328,832.55)	604,619.96	99%
	William Paterson University	Series 2008 C	Science Hall Expansion & Renovation	83,907,460.92	(52,140,866.16)	31,766,594.76	62%
	Richard Stockton College of New Jersey	Series 2008 A	Campus Ctr, Science Ctr, College Walk	105,482,763.92	(65,134,160.11)	40,348,603.81	62%
	Montclair State University	Series 2008 J	New Student Housing Facility	27,157,619.62	(19,153,040.77)	8,004,578.85	71%
	The College of New Jersey	Series 2010 A&B	Construct School of Education	44,293,116.12	(5,206,758.71)	39,086,357.41	12%
	New Jersey City University	Series 2010 F	Various Capital Improvements	14,717,070.83	(342,119.87)	14,374,950.96	2%
	New Jersey City University	Series 2010 G	Various Capital Improvements	18,201,075.23	(366,023.97)	17,835,051.26	2%
	New Jersey Institute of Technology	Series 2010 I	Acqu., Renov., & Equip Former H.S.	20,336,331.08	(68,486.48)	20,267,844.60	0%
	Passaic County Community College	Series 2010 C	Construct & Equip. 3-Story Bldg.	13,312,936.20	(41,323.12)	13,271,613.08	0%
	Sub Total			\$ 804,270,302.82	\$ (520,117,303.73)	\$ 284,152,999.09	
<b><u>Other Programs</u></b>							
	Public Library Grant Program	Series 2002 A	Library Grants	\$ 45,380,714.58	\$ (45,308,109.58)	\$ 72,605.00	> 99%
	Sub Total			\$ 45,380,714.58	\$ (45,308,109.58)	\$ 72,605.00	
	<b>Grand Total</b>			<b>\$ 1,211,488,256.09</b>	<b>\$ (755,188,826.43)</b>	<b>\$ 456,299,429.66</b>	

\* This issue has reached a completion rate of 95% or higher and will no longer appear on future reports.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**REPORT ON PENDING PROJECTS**  
 January 25, 2011

<u>Institution</u>	<u>Project</u>	<u>Estimated Size of Issue</u>	<u>Estimated Pricing Date</u>
<u>Private Institutions</u>			
Fairleigh Dickinson University	Renovations and Addition to Library and Various Capital Improvements	\$25 Million	1st Q 2011
<u>Public Institutions</u>			
Kean University	Acquisition and Installation of Equipment (Lease Financing)	\$15 Million	1st Q 2011
Montclair State University	Construction of Two New Academic Buildings and Related Capital Improvements	\$119 Million	1st Q 2011
Ramapo College of New Jersey	Refunding of Certain Existing Indebtedness and the Renovation of the College's Student Center	\$27 Million	On Hold

## SEC PROPOSED REGULATIONS RE: MUNICIPAL ADVISORS

Under the Dodd-Frank Wall Street Reform and Consumer Project Act (“Dodd-Frank” or the “Act”), effective October 1, 2010, “municipal advisors” must register with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) if they provide certain financial advice to “municipal entities” (including bond issuers like NJEFA), or conduit borrowers of government bonds (like the colleges and universities which borrow through NJEFA).

On December 20, 2010, the SEC issued proposed regulations (the “Proposal”) which have raised questions about the treatment of board members and trustees of bond issuers and borrowers as “municipal advisors”.

Under the Proposal, the SEC recognizes a complete exclusion for board members of governmental issuers or other “municipal entities” that are elected public officials or are *ex officio* because they hold elected public office. There is also a complete exclusion for employees of “municipal entities” like NJEFA. However, there is no exclusion for (1) appointed board members or trustees of “municipal entities”, (2) board members of conduit borrowers, or (3) employees of conduit borrowers. The SEC's discussion of its rationale appears on page 834 of the Proposal in the Federal Register which may be accessed at <http://www.sec.gov/rules/proposed/2010/34-63576fr.pdf>.

The NJEFA and New Jersey’s public colleges and universities are considered “municipal entities”. Although the employees of NJEFA and the public institutions have the benefit of the exclusion, NJEFA’s members and the trustees of the public institutions do not. Neither do the board members and employees of private colleges and universities.

An individual board member must give “financial advice” to the issuer, other municipal entity or conduit borrower before the advisor must register with the SEC. The question is, what is financial advice? Under the Proposal, financial advice includes advice on financial products, investment advice, investment strategies and advice in connection with bond issuance. Is a board member of an issuer who votes to approve issuance of bonds for a conduit borrower giving financial advice? If the SEC determines that the answer to this question is yes, than these individuals must file a registration statement in the form specified in the Proposal. The registration form requires disclosure of certain financial and other personal, business and employment information. This information will become public and must be updated if changes occur. Failure to register if required can be subject to enforcement action.

We have included a brief article in the Authority’s newsletter in order to alert our borrowers to this development. We are also participating in the preparation of comments which will be submitted to the SEC by the National Association of Health and Educational Facilities Financing Authorities (NAHEFFA). These comments must be submitted to the SEC on or before February 22, 2011. NJEFA staff is participating in the preparation of NAHEFFA’s comments and will keep you informed about this issue.