



103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540  
PHONE 609-987-0880 • FAX 609-987-0850 • jpoole@njefa.com

JIM POOLE  
*Executive Director*

March 24, 2011

**VIA HAND DELIVERY**

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

**ATTN:** David Reiner, Assistant Counsel  
Governor's Authorities Unit

Dear Governor Christie:

Enclosed please find an original and one copy of the minutes of the meeting of the New Jersey Educational Facilities Authority held on Tuesday, March 22, 2011.

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

Sincerely,

James Poole  
Secretary

Enclosures



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*Executive Director*

**MINUTES OF THE MEETING OF THE  
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY  
ON TUESDAY, MARCH 22, 2011**

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 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)

**AUTHORITY MEMBERS ABSENT:**

Steven D. Weinstein, Chair, Comm. on Higher Education

**STAFF PRESENT:**

James Poole, Executive Director  
Barbara Cannon, Deputy Executive Director  
Sheryl Stitt, Director of Communications  
Marie Mueller, Controller  
Kristen Middleton, Assistant Controller  
Debra Paterson, Sr. Risk Manager  
Gary Vencius, Senior Accountant  
Jennifer Soyka, Esq., Project Manager  
Jennifer LaMarsh, Project/Communications Assistant  
Denise Carroll, Administrative Assistant  
Linda Hazley, Office Manager  
Sheila Toles, Exec. Assistant/Human Resources Specialist

## ITEMS OF DISCUSSION

### 1. Resolution of Appreciation to Barbara L. Cannon

The Members were asked to consider the adoption of a resolution acknowledging and expressing appreciation to Barbara Cannon for her leadership as Deputy Executive Director to the Authority for the past eight years.

Ms. Cannon thanked the Members for their support and for giving her the opportunity to work with a wonderful staff that uses their extraordinary talent and dedication to serve the Authority's clients. Ms. Cannon stated that it had been a privilege to work for an Authority whose mission and good work had contributed so much to the growth and excellence of higher education in New Jersey and that she wished the Authority the best in future.

Mr. Jacobs thanked Ms. Cannon for her service to the Authority. He stated that she would be missed and that he could not imagine going on a campus visit without thinking of her. Mr. Jacobs thanked Ms. Cannon for her service and invited her to come back to the Authority for a visit anytime.

Mr. Poole commented that he had asked Ms. Cannon to reconsider her retirement and that it was the highest compliment he could give but she declined. Ms. Cannon thanked him for the offer.

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

#### RESOLUTION OF APPRECIATION TO BARBARA L. CANNON

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

The adopted resolution is appended as Exhibit I.

### 2. Approval of the Minutes of the Meeting of February 22, 2011

The minutes of the meeting of February 22, 2011 were hand delivered to Governor Chris Christie under the date of February 23, 2011. Mr. Hutchinson moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Petrecca and passed unanimously.

### 3. Approval of Resolution for Payment of a Portion of the Debt Service on the Authority's Higher Education Capital Improvement Fund Bonds

Mr. Poole reported that the resolution had been pulled from the agenda and would perhaps be brought back to the Members for the April meeting. Mr. Jacobs requested a written request from the State Treasurer's Office for the funds. Mr. Hodes asked why the funds were being given to the State and Mr. Petrecca responded that the funds would be used to pay a portion of the State's debt service due on the Higher Education Capital Improvement Fund bonds. Mr. Hutchinson mentioned that he had voiced concerns on how the transfer would affect the Authority's reserves. Mr. Petrecca advised that the Office of Management and Budget believed that the Authority would have working capital to continue to operate. Mr. Hodes then requested a written opinion from the Treasurer's Office and Mr. Petrecca advised that a written opinion had not been provided in the past and that the Authority has staff and auditors to answer the Members' questions and concerns.

Mr. Jacobs requested that, going forward, the Members receive meeting material in a timely fashion and that if there was a last minute addition, he requested that Mr. Poole call the Members to alert them prior to the meeting.

Mr. Jacobs acknowledged the prior reserve resolutions from years 2005 and 2008 that were displayed for the Members on the meeting table and questioned the changes since that time. Mr. Poole explained that he did not know why the funds had been reserved in the past and he went on to read a partial explanation from one of the resolutions that stated the funds would be used as a reserve to facilitate normal operations and for counsel and consultants, if needed, in the event of difficulties experienced by the Authority or its client colleges. Mr. Poole then stated that he had been informed by staff that none of the Authority's bonds had ever defaulted and that he did not know why the Authority needed \$11,500,000.

No action was taken.

4. **Approval of Resolution and Form of Legal Documents for the Sale of NJEFA Revenue Bonds, Rowan University Issue, Series 2011 C, In an Amount Not to Exceed \$45,000,000**

Ms. Soyka reported the details of the proposed Series 2011 C bonds in an amount not to exceed \$45,000,000 on behalf of Rowan University. The proceeds of the issue will be used for the current refunding of all or a portion of the Authority's outstanding Series 2001 C bonds; and certain costs of issuance.

The financing is structured as a fixed rate, negotiated transaction with an interest rate not to exceed 7.00%. The issue is tentatively scheduled to be sold the week of April 25, 2011 and to close the week of May 2, 2011.

Mr. Hodes asked if, going forward, reports could be provided to the Members explaining how the evaluation committees select bond counsel and financial advisors. Mr. Poole advised that the Members had been provided a revised memo with scores of all the firms that responded to the RFP's for the Rowan University transaction.

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

RESOLUTION AUTHORIZING ROWAN UNIVERSITY BONDS

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

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

5. **Approval of Resolution Accepting the Designation of Bond Counsel by the Attorney General in Connection with the Issuance of Refunding Bonds by the Authority on Behalf of Seton Hall University**

Ms. Soyka reported that Seton Hall University had requested that the Authority begin the process of procuring professionals for the refunding of several series of outstanding Authority bonds that are currently refundable as of April 1, 2011. She reported that on March 11, 2011, the Attorney General's Office, which appoints the Authority's bond counsel, distributed an RFP to 11 firms and that six responses were received. Ms. Soyka reported that the Attorney General had, on the basis of a competitive process, designated Gluck Walrath, LLP to act as bond counsel to the Authority in connection with the financing. Ms. Soyka advised that the resolution only accepts Gluck Walrath's appointment and that the Authority hopes to bring the

resolution authorizing the issuance of the refunding bonds and the related documents to the Members for approval at the April meeting.

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

RESOLUTION ACCEPTING THE DESIGNATION OF BOND COUNSEL BY THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY IN CONNECTION WITH THE ISSUANCE OF REFUNDING BONDS BY THE AUTHORITY ON BEHALF OF SETON HALL UNIVERSITY

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

The memo and resolution are appended as Exhibit III.

6. **Approval of Resolution Appointing a Verification Agent and Accepting the Designation of Counsel by the Attorney General in Connection with the Defeasance of All of Monmouth University's Outstanding Bonds**

Ms. Soyka reported that Monmouth University had decided to refund all of its outstanding tax-exempt bonds issued by the Authority with a bank loan. She reported that Monmouth University had a little over \$14 million in bonds outstanding and that in order to legally defease the bonds, a verification report must be prepared and a defeasance opinion must be issued by bond counsel. Ms. Soyka reported that on March 2, 2011, the Attorney General's Office distributed an RFP to 11 firms to provide bond counsel services and that the Attorney General had, on the basis of a competitive process, designated the firm of McCarter & English, LLP to act as counsel to the Authority in connection with the defeasance and based on fee quotes received from the verification agent, Causey Demgen & Moore, Inc. was designated to act as verification agent.

Ms. Soyka added that the resolution also appoints an escrow agent which is not subject to an RFP process because the escrow agent is simply the trustee on the prior bonds.

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

RESOLUTION APPOINTING A VERIFICATION AGENT AND ACCEPTING THE DESIGNATION OF COUNSEL BY THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY IN CONNECTION WITH THE DEFEASANCE OF ALL OF MONMOUTH UNIVERSITY'S OUTSTANDING BONDS

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

The memo and resolution are appended as Exhibit IV.

7. **Report of the Authority's Audit Committee and Adoption of Resolution Accepting the Financial Statements and Auditors' Report for 2010**

Mr. Hodes reported that the Audit Committee met on January 26, 2011 with both Randy Nelson of Ernst & Young, the Authority's external auditors, and Will SanFilippo of Vitt & SanFilippo, the Authority's internal auditors, to discuss the scope of and procedures for the audit of the Authority's financial statements. He reported that the Committee met again on March 21, 2011 to discuss and review the proposed financial statements and auditors' report for the calendar year ended December 31, 2010. Mr. Hodes then recommended that the Members approve the financial statements. Mr. Hutchinson added that everything seemed in

order and moved to adopt the statements. Mr. Petrecca complimented staff on a job well done.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT FOR 2010

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

The adopted resolution is appended as Exhibit V.

Mr. Nelson advised that the financial statements that had been adopted included a Subsequent Event footnote that needed to be removed, but that was ministerial and would not require additional board action.

8. **Acceptance of Operating and Construction Fund Statements for January and February 2011**

Ms. Mueller reviewed the Results of Operations and Budget Variance Analysis and reported on the status of construction funds and related investments for February 2011. Ms. Mueller reported that she had reviewed the January statements at last month's meeting and would be happy to answer any questions the Members might have.

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

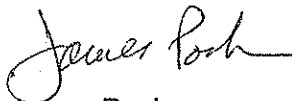
The reports are appended as Exhibit VI.

9. **Next Meeting Date**

Chairman Jacobs announced that the next meeting will be on Tuesday, April 26, 2011 at Caldwell College in Caldwell, New Jersey and requested a motion to adjourn.

Mr. Hodes moved that the meeting be adjourned at 9:46 a.m.; the motion was seconded by Mr. Hutchinson and passed unanimously.

Respectfully submitted,



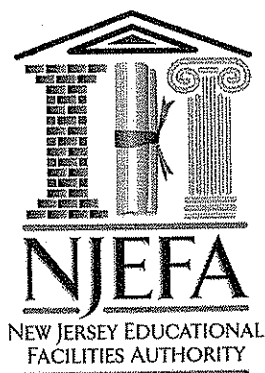
James Poole  
Secretary

**RESOLUTION OF APPRECIATION**

TO

**BARBARA L. CANNON**

March 22, 2011



**WHEREAS**, on March 31, 2003, Barbara L. Cannon was appointed as Deputy Executive Director and Assistant Secretary of the New Jersey Educational Facilities Authority (the "Authority") and has continued to serve in that position for eight years; and

**WHEREAS**, during her tenure as Deputy Executive Director, Ms. Cannon has served as the Authority's Liaison with New Jersey's higher education community, including the Commission on Higher Education, the New Jersey Presidents' Council and the Public Library Advisory Construction Board; and

**WHEREAS**, Ms. Cannon has also served as Coordinator for the Authority's outreach activities; Director of the Authority's Investor Relations Program, Ethics Liaison Officer, Director of Human Resources and EEO/Affirmative Action Officer; and

**WHEREAS**, Ms. Cannon's service to the Authority continued an already long and distinguished career in public service that included her election to three terms or twelve years as Mayor of Old Bridge, New Jersey; her election to three terms as Councilwoman of Old Bridge, where she also served as Council Vice President and President; and her service as Chairwoman of Governor Christine Todd Whitman's Property Tax Commission; among others; and

**WHEREAS**, Ms. Cannon has announced her retirement from the Authority effective April 1, 2011; and

**WHEREAS**, the Authority wishes to formally recognize this significant announcement and to pay tribute to Ms. Cannon for her extensive time, knowledge, expertise and professionalism that she has dedicated to the Authority and its college and university clients, as well as to her distinguished career in public service to the State of New Jersey;

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby expresses its sincere appreciation to Ms. Cannon for her many and significant contributions to the Authority, to the higher education community of New Jersey and to the State of New Jersey.

**BE IT FURTHER RESOLVED**, that the Authority hereby honors the employment service of Ms. Cannon to the Authority and recognizes that her service has greatly contributed to its success and to the enhancement of campus facilities at New Jersey's institutions of higher education, thereby benefiting all of the citizens of the State.

**BE IT FURTHER RESOLVED**, that on behalf of the many friends and colleagues of Ms. Cannon at the Authority and in higher education throughout New Jersey, the Members wish her a long and happy retirement and one that will afford her the opportunity to continue to enjoy her many civic interests, gardening, craft shows, travel and family time with her family; and

**BE IT FURTHER RESOLVED**, that a copy of this Resolution of Appreciation be given to Ms. Cannon as a tribute to her service to the New Jersey Educational Facilities Authority.

\_\_\_\_\_ 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)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Steven D. Weinstein

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





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**TERM SHEET**

**Borrower:** Rowan University, Glassboro, New Jersey

**Issue:** Series 2011 C

**Amount:** Not to Exceed \$45,000,000

**Purpose:** To provide funds to finance: (i) the current refunding of all or a portion of the Authority's outstanding Series 2001 C bonds issued on behalf of the University; and (ii) the payment of certain costs of issuance.

**Security:** General Obligation of the University

**Structure:** Fixed Rate, Negotiated Sale

**Term:** Not later than July 1, 2041

**True Interest Cost:** Not to Exceed 7.00%

**Expected Bond Ratings:** A2 - Moody's Investors Service  
A+ - Standard & Poor's Rating Services

**Bond Insurance:** To Be Determined

**Tentative Pricing:** Week of April 25, 2011

**Tentative Closing:** Week of May 2, 2011

The Authority Members will be asked to adopt the Series 2011 C Bond Resolution which outlines the various parameters of the financing; authorizes the issuance of the revenue refunding 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, Continuing Disclosure Agreement, Escrow Deposit 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:**

<b>Bond Counsel:</b>	McManimon & Scotland, LLC
<b>Authority's Counsel:</b>	Attorney General of New Jersey
<b>Financial Advisor:</b>	Scott Balice Strategies
<b>Senior Manager:</b>	Morgan Stanley & Co., Inc.
<b>Co-Manager:</b>	Bank of America Merrill Lynch
<b>Underwriters' Counsel:</b>	To Be Determined
<b>Trustee/Escrow Agent:</b>	The Bank of New York Mellon
<b>Trustee/Escrow Agent's Counsel:</b>	Hawkins, Delafield & Wood, LLP
<b>Verification Agent:</b>	Causey Demgen & Moore, Inc.



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JIM POOLE  
*Executive Director*

Date: March 22, 2011

To: Members of the Authority

Re: Procurement of Professionals – Rowan University

Below please find the procurement procedures that were undertaken with respect to the various professional appointments in connection with the Rowan University transaction.

**Bond Counsel**

On March 2, 2011 the Attorney General’s office circulated an RFP to 11 firms to provide bond counsel services in connection with the refunding of the Authority’s outstanding bonds issued on behalf of Rowan University, Series 2003 C. On March 8, 2011, 8 responses were received. The responsive firms and their respective fees are as follows:

<b>Firm</b>	<b>Fees</b>
McManimon & Scotland, LLC	\$35,000
Gluck Walrath LLP	\$36,500
DeCotiis, Fitzpatrick & Cole, LLP	\$37,500
McCarter & English, LLP	\$40,000
Gibbons, PC	\$45,000
Obermayer Rebmann Maxwell & Hippel LLP	\$45,000
Windels Marx Lane & Mittendorf, LLP	\$55,000
Hawkins Delafield & Wood LLP	\$56,250

**Senior Managing Underwriter**

On March 4, 2011, Authority staff circulated an RFP to the 13 firms that are members of the Authority’s pool of senior managing underwriters. On March 9, 2011, 10 responses were received. The responsive firms and their respective scores are as follows:

<b>Firm</b>	<b>Evaluator #1</b>	<b>Evaluator #2</b>	<b>Evaluator #3</b>	<b>Fee</b>	<b>Total</b>
Morgan Stanley	87	79.5	82	5.299	248.5
Citigroup	81	81	86	4.9298	248
Wells Fargo	77.5	72.5	90	4.55	240
RBC	83	83	73	6.08	239

JP Morgan	78	75.5	85.5	4.732	239
Ramirez	77.5	75	77.5	5.04	230
Barclays	74	74	79	5.07	227
Bank of America/Merrill Lynch	70	72.5	72.5	6.33	215
PNC	60	57.5	55	6.35-6.41	172.5
Jeffries	51	48.5	46	6.724	145.5

### Co-Managing Underwriter

On March 9, 2011, Authority staff circulated an RFP to the 27 firms that are members of the Authority's pool of senior managing underwriters and co-managing underwriters. On March 15, 2011, 15 responses were received. The responsive firms and their respective scores are as follows:

Firm	Score
Bank of America Merrill Lynch	\$131,235,000
Raymond James	\$16,913,780
Fidelity Capital Markets	\$13,902,304
Roosevelt & Cross	\$12,893,540
NW Capital	\$11,586,543
Loop Capital Markets	\$8,694,200
Cabrera Capital Markets	\$7,988,050
Lebenthal & Co.	\$7,590,971
Ramirez & Co.	\$6,017,733
George K. Baum	Non-Responsive
Jackson Securities	Non-Responsive
JP Morgan	Non-Responsive
PNC Capital Markets	Non-Responsive
Powell Capital Markets	Non-Responsive
Rice Financial	Non-Responsive

### Financial Advisor

On March 4, 2011, Authority staff circulated an RFP to 60 financial advisory firms and posted the RFP on the Authority's and the State of New Jersey's websites. On March 10, 2011, 10 responses were received. The responsive firms and their respective scores are as follows:

Firm	Evaluator #1*	Evaluator #2	Evaluator #3	Fee*	Total
Scott Balice	81	95.5	77.5	\$17,000	254
Phoenix	86.5	85.5	82	19,500	254
Prager	76	76.5	78	21,000	230.5
1st Southwest	70	70.5	71	23,000	211.5
Acacia	70.5	67.5	65	25,500	203
PFM	62.5	59.5	54.5	25,500	176.5
Butcher Mark	33	42	40	28,000	115

Stanley Stone	31	32.5	46	28,000	109.5
Fairmount	25.5	31.5	25.5	33,000	82.5
GMS	14.5	32	34.5	33,250	81

\* In calculating the fee, if the fee was given in dollars/bonds, we assumed a \$25 million transaction and if no cap on expenses was listed, we assumed a \$3,000 cap on expenses.

### Verification Agent

On March 11, 2011, Authority staff circulated an RFP to 4 firms that regularly perform verification agent services and posted the RFP on the Authority's and the State of New Jersey's websites. On March 15, 2011, three responses were received. The responsive firms and their respective fees are as follows:

Firm	Fees
Causey Demgen & Moore, Inc.	\$1,640
BondResource Partners, LP	\$2,100
Mercadien, P.C.	\$3,000

### Trustee

On March 3, 2011, Authority staff circulated an RFP to the three banks that comprise the Authority's pool of trustees. On March 9, 2011, two responses were received. The responsive firms and their respective fees are as follows:

Firm	Fees
The Bank of New York Mellon	\$200
U.S. Bank, National Association	\$400

### Escrow Agent

The Escrow Agent is the trustee on the bonds being refunded. This role is not the subject of an RFP process.

## RESOLUTION AUTHORIZING ROWAN UNIVERSITY BONDS

Adopted: March 22, 2011

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, Rowan University ("**Rowan**") has determined to undertake a project (the "**Refunding Project**") consisting of: (i) the current refunding of bonds issued by the Authority, including, but not limited to, all or a portion of the Authority's outstanding \$37,140,000 of the original principal amount of Revenue Bonds, Rowan University Issue, Series 2001 C (the "**Bonds to be Refunded**") and (ii) the payment of costs of issuance of the Bonds (as hereinafter defined) as presented, submitted and approved by Rowan's Board of Trustees; and

WHEREAS, the Authority, has determined that it is necessary and in keeping with its authorized purposes to issue a series of bonds to be designated "New Jersey Educational Facilities Authority Revenue Refunding Bonds, Rowan University Issue, Series 2011 C" or such other designation as may be determined by the Authority (the "**Bonds**") for the purpose of providing funds to finance the Refunding Project; and

WHEREAS, the repayment of the Bonds will be secured by a Lease and Agreement between the Authority and Rowan (the "**Agreement**"). The Bonds are payable solely from Revenues (as defined in the Indenture), other than Additional Lease Payments (as defined in the Agreement), and from amounts on deposit in certain funds under the Indenture. The obligation of Rowan to make the payments required under the Agreement for the payment of debt service on the Bonds constitutes a general obligation of Rowan; and

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

**NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS, AS FOLLOWS:**

### ARTICLE I

#### AUTHORIZATION OF BONDS; APPROVAL OF DOCUMENTS; APPOINTMENTS

##### 1.1. Purpose of Issuance of the Bonds.

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

## 1.2. Authorization of Bonds.

(a) The Authority hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed of \$45,000,000 in order to finance, on behalf of Rowan, the costs of the Refunding Project, in whole or in part.

(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 credit, and a competitive sale of the Bonds is not in the best interest of the Authority and Rowan.

(c) Any Authorized Officer is hereby authorized to execute and deliver on behalf of the Authority a contract of purchase (the "**Contract of Purchase**") by and between the Authority and senior managing underwriter, on behalf of itself and co-managing underwriter(s) (collectively, the "**Underwriter**"), in substantially the form presented to this meeting with such changes as shall be approved by an Authorized Officer, with the advice of McManimon & Scotland, L.L.C., Bond Counsel to the Authority ("**Bond Counsel**") and the Attorney General of the State (such approval to be evidenced 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 shall not exceed \$8.00 per \$1,000.00 of the principal amount. A copy of the Contract of Purchase as executed shall be filed with the records of the Authority.

(d) The Chair, the Vice-Chair, and/or the Executive Director 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 Indenture. The Bonds shall be dated, bear interest, mature and be executed and authenticated as shall be set forth in the Indenture; provided, however, that the final maturity date of the Bonds will be no later than July 1, 2041. The Bonds shall bear interest at a fixed rate as described in the Indenture, with a true interest cost not to exceed 7.00% per annum. The Bonds shall be subject to redemption as provided in the Indenture; provided, however, that the redemption premium on the Bonds, if any, shall not exceed 5.0%.

(f) The Bonds shall be in substantially the form set forth in the Indenture, with such insertions, omissions or variations as may be necessary or appropriate.

(g) The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chair, Vice Chair, Executive Director or Deputy 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 Secretary, any Assistant Secretary, Executive Director or Deputy Executive Director (provided the same has not executed such Bond).

(h) 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 or its agent against receipt of the purchase price or unpaid balance thereof.

### **1.3. Approval of Preliminary Official Statement and Final Official Statement.**

The preparation, publication and distribution by the Underwriter of a Preliminary Official Statement (the "**Preliminary Official Statement**") relating to the Bonds (in substantially the form presented to the Authority at the time of adoption hereof, with such changes, omissions, insertions and revisions as any Authorized Officer shall deem necessary or advisable, with the advice of Bond Counsel and the Attorney General of the State) are hereby approved, ratified and confirmed. The preparation and distribution by the Underwriter of a final Official Statement (the "**Official Statement**") for the Bonds (in substantially the form of the Preliminary Official Statement, with such changes, omissions, insertions and revisions as any Authorized Officer shall deem necessary or advisable, with the advice of Bond Counsel and the Attorney General of the State) are hereby approved, and any Authorized Officer is hereby authorized to sign and deliver to the Underwriter the Official Statement in final form acceptable to such Authorized Officer, Any Authorized Officer is hereby authorized, with the advice of Bond Counsel and the Attorney General of the State, to deem the Preliminary Official Statement final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and to provide written evidence relating thereto in form acceptable to Bond Counsel.

### **1.4. 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 with Rowan in substantially such form, with such changes therein (including, without limitation, the date thereof) and any supplements thereto as Bond Counsel and the Attorney General of the State may advise and the Authorized Officer executing the same may approve, such approval to be evidenced by such Authorized Officer's execution thereof.

### **1.5. Authorization of Escrow Deposit Agreement**

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 Escrow Deposit Agreement, in such form as shall be approved, upon the advice of Bond Counsel and the Attorney General of the State, such approval to be conclusively evidenced by such Authorized Officer's execution thereof.

### **1.6. Approval of Indenture.**

The form of the 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 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 and provisions relating to a policy of insurance insuring principal and interest when due on the Bonds) and any supplements thereto as Bond Counsel and the Attorney General of the State may advise and the Authorized Officer executing the same may approve, such approval to be evidenced by such Authorized Officer's execution thereof.



### **1.7. Book Entry System for the Bonds.**

Except as provided in the 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.

### **1.8. Appointments.**

(a) Morgan Stanley & Co., Inc. is hereby appointed as the senior managing underwriter in connection with the refunding of all or any portion of the Bonds to be Refunded pursuant to the terms of the Contract of Purchase.

(b) Bank of America Merrill Lynch is hereby appointed as the co manager in connection with the refunding of all or any portion of the Bonds to be Refunded.

(c) The Bank of New York Mellon is hereby appointed as the escrow agent (the "**Escrow Agent**") under the Escrow Deposit Agreement. The Escrow Agent shall signify its acceptance of the duties and obligations imposed upon it by the Escrow Deposit Agreement by the Escrow Agent's execution thereof.

(d) Causey Demgen & Moore Inc. is hereby appointed to act as verification agent in connection with the refunding of all or any portion of the Bonds to be Refunded pursuant to the terms of the Escrow Deposit Agreement.

(e) Scott Balice Strategies LLC is hereby appointed as the financial advisor to the Authority in connection with the Bonds.

(f) The Bank of New York Mellon is hereby appointed as the Trustee under the Indenture. The Trustee's acceptance of the duties and obligations imposed upon it by the Indenture shall be evidenced by the execution of the Indenture by the Trustee.

### **1.9. Continuing Disclosure.**

Pursuant to the Agreement, Rowan shall 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 (the "**Continuing Disclosure Agreement**") by and between Rowan and the Trustee, as Dissemination Agent, presented at this meeting (a copy of which shall be filed with the records of the Authority) is hereby approved. The failure of Rowan to comply with the requirements of the Continuing Disclosure Agreement shall not constitute a default under the Indenture or the Agreement.

### **1.10. Bond Insurance Authorized.**

Any Authorized Officer is hereby authorized to (i) select a municipal bond insurer (the "**Bond Insurer**") for the Bonds to the extent that such Authorized Officer determines that bond insurance is necessary or desirable in order to market the Bonds, (ii) execute a commitment letter for the issuance of a bond insurance policy (the "**Policy**") by such Bond Insurer (or a certificate evidencing selection

of the Bond Insurer), (iii) carry out the Authority's obligations thereunder (including payment of the premium for the Policy), and (iv) accept the terms and conditions relating to the Bonds required by the Bond Insurer as a condition to issuance of the Policy and to incorporate such terms and conditions in the Indenture and the Official Statement as such Authorized Officer deems necessary and appropriate, with the advice of Bond Counsel to the Authority and the Attorney General of the State.

## ARTICLE II MISCELLANEOUS

### 2.1. 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 as permitted by the Indenture ("**Eligible Investments**"), which include investment agreements and repurchase agreements, in the event that such Authorized Officer determines, in consultation with and with the consent of Rowan, that it is advantageous to Rowan for the Authority to invest any proceeds of the Bonds in Eligible Investments, which includes investment agreements and repurchase agreements.

Any Authorized Officer is hereby authorized to utilize the proceeds of the Bonds or other available moneys held pursuant to the Refunding Project either (a) to purchase United States Treasury Obligations, State and Local Government Series ("**SLGS**"), or (b) 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 (which qualify as permissible defeasance obligations pursuant to the applicable documents for the Bonds to be Refunded), in the event that such Authorized Officer of the Authority 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, any Authorized Officer of the Authority is further authorized to solicit bids for one or more float forward or escrow reinvestment agreements (a "**Float Forward Agreement**") and to direct the Escrow Agent pursuant to the Escrow Deposit Agreement(s) or the Trustee, 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 Escrow Agent or Trustee, as applicable, shall have the right to sell U.S. Treasury Obligations to the Escrow Agent or the Trustee, 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 Escrow Deposit Agreement(s). 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 of the Authority, in consultation with Bond Counsel and the Attorney General of the State. An Authorized Officer of the Authority 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 of the Authority from purchasing both SLGS and open market U.S. Treasury Obligations, to the extent permitted by law. Bond Counsel and Underwriter are hereby authorized to act as agent(s), if so directed by an Authorized Officer of the Authority, on behalf of the Authority for the subscription of SLGS via SLGSafe pursuant to the regulations promulgated therefore set forth in 31 CFR Part 344.

## **2.2. Incidental Action.**

(a) The Authorized Officers are hereby authorized to refund the Bonds to be Refunded selected by Rowan, in consultation with the Authority and its financial advisors; and

(b) the Authorized Officers of the Authority are hereby authorized and directed to execute and deliver such other documents, certificates, 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 Contract of Purchase, the Agreement, the Indenture, the Escrow Deposit Agreement and the issuance and sale of the Bonds, including, without limitation, documents necessary or appropriate in order to effectuate the issuance and sale of the Bonds; (ii) to implement the DTC book-entry only system for the Bonds; (iii) to invest the proceeds of the Bonds in Eligible Investments; and (iv) to maintain the tax-exempt status of the interest on the Bonds (including the preparation and filing of any information reports or other documents with respect to the Bonds as may at any time be required under Section 149 of the Internal Revenue Code of 1986, as amended and regulations thereunder.

(c) The Authorized Officers of the Authority are hereby authorized and directed to take such actions from time to time as may be necessary or appropriate to: (i) determine the specific real and/or personal property to be subject to the Agreement and to accept conveyance of, or convey such property to, Rowan or other applicable entity; (ii) grant and execute such consents, licenses, easements and other actions requested and agreed to by Rowan; and (iii) amend, modify and supplement documents relating to the Bonds with the consent of Rowan; (iv) execute and deliver such other documents, certificates, directions and notices, and to take such other action as may be necessary or appropriate in order to implement actions authorized under paragraphs (i) through (iv) of this Section 2.2(c) in the form approved by the Authorized Officer(s), execution being conclusive evidence of approval; provided however that in the case of actions authorized by paragraphs (i) through (iv) of this Section 2.2(c), the Authority is advised by Bond Counsel and the Attorney General that the action does not adversely affect the tax-exempt status of the Bonds or the security of the holder of the Bonds and that the action and documentation is undertaken in accordance with the documentation of the Bonds.

## **2.3. Extension of Time for Compliance with Certain Environmental Conditions.**

In connection with the issuance of the Bonds to be Refunded, the Authority financed the acquisition of certain parcels of land on which educational facilities were or are to be constructed. Certain of the parcels; however, required environmental remediation (the "Remediable Subject Properties"). Rowan agreed to complete the remediation within a designated time period and to deposit the deeds and certain monies associated with the Remediable Subject Properties with The Bank of New York Mellon, as the escrow agent (the "Environmental Escrow Agent"), pursuant to an environmental escrow agreement dated as of June 17, 2002, as amended (the "Environmental Escrow Agreement") by and among the Authority, Rowan and the Environmental Escrow Agent to be held until remediation is complete. The designated time period will expire in the near future and Rowan has requested an extension of the designated time period for remediation and the Authority has determined that such extension is necessary and appropriate for the Authority and Rowan. The

Authority hereby approves the extension of the time period for remediation associated with the Remediable Subject Properties until such time as a No Further Action Letter is received from the New Jersey Department of Environmental Protection for each Remediable Subject Property. The Authority further authorizes and directs the Authorized Officers to execute any amendments to the Environmental Escrow Agreement and any other documents necessary or appropriate to effect the extension in such form as is accepted by the Authorized Officer executing the same, such execution to be conclusive evidence of the acceptance thereof.

#### **2.4. Prior Resolutions.**

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

#### **2.5. Effective Date.**

This Resolution shall take effect in accordance with the Act.

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

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

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Steven D. Weinstein

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

Draft dated March 12, 2006

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
\$ \_\_\_\_\_ **Revenue Refunding Bonds, Rowan University Issue, Series 2011 C**

**CONTRACT OF PURCHASE**

\_\_\_\_\_, 2011

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

Rowan University  
Office of the Vice President for Finance and Treasurer  
201 Mullica Hill Road  
Glassboro, New Jersey 08028

Ladies and Gentlemen:

Morgan Stanley & Co., Inc., as Representative (the "Representative"), on behalf of itself and Bank of America Merrill Lynch (collectively, 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 Rowan University (the "Public College"), which, upon your acceptance of this offer, 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 8:00 p.m., prevailing Eastern Standard time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters 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 (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 Refunding Bonds, Rowan University Issue, Series 2011 C (the "Bonds"), at an aggregate purchase price equal to \$ \_\_\_\_\_ (such purchase price reflecting Underwriters' discount of \$ \_\_\_\_\_ and a net reoffering [premium] [discount] of \$ \_\_\_\_\_ in connection with the Bonds). The Bonds will be issued under and pursuant to a Resolution adopted by the Authority on March 22, 2011 (the "Resolution") and a Trust Indenture, dated as of \_\_\_\_\_, 2011 (the "Indenture"), between the Authority and \_\_\_\_\_, as trustee (the "Trustee"). The Bonds 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 Summary attached as Exhibit A hereto and having the other redemption provisions as set forth in the Indenture.

TRUST INDENTURE

by and between

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

THE BANK OF NEW YORK MELLON,

as Trustee

---

[\$45,000,000]

New Jersey Educational Facilities Authority

Revenue Refunding Bonds, Rowan University Issue,

Series 2011 C

---

Dated

as of

[May 1], 2011

**CONTINUING DISCLOSURE AGREEMENT**

**BY AND BETWEEN**

**ROWAN UNIVERSITY**

**AND**

**THE BANK OF NEW YORK MELLON,  
AS DISSEMINATION AGENT AND TRUSTEE**

**Dated as of [May 1], 2011**

Entered into with respect to the

\$\_[ ] New Jersey Educational Facilities Authority  
Revenue Refunding Bonds, Rowan University Issue, Series 2011

IN CONNECTION WITH THE OFFERING OF NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY REVENUE REFUNDING BONDS, ROWAN UNIVERSITY ISSUE, SERIES 2011 C (THE "SERIES 2011 C BONDS"), THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011 C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE SERIES 2011 C BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

No dealer, broker, salesman or other person has been authorized by the New Jersey Educational Facilities Authority (the "Authority") or Rowan University (the "Public College") to give any information or to make any representations with respect to the Series 2011 C Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Series 2011 C Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Certain information contained herein has been obtained from the Public College and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation of the Authority. The information set forth herein relative to The Depository Trust Company ("DTC") and DTC's book-entry only system has been supplied to the Authority by DTC for inclusion herein, and the Authority takes no responsibility for the accuracy thereof. Such information has not been independently verified by the Authority and the Authority makes no representation as to the accuracy or completeness of such information.

The Series 2011 C Bonds have not been registered under the Securities Act of 1933, as amended, and neither the Resolution nor the Trust Indenture has been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Series 2011 C Bonds and the security therefor, including an analysis of the risk involved. The Series 2011 C Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Series 2011 C Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the Series 2011 C Bonds have been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Series 2011 C Bonds or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The information set forth under the caption "BOND INSURANCE" herein has been provided by Financial Guaranty Insurance Company ("Financial Guaranty" or the "Insurer"). The Authority has not confirmed the accuracy or completeness of the information relating to the Insurer or the municipal bond insurance policy to be issued by the Insurer or the payment of the principal amount of (but not redemption premium, if any) and interest on the Series 2011 C Bonds (the "Policy"). Therefore, the Authority disclaims any responsibility for the accuracy or completeness of the information relating to the Insurer or the Policy.





103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540  
 PHONE 609-987-0880 • FAX 609-987-0850 • jpoole@njefa.com

JIM POOLE  
*Executive Director*

Date: March 22, 2011  
 To: Members of the Authority  
 Re: Acceptance of Bond Counsel Appointment

On March 11, 2011 the Attorney General's office sent out an RFP to 11 firms to provide bond counsel services in connection with a refunding bond issue by the Authority on behalf of Seton Hall University. Responses are due back on March 16, 2011. The Attorney General received 6 responses. The responsive firms and their fees are as follows:

<b>Firm</b>	<b>Fee</b>
<b>Gluck Walrath LLP</b>	<b>\$30,000</b>
McManimon & Scotland, LLC	\$34,000
Windels Marx Lane & Mittendorf, LLP	\$40,000
Obermayer Rebmann Maxwell & Hippel LLP	\$45,000
Carella, Byrne, Cecchi, Olstein, Brody & Agnello, P.C.	\$67,500
McCarter & English. LLP	\$70,000

You have before you a resolution accepting the Attorney General's appointment of Gluck Walrath LLP as bond counsel on the transaction. We hope to bring the resolution authorizing the issuance of the refunding bonds and the related documents to the Authority for approval at the Authority's April board meeting.

**RESOLUTION ACCEPTING THE DESIGNATION OF  
BOND COUNSEL BY THE ATTORNEY GENERAL OF  
THE STATE OF NEW JERSEY IN CONNECTION WITH  
THE ISSUANCE OF REFUNDING BONDS BY THE  
AUTHORITY ON BEHALF OF SETON HALL  
UNIVERSITY**

**ADOPTED MARCH 22, 2011**

**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-1 et seq.; and

**WHEREAS**, Seton Hall University (the "University") has requested that the Authority begin the process of procuring professionals in connection with the refunding of several series of outstanding Authority bonds issued for the University which are currently refundable as of April 1, 2011 (the "Financing"); and

**WHEREAS**, the Attorney General has, on the basis of a competitive process, designated the firm of Gluck Walrath LLP to act as Bond 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 Bond Counsel by the Attorney General.** The Authority hereby accepts the designation by the Attorney General of Gluck Walrath LLP to act as Bond 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. 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  
Joshua Hodes  
Andrew Sidamon-Eristoff (represented by Steven Petrecca)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Steven D. Weinstein

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



103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540  
 PHONE 609-987-0880 • FAX 609-987-0850 • jpoole@njefa.com

JIM POOLE  
*Executive Director*

Date: March 22, 2011

To: Members of the Authority

Re: Acceptance of Counsel Appointment for Monmouth University transaction

On March 2, 2011 the Attorney General's office sent out an RFP to 11 firms to provide counsel services in connection with the defeasance of all of the Authority's outstanding bonds issued on behalf of Monmouth University. On March 10, 2011, 7 responses were received. The responsive firms and their respective fees are as follows:

<u>Firm</u>	<u>Fees</u>
McCarter & English, LLP	\$8,000
Windles Marx Lane & Mittendorf, LLP	\$8,000
DeCotiis, Fitzpatrick & Cole, LLP	\$12,500
Gluck Walrath LLP	\$15,000
Hawkins Delafield & Wood LLP	\$5,000 for each issue to be currently refunded \$10,000 for each issue to be advance refunded
Gibbons, PC	\$25,000
Obermayer Rebmann Maxwell & Hippel LLP	\$45,000

Attached is a resolution accepting the Attorney General's appointment of McCarter & English, LLP to serve as counsel on the defeasance. In addition, the resolution appoints The Bank of New York to serve as escrow agent. The escrow agent is the trustee on the bonds being defeased and is not subject to the RFP process.

**RESOLUTION APPOINTING A VERIFICATION AGENT  
AND ACCEPTING THE DESIGNATION OF COUNSEL BY  
THE ATTORNEY GENERAL OF THE STATE OF NEW  
JERSEY IN CONNECTION WITH THE DEFEASANCE OF  
ALL OF MONMOUTH UNIVERSITY'S OUTSTANDING  
BONDS**

**ADOPTED MARCH 22, 2011**

**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-1 et seq.; and

**WHEREAS**, Monmouth University (the "University") has decided to refund all of the outstanding tax-exempt bonds (the "Bonds") issued by the Authority for the University (the "Defeasance"); and

**WHEREAS**, pursuant to the resolutions authorizing the issuance of the Bonds, in order to legally defease the Bonds, a verification report must be prepared and a defeasance opinion must be issued by counsel; and

**WHEREAS**, Authority staff circulated a Request for Proposals for Verification Agent Services (the "RFP") to four firms, posted the RFP on the Authority's website, and received the following bids:

Causey Demgen & Moore, Inc.	\$1,740
BondResource Parters, LP	\$1,850
Mercadien, P.C.	\$3,000

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

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

- 1. Appointment of Verification Agent.** Causey Demgen & Moore, Inc. is hereby appointed to act as verification agent in connection with the Defeasance.
- 2. Appointment of Escrow Agent.** The Bank of New York Mellon is hereby appointed to act as escrow agent in connection with the Defeasance.

**3. Acceptance of the Designation of Counsel by the Attorney General.** The Authority hereby accepts the designation by the Attorney General of McCarter & English, LLP to act as Counsel to the Authority in connection with the Defeasance.

**4. 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 effectuate the Defeasance or to implement this Resolution.

**5. 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.

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

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

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

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Steven D. Weinstein

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

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT FOR 2010**

**MARCH 22, 2011**

**WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") annually prepares financial statements and this year engaged the independent auditing firm of Ernst & Young, LLP (the "Independent Auditors") to perform an audit of the Authority's financial statements for the year ended December 31, 2010 (the "2010 Financial Statements"); and

**WHEREAS:** The members of the Authority's Audit Committee have received and reviewed the 2010 Financial Statements and the unqualified Report of the Independent Auditors thereon dated March 2011 (the "Independent Auditors' Report"); and

**WHEREAS:** The members of the Authority's Audit Committee have met with representatives of the Independent Auditors and have discussed with them the 2010 Financial Statements and the Independent Auditors' Report; and

**WHEREAS:** The members of the Authority have received the 2010 Financial Statements and the Independent Auditors' Report; and

**WHEREAS:** The members of the Authority's Audit Committee have recommended that the members of the Authority accept the 2010 Financial Statements and the Independent Auditors' Report; and

**WHEREAS:** The members of the Authority wish to accept and adopt the 2010 Financial Statements and the Independent Auditors' Report.

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

**SECTION 1.** The Authority hereby accepts and adopts the 2010 Financial Statements and the Independent Auditors' Report, as attached hereto and incorporated by reference as if set forth in full herein.

**SECTION 2.** This resolution shall take effect in accordance with N.J.S.A. 18A:72A-4(i).

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

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Steven D. Weinstein

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



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
2011 BUDGET VARIANCE ANALYSIS  
FOR THE MONTH ENDED JANUARY 31, 2011**

**Executive Summary**

The NJEFA concluded the first month of 2011 with net operating income in the amount of \$94,021, based on revenues of \$281,729 and expenses of \$187,708. As a result, net operating income is slightly less than budgeted. This difference is a result of less than expected revenues in the amount of \$25,570 partially offset by less than budgeted expenses in the amount of \$20,605.

**Revenues**

Revenues were below budget for the month of January due to lower than expected Initial Fees Income.

**Expenses**

Operating expenditures for the first month of the year were favorable as compared to budget by \$20,605. Most of the line items display positive deviations and are primarily the result of timing.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**ACTUAL vs. BUDGET REPORT**  
**JANUARY 2011**

	Month Ended		
	January 31, 2011		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b><u>Operating Revenues</u></b>			
Annual Administrative Fees	\$279,924	\$ 279,924	\$ -
Initial Fees	-	26,250	(26,250)
Investment Income	1,805	1,125	680
	<u>\$ 281,729</u>	<u>\$ 307,299</u>	<u>\$ (25,570)</u>
<b><u>Operating Expenses</u></b>			
Salaries	\$ 103,923	\$ 111,284	\$ 7,361
Employee Benefits	30,435	33,963	3,528
Provision for Post Ret. Health Benefits	12,500	12,500	-
Office of The Governor	1,500	1,500	-
Office of The Attorney General	4,667	4,667	-
Sponsored Programs	-	1,250	1,250
Telephone	-	2,208	2,208
Gasoline & Auto Maintenance	124	400	276
Rent	18,184	19,667	1,483
Utilities	1,687	1,792	105
Postage	32	200	168
Office Supplies & Expenses	254	500	246
Travel & Official Receptions	194	200	6
Staff Training & Tuition Reimbursement	-	200	200
Insurance	1,137	2,873	1,736
Annual Report & Newsletters	-	2,417	2,417
Public Relations	-	750	750
Professional Services	-	400	400
Dues & Subscriptions	7,402	3,542	(3,860)
Data Processing	-	-	-
Maintenance of Equipment	1,336	3,667	2,331
Depreciation	4,333	4,333	-
Contingency	-	-	-
	<u>187,708</u>	<u>208,313</u>	<u>20,605</u>
<b>Net Operating Income</b>	<u>\$ 94,021</u>	<u>\$ 98,986</u>	<u>\$ (4,965)</u>

**New Jersey Educational Facilities Authority**  
**Summary of Construction Funds**  
**As of January 31, 2011**

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<b><u>Private</u></b>						
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	(4,542,788.22)	532,211.78	90%
Princeton University	2010 Series B	Various Construction & Renovations	261,506,999.13	(162,052,096.48)	99,454,902.65	62%
Princeton Theological Seminary	2010 Series A	New Housing- West Windsor Campus	75,316,239.56	(14,780,331.49)	60,535,908.07	20%
<b>Sub Total</b>			<b>\$ 361,837,238.69</b>	<b>\$ (198,022,718.70)</b>	<b>\$ 163,814,519.99</b>	
<b><u>Public</u></b>						
Kean University	Series 2005 B	Various Projects & Renovations	\$ 91,383,145.08	\$ (78,816,475.66)	\$ 12,566,669.42	86%
Montclair State University	Series 2006 A	Rec. Center, Parking & Renovations	99,691,116.44	(71,802,776.08)	27,888,340.36	72%
Rowan University	Series 2006 G	Various Renovations	46,527,357.07	(39,052,552.52)	7,474,804.55	84%
Rowan University	Series 2006 H	Property Acquisition, Renovations	19,797,386.13	(17,088,774.95)	2,708,611.18	86%
Kean University	Series 2007 D	2 Residence Halls, Dining, Parking	124,287,050.02	(95,261,278.67)	29,025,771.35	77%
Richard Stockton College of New Jersey	Series 2007 G	Housing V, Various Upgrades & Renov	40,242,421.65	(21,935,125.77)	18,307,295.88	55%
William Paterson University	Series 2008 C	Science Hall Expansion & Renovation	83,907,460.92	(52,137,528.62)	31,769,932.30	62%
Richard Stockton College of New Jersey	Series 2008 A	Campus Ctr, Science Ctr, College Walk	105,482,763.92	(65,130,549.46)	40,352,214.46	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	(8,174,246.10)	36,118,870.02	18%
New Jersey City University	Series 2010 F	Various Capital Improvements	14,717,070.83	(342,089.70)	14,374,981.13	2%
New Jersey City University	Series 2010 G	Various Capital Improvements	18,201,075.23	(365,895.13)	17,835,180.10	2%
New Jersey Institute of Technology	Series 2010 I	Acqu., Renov., & Equip Former H.S.	20,336,331.08	(68,023.69)	20,268,307.39	0%
Passaic County Community College	Series 2010 C	Construct & Equip. 3-Story Bldg.	13,312,936.20	(57,323.12)	13,255,613.08	0%
<b>Sub Total</b>			<b>\$ 749,336,850.31</b>	<b>\$ (469,385,680.24)</b>	<b>\$ 279,951,170.07</b>	
<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%
<b>Sub Total</b>			<b>\$ 45,380,714.58</b>	<b>\$ (45,308,109.58)</b>	<b>\$ 72,605.00</b>	
<b>Grand Total</b>			<b>\$ 1,156,554,803.58</b>	<b>\$ (712,716,508.52)</b>	<b>\$ 443,838,295.06</b>	

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
2011 BUDGET VARIANCE ANALYSIS  
FOR TWO MONTHS ENDED FEBRUARY 28, 2011**

**Executive Summary**

The NJEFA concluded the first two months of 2011 with net operating income in the amount of \$176,084, based on revenues of \$578,460 and expenses of \$402,376. As a result, net operating income is higher than budgeted by \$8,099. This difference is a result of less than budgeted expenses in the amount of \$44,237 partially offset by less than expected revenues in the amount of \$36,138.

**Revenues**

Revenues were below budget for the first two months of the year due to lower than expected Initial Fee Income.

**Expenses**

Operating expenditures for the first two months of the year were favorable as compared to budget by \$44,237. Most of the line items display positive deviations and are primarily the result of timing.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**ACTUAL vs. BUDGET REPORT**  
**FEBRUARY 2011**

	Month Ended February 28, 2011			Two Months Ended February 28, 2011		
	Actual	Budget	Variance	Actual	Budget	Variance
<b><u>Operating Revenues</u></b>						
Annual Administrative Fees	\$ 279,924	\$ 279,924	\$ -	\$ 559,848	\$ 559,848	\$ -
Initial Fees	15,000	26,250	(11,250)	15,000	52,500	(37,500)
Investment Income	1,807	1,125	682	3,612	2,250	1,362
	<u>\$ 296,731</u>	<u>\$ 307,299</u>	<u>\$ (10,568)</u>	<u>\$ 578,460</u>	<u>\$ 614,598</u>	<u>\$ (36,138)</u>
<b><u>Operating Expenses</u></b>						
Salaries	\$ 104,747	\$ 111,284	\$ 6,537	\$ 208,670	\$ 222,568	\$ 13,898
Employee Benefits	32,246	33,963	1,717	62,681	67,926	5,245
Provision for Post Ret. Health Benefits	12,500	12,500	-	25,000	25,000	-
Office of The Governor	1,500	1,500	-	3,000	3,000	-
Office of The Attorney General	4,667	4,667	-	9,334	9,334	-
Sponsored Programs	-	1,250	1,250	-	2,500	2,500
Telephone	1,629	2,208	579	1,629	4,416	2,787
Gasoline & Auto Maintenance	450	1,555	1,105	574	1,955	1,381
Rent	18,184	19,667	1,483	36,368	39,334	2,966
Utilities	1,686	1,792	106	3,373	3,584	211
Postage	107	527	420	139	727	588
Office Supplies & Expenses	4,309	3,864	(445)	4,563	4,364	(199)
Travel & Official Receptions	841	2,209	1,368	1,035	2,409	1,374
Staff Training & Tuition Reimbursement	-	2,345	2,345	-	2,545	2,545
Insurance	2,872	2,873	1	4,009	5,746	1,737
Annual Report & Newsletters	2,430	2,417	(13)	2,430	4,834	2,404
Public Relations	-	750	750	-	1,500	1,500
Professional Services	16,656	17,387	731	16,656	17,787	1,131
Dues & Subscriptions	1,357	3,542	2,185	8,759	7,084	(1,675)
Data Processing	3,500	4,000	500	3,500	4,000	500
Maintenance of Equipment	654	3,667	3,013	1,990	7,334	5,344
Depreciation	4,333	4,333	-	8,666	8,666	-
Contingency	-	-	-	-	-	-
	<u>\$ 214,668</u>	<u>\$ 238,300</u>	<u>\$ 23,632</u>	<u>\$ 402,376</u>	<u>\$ 446,613</u>	<u>\$ 44,237</u>
<b>Net Operating Income</b>	<u>\$ 82,063</u>	<u>\$ 68,999</u>	<u>\$ 13,064</u>	<u>\$ 176,084</u>	<u>\$ 167,985</u>	<u>\$ 8,099</u>

**New Jersey Educational Facilities Authority**  
**Summary of Construction Funds**  
**As of February 28, 2011**

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<b><u>Private</u></b>						
Institute for Advanced Study	2006 Series C	Biology Bldg., & Renovations	\$ 19,939,000.00	\$ (16,646,504.72)	\$ 3,292,495.28	83%
Saint Peter's College	2008 Series H	Various Construction & Renovations	5,075,000.00	(4,542,788.22)	532,211.78	90%
Princeton University	2010 Series B	Various Construction & Renovations	261,506,999.13	(177,312,465.65)	84,194,533.48	68%
Princeton Theological Seminary	2010 Series A	New Housing- West Windsor Campus	75,316,239.56	(18,134,145.10)	57,182,094.46	24%
Sub Total			\$ 361,837,238.69	\$ (216,635,903.69)	\$ 145,201,335.00	
<b><u>Public</u></b>						
Kean University	Series 2005 B	Various Projects & Renovations	\$ 91,383,145.08	\$ (78,815,957.68)	\$ 12,567,187.40	86%
Montclair State University	Series 2006 A	Rec. Center, Parking & Renovations	99,691,116.44	(71,802,776.08)	27,888,340.36	72%
Rowan University	Series 2006 G	Various Renovations	46,527,357.07	(40,801,503.34)	5,725,853.73	88%
Rowan University	Series 2006 H	Property Acquisition, Renovations	19,797,386.13	(17,435,474.30)	2,361,911.83	88%
Kean University	Series 2007 D	2 Residence Halls, Dining, Parking	124,287,050.02	(95,261,278.67)	29,025,771.35	77%
Richard Stockton College of New Jersey	Series 2007 G	Housing V, Various Upgrades & Renov	40,242,421.65	(22,558,438.62)	17,683,983.03	56%
William Paterson University	Series 2008 C	Science Hall Expansion & Renovation	83,907,460.92	(54,213,005.73)	29,694,455.19	65%
Richard Stockton College of New Jersey	Series 2008 A	Campus Ctr, Science Ctr, College Walk	105,482,763.92	(65,488,391.98)	39,994,371.94	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	(8,146,052.20)	36,147,063.92	18%
New Jersey City University	Series 2010 F	Various Capital Improvements	14,717,070.83	(342,088.48)	14,374,982.35	2%
New Jersey City University	Series 2010 G	Various Capital Improvements	18,201,075.23	(365,893.79)	17,835,181.44	2%
New Jersey Institute of Technology	Series 2010 I	Acqu., Renov., & Equip Former H.S.	20,336,331.08	(6,011,924.13)	14,324,406.95	30%
Passaic County Community College	Series 2010 C	Construct & Equip. 3-Story Bldg.	13,312,936.20	(455,980.70)	12,856,955.50	3%
Sub Total			\$ 749,336,850.31	\$ (480,851,806.47)	\$ 268,485,043.84	
<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>\$ 1,156,554,803.58</b>	<b>\$ (742,795,819.74)</b>	<b>\$ 413,758,983.84</b>	

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL FINANCIAL INFORMATION

New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)  
Years Ended December 31, 2010 and 2009  
With Report of Independent Auditors

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

Financial Statements and  
Supplemental Financial Information

December 31, 2010 and 2009

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## Report of Management


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

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

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

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

  
\_\_\_\_\_  
James Poole  
Executive Director

  
\_\_\_\_\_  
Marie P. Mueller  
Controller

March \_\_\_\_, 2011

## Report of Independent Auditors

To the Members of the  
New Jersey Educational Facilities Authority

We have audited the accompanying balance sheets of the New Jersey Educational Facilities Authority, a component unit of the State of New Jersey, as of December 31, 2010 and 2009, and the related statements of revenues, expenses and changes in fund net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Educational Facilities Authority as of December 31, 2010 and 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the schedule of funding progress, on pages 4 to 6, and page 19, respectively are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ΕΨ

March 10, 2011

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

Management's Discussion and Analysis

Year Ended December 31, 2010

**Introduction**

This section of the New Jersey Educational Facilities Authority's (the Authority's) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2010 and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

**Overview of the Financial Statements**

The Authority is supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The Basic Financial Statements for an Enterprise Fund include: Balance Sheets; Statements of Revenues, Expenses and Changes in Fund Net Assets; and Statements of Cash Flows. These statements provide, respectively, a view of the Authority's financial position as of the end of the year, a description of the financial activity during the year, and a description of the cash activity during the year.

**Condensed Financial Information**

The following table represents condensed balance sheet information and changes between December 31, 2009 and December 31, 2010 and between December 31, 2008 and December 31, 2010:

	2010	2009	2008	Increase (Decrease) 2009 to 2010	Increase (Decrease) 2008 to 2010
Current assets	\$ 11,478,450	\$ 10,332,098	\$ 9,686,984	11.09%	18.49%
Noncurrent assets	140,939	168,072	210,313	(16.14%)	(32.99%)
Total assets	<u>11,619,389</u>	10,500,170	9,897,297	10.66%	17.40%
Current liabilities	292,387	315,304	334,945	(7.27%)	(12.71%)
Noncurrent liabilities	254,632	137,740	132,021	84.86%	92.87%
Total liabilities	<u>547,019</u>	453,044	466,966	20.74%	17.14%
Total net assets	<u>\$ 11,072,370</u>	\$ 10,047,126	\$ 9,430,331	10.20%	17.41%

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Fund Net Assets, and changes between 2009 and 2010 and between 2008 and 2010:

	2010	2009	2008	Increase (Decrease) 2009 to 2010	Increase (Decrease) 2008 to 2010
Operating revenues:					
Administrative fees	\$ 3,710,465	\$ 3,360,604	\$ 3,351,932	10.41%	10.70%
Total operating revenues	<u>3,710,465</u>	<u>3,360,604</u>	<u>3,351,932</u>		
Operating expenses:					
Salaries and related expenses	1,884,807	1,840,368	1,817,110	2.41%	3.72%
Provision for (benefit from) postemployment benefits	120,000	95,554	(220,790)	25.58%	154.35%
General expenses	694,480	825,642	967,372	(15.89%)	(28.21%)
Total operating expenses	<u>2,699,287</u>	<u>2,761,564</u>	<u>2,563,692</u>	(2.25%)	5.29%
Net operating income	1,011,178	599,040	788,240	68.80%	28.28%
Nonoperating revenues:					
Investment income	14,066	17,755	223,087	(20.78%)	(93.69%)
Change in net assets	1,025,244	616,795	1,011,327	66.22%	1.38%
Net assets beginning of year	10,047,126	9,430,331	8,419,004	6.54%	19.34%
Net assets end of year	<u>\$ 11,072,370</u>	<u>\$ 10,047,126</u>	<u>\$ 9,430,331</u>	10.20%	17.41%

### Analysis of Overall Financial Position and Results of Operations

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

#### Financial Highlights:

- The Authority issued over \$530 million of conduit debt for educational institutions during 2010.
- Net Assets increased \$1,025,244, or 10.2% in 2010.
- The Authority's 2010 operating margin (operating income as a percentage of operating revenues) was 27.25%.
- At 12/31/2010, Net Assets represent 4.10 times 2010 Total Operating Expenses.

During 2010, the Authority's financing activity was \$42 million greater than 2009 volume and included over \$79 million in Build America Bonds. The Authority continued to work with the State's public and private institutions on their multi-year plans to invest in the upgrading of their capital facilities, technology infrastructures and capital equipment to accommodate growing demand for higher education. The Authority also helped New Jersey colleges and universities restructure outstanding issues for the greatest benefit to the institutions.

### **Revenues**

The Authority's revenues are derived primarily from two fees; annual fees charged to existing bond issues, and initial fees charged with respect to the issuance of new debt. Total revenues for 2010 increased almost \$350,000 from 2009 and \$358,000 from 2008.

### **Expenses**

Operating expenses in 2010 decreased 2.3% from 2009 but increased 5.3% from 2008. The decrease in operating expenses from 2009 is primarily related to lower general, administrative and professional fee expenses.

### **Assets and Liabilities**

Net assets increased \$1.025 million, or 10.2% from 2009 to 2010 and \$1.6 million, or 17.4% from 2008 to 2010.

### **Contacting the Authority's Financial Management**

If you have questions about this report or need additional financial information, contact the Office of the Controller, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, NJ 08540-6612. Readers are invited to visit the Authority's website at [www.njefa.com](http://www.njefa.com).

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

Balance Sheets

	December 31	
	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 64,116	\$ 65,486
Investments, principally U.S. Government obligations	11,388,904	10,145,780
Fees receivable	8,310	79,130
Prepaid expenses and other assets	17,120	41,702
Total current assets	11,478,450	10,332,098
Noncurrent assets:		
Capital assets, at cost, less accumulated depreciation of \$578,497 and \$546,911 during 2010 and 2009, respectively	140,939	168,072
Total assets	\$ 11,619,389	\$ 10,500,170
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 292,387	\$ 315,304
Noncurrent liabilities:		
Postemployment benefits other than pension	218,480	98,480
Project obligations	36,152	39,260
Total noncurrent liabilities	254,632	137,740
Net assets:		
Unrestricted	10,931,431	9,879,054
Invested in capital assets	140,939	168,072
Total net assets	11,072,370	10,047,126
Total liabilities and net assets	\$ 11,619,389	\$ 10,500,170

*See accompanying notes.*

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

Statements of Revenues, Expenses and  
Changes in Fund Net Assets

	<b>Year Ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Operating revenues:		
Administrative fees	<b>\$ 3,710,465</b>	<b>\$ 3,360,604</b>
Total operating revenues	<b>3,710,465</b>	<b>3,360,604</b>
Operating expenses:		
Salaries and related expenses	<b>1,884,807</b>	1,840,368
General and administrative expenses	<b>602,021</b>	716,441
Provision for postemployment benefits	<b>120,000</b>	95,554
Professional fees	<b>92,459</b>	109,201
Total operating expenses	<b>2,699,287</b>	<b>2,761,564</b>
Net operating income	<b>1,011,178</b>	<b>599,040</b>
Nonoperating revenue:		
Investment income	<b>14,066</b>	17,755
Net changes in net assets	<b>1,025,244</b>	<b>616,795</b>
Net assets at beginning of year	<b>10,047,126</b>	9,430,331
Net assets at end of year	<b>\$ 11,072,370</b>	<b>\$ 10,047,126</b>

*See accompanying notes.*



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

Statements of Cash Flows

	<b>Year Ended December 31</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities</b>		
Cash received from administrative fees	\$ 3,805,867	\$ 3,297,753
Cash payments for operating expenses	<u>(2,549,426)</u>	<u>(2,698,188)</u>
Net cash provided by (used in) operating activities	<b>1,256,441</b>	<b>599,565</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(42,293,966)	(21,634,090)
Sale and maturity of investments	41,051,396	21,026,116
Investment income	13,512	42,511
Net cash (used in) provided by investing activities	<u>(1,229,058)</u>	<u>(565,463)</u>
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(28,753)	(27,783)
Net cash used in capital and related financing activities	<u>(28,753)</u>	<u>(27,783)</u>
Net increase (decrease) in cash	(1,370)	6,319
Cash at beginning of year	65,486	59,167
Cash at end of year	<u>\$ 64,116</u>	<u>\$ 65,486</u>
Reconciliation of net operating income to net cash provided by (used in) operating activities:		
Net operating income	\$ 1,011,178	\$ 599,040
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	55,886	70,024
Changes in assets and liabilities:		
Fees receivable and prepaids	95,402	(55,577)
Accounts payable	(22,917)	(19,641)
Project obligations	(3,108)	(89,835)
Postemployment benefits obligation	120,000	95,554
Net cash provided by (used in) operating activities	<u>\$ 1,256,441</u>	<u>\$ 599,565</u>
<b>Supplemental schedule of noncash investing activities</b>		
Change in fair value of investments	<u>\$ 554</u>	<u>\$ (24,756)</u>

See accompanying notes.

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

Notes to Financial Statements

December 31, 2010

**1. Organization and Function of the Authority**

The New Jersey Educational Facilities Authority (the "Authority"), a component unit of the State of New Jersey, was created under the provisions of Chapter 106 of New Jersey Public Laws of 1966 as a public body corporate and politic. The powers of the Authority permit the sale of notes, bonds and other obligations to support the construction, acquisition and equipping of educational facilities for public and private institutions of higher education in the State of New Jersey. The Authority is also authorized, pursuant to statutory amendments, to issue State supported bonds to fund matching grants to qualified public libraries for capital improvements. The obligations issued by the Authority are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

The Authority is exempt from both federal and state taxes.

**2. Significant Accounting Policies**

The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB). Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed by the Authority to the extent that those standards do not conflict with or contradict guidance of the GASB.

**Administrative Fees**

The Authority charges administrative fees to its client institutions for which bond and note sales have been completed. Such fees are considered operating revenue and are charged for services related to the structuring and administration of Authority financings, investment management of bond proceeds, monitoring of financial performance and other project costs and services. These fees are recognized as earned. The fees are used to provide sufficient funds to ensure that the Authority's operating expenses will be met, and that sufficient reserves will be available to provide for the Authority's needs.

**Depreciation**

Furniture and equipment are carried at cost and depreciated over their useful lives using the straight-line method.

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

Notes to Financial Statements (continued)

**3. Cash and Investments**

At year-end, the Authority's bank balance was \$67,698 all of which was covered by FDIC insurance.

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey.

Investments of the Authority comprise the following:

	2010	2009
Investments:		
U.S. Treasury Bills	\$11,387,857	\$10,145,355
Money Market Mutual Fund	1,047	425
Total investments	\$11,388,904	\$10,145,780

In 2010 and 2009, the Authority had \$1,047 and \$425, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury. All investments are carried at fair value.

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

- (a) Custodial Credit Risk – The Authority's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the

New Jersey Educational Facilities Authority  
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Notes to Financial Statements (continued)

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

failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority and are held by either: the counterparty or the counterparty's trust department or agent but not in the Authority's name. The risk is that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At December 31, 2010 and 2009, the Authority's bank balances were not exposed to custodial credit risk since the full amount was covered by FDIC insurance.

As of December 31, 2010 and 2009, the Authority's investments consisted of U.S. Treasury Bills in the amount of \$11,387,857 and \$10,145,355, respectively. Since the investments are registered in the Authority's name they are not exposed to custodial credit risk. The Authority does not have a written policy for investment securities custodial credit risk but its practice has been to maintain a safekeeping account for the securities at a financial institution.

- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceed five percent of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Authority places no limit on the amount it may invest in any one issuer, but its practice has been to invest, almost exclusively, in U.S. Treasury Securities. At December 31, 2010 or 2009, the Authority was not exposed to a concentration of credit risk.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Authority does not have an investment policy regarding credit risk except to the extent previously outlined under the Authority's investment policy. The Authority's Money Market Mutual Fund is not rated.

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

Notes to Financial Statements (continued)

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

(d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations, but the Authority does from time to time evaluate its investment portfolio to determine if, based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost and risk. As of December 31, 2010, the U.S. Treasury Bills had maturities ranging from March 10, 2011 through July 28, 2011.

For the years ended December 31, 2010 and 2009, investment income comprised the following:

	<u>2010</u>	<u>2009</u>
Interest earnings	\$ 13,512	\$ 42,511
Net increase(decrease) in fair value of investments	554	(24,756)
	<u>\$ 14,066</u>	<u>\$ 17,755</u>

**4. Retirement Plans**

The Authority's employees participate in the Public Employees Retirement System of New Jersey (PERS), a cost sharing multiple-employer defined benefit plan. The Authority's contribution is determined by State statute and is based upon an actuarial computation performed by the PERS. All benefits are established by State statute. The Authority's required contribution and pension expense for the years ended December 31, 2010, 2009 and 2008 was \$119,428, \$93,726 and \$77,042, respectively. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage range of contributions, as determined by PERS, was 5.5% for 2010, 2009 and 2008.

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

Employees hired after July 1, 2007 participate in PERS, the defined benefit plan, up to the annual maximum wage for social security. The employee contributions based on wages in excess of the

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

Notes to Financial Statements (continued)

**4. Retirement Plans (continued)**

annual maximum wage are contributed to the Defined Contribution Retirement Program (DCRP). The Authority contributes 3% to the participants' accounts on wages in excess of the social security limit.

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

**5. Postemployment Benefits Other Than Pension**

The Authority, as permitted by Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, provides postemployment medical benefits for eligible retired employees through participation in the New Jersey Health Benefits Program as sponsored and administered by the State of New Jersey. The Authority does not issue a publicly available financial report for the plan which for financial reporting purposes is considered a single employer defined benefit health care plan. Employees become eligible for these benefits upon retirement after 25 years of creditable service in the PERS.

Benefit provisions for the plan are established and amended by the Authority's Members, and there is no statutory requirement for the Authority to continue this plan for future Authority employees. The plan is a non-contributory plan with all payments for plan benefits being funded by the Authority.

The Authority applies the accounting provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are actuarially calculated based on benefits (other than pensions), that current and retired employees have accrued as a result of their respective years of employment service.

The Authority's annual OPEB cost for the plan is calculated based on the annual required contribution "ARC", an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or

New Jersey Educational Facilities Authority  
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Notes to Financial Statements (continued)

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

funding excess) over a period not to exceed thirty years. The Authority's annual OPEB cost for the year ended December 31, 2010 and 2009 and the related information for the plan are as follows (dollar amounts in thousands):

	2010	2009
Annual required contribution (benefit)	\$ 120	\$ 95
Contributions made	—	—
Increase (decrease) in net OPEB obligation	120	95
Net OPEB obligation – beginning of year	98	3
Net OPEB obligation – end of year	\$ 218	\$ 98

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for fiscal years 2007 through 2010 were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost (Benefit)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2010	\$ 120	0.00%	\$ 218
December 31, 2009	\$ 95	0.00%	\$ 98
December 31, 2008	\$ (221)	N/A	\$ 3
December 31, 2007	\$ 156	14.20%	\$ 2,224

In April 2008, the Authority established and funded an irrevocable trust in the amount of \$2,000,000 to pay for the employee postemployment medical benefits. At December 31, 2010 and 2009, the fair value of this trust fund was \$1,966,023 and \$1,993,464, respectively. As of December 31, 2010 and 2009, the actuarial liability for benefits was \$2,218,480 and \$2,098,480, respectively, which, due to the establishment of the trust, is now approximately 95% funded. The difference of 5% is reported as a liability on the Authority's books.

The most recent actuarial valuation date is January 1, 2008. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the

New Jersey Educational Facilities Authority  
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Notes to Financial Statements (continued)

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

future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

For the January 1, 2008 actuarial valuation, the Authority continued to use the actuarial assumptions of a 4% discount rate and an annual healthcare cost trend rate of 9% grading down to an ultimate rate of 5% in 2012.

At December 31, 2010, the Plan had 19 participants of which 16 were active employees and 3 were retirees. Of the Plan participants, 3 retirees and 2 active employees were eligible to receive benefits.



New Jersey Educational Facilities Authority  
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Notes to Financial Statements (continued)

**6. Conduit Debt**

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2010, the amount of conduit debt outstanding totaled \$5,473,925,526.

**7. Commitments and Contingencies**

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$218,212 through December 31, 2016.

The Authority, in the normal course of business, is involved in various legal matters. Under the terms of the agreements between the Authority and the public and private institutions of higher education, any costs associated with litigation are the obligation of the institution involved. It is the opinion of the Authority after consultation with legal counsel that its financial position will not be adversely affected by the ultimate outcome of any existing legal proceedings.

**8. Net Assets**

The Authority's net assets represent the excess of assets over liabilities and are categorized as follows:

- Invested in Capital Assets are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation.
- Unrestricted Net Assets are the remaining net assets, which can be further categorized as designated or undesignated. Designated assets are not governed by statute or contract but are committed for specific purposes pursuant to Authority policy and/or directives. Designated assets include funds and assets committed to working capital.

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

Notes to Financial Statements (continued)

**8. Net Assets (continued)**

The Members of the Authority passed three resolutions between 1995 and 2008 to designate a portion of the Authority's operating fund balance as a reserve to facilitate the normal operations of the Authority and for counsel and consultants, if needed, in the event of difficulties experienced by the Authority or any of its client colleges. At December 31, 2010 the amount designated for this purpose is \$5,500,000.

**Changes in Net Assets**

The changes in net assets are as follows:

	<b>Invested in Capital Assets</b>	<b>Unrestricted</b>	<b>Total</b>
Net assets at December 31, 2008	\$ 210,313	\$ 9,220,018	\$ 9,430,331
Net asset change	—	616,795	616,795
Capital asset additions	27,783	(27,783)	—
Depreciation	(70,024)	70,024	—
Net assets at December 31, 2009	168,072	9,879,054	10,047,126
Net asset change	—	1,025,244	1,025,244
Capital asset additions	28,753	(28,753)	—
Depreciation	(55,886)	55,886	—
Net assets at December 31, 2010	<u>\$ 140,939</u>	<u>\$ 10,931,431</u>	<u>\$ 11,072,370</u>

**9. Subsequent Event**

At its regular meeting of March 22, 2011, the Members of the Authority passed a resolution authorizing the use of \$8.0 million of available funds to provide the State of New Jersey with a portion of the debt service payment in support of several programs benefiting the State's institutions of higher education.

## Required Supplementary Information

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

Required Supplementary Information

Schedule of Funding Progress for the Retiree Healthcare Plan  
(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
January 1, 2008	\$ –	\$ 1,826	\$ 1,826	0%	\$ 1,415	129%
January 1, 2006	–	2,090	2,090	0	1,269	165

Note: In April 2008, the Authority established and funded an irrevocable trust in the amount of \$2 million. At December 31, 2010, the fair value of this trust was \$1,966,023.

## Supplemental Financial Information

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

Balance Sheets -- Trustee Held Funds

	December 31	
	2010	2009
<b>Assets</b>		
Cash	\$ -	\$ 729
Investments, principally U.S. Government obligations	729,451,952	574,625,825
Accrued interest receivable	74,317	288,997
Due from colleges and universities	20,073	213,255
Loans and leases receivable	5,431,878,442	5,147,581,178
U.S. Government debt service subsidies receivable	178,420	45,375
	<b>\$ 6,161,603,204</b>	<b>\$ 5,722,755,359</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 26,772,994	\$ 33,757,726
Accrued interest payable	111,349,887	106,499,525
Bonds and notes payable	5,473,925,526	5,184,511,177
Funds held in trust	549,554,797	397,986,931
	<b>\$ 6,161,603,204</b>	<b>\$ 5,722,755,359</b>

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

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

Statements of Changes in Trustee Held Funds

	Year Ended December 31	
	2010	2009
Funds held in trust at beginning of year	\$ 397,986,931	\$ 911,163,346
Additions:		
Proceeds from sale of bonds and issuance of notes:		
Par amount	522,831,972	492,188,943
Bond premium (discount), net	22,840,716	(8,803,828)
Annual loan and rental requirements	422,891,484	380,033,459
Investment income	2,647,094	9,505,358
U.S. Government debt service subsidies	1,292,070	276,713
Change in investment valuation reserve	(236,773)	(4,146,948)
Total additions	972,266,563	869,053,697
Deductions:		
Debt service:		
Interest	255,321,477	244,643,639
Principal	171,777,333	157,599,212
Project costs	305,886,301	542,918,314
Issuance costs	4,323,546	20,764,312
Administrative fees	3,154,642	3,093,025
College and university (contributions) returned	7,381,193	663,547
Transfers to escrow accounts for defeasance of refunded issues	72,854,205	412,548,063
Total deductions	820,698,697	1,382,230,112
Increase(Decrease) in funds held in trust	151,567,866	(513,176,415)
Funds held in trust at end of year	\$ 549,554,797	\$ 397,986,931

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

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

Notes to Supplemental Financial Statements

December 31, 2010

**1. Introduction**

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

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

**2. Significant Accounting Policies**

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

**3. Funds Held in Trust**

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Construction funds	\$ 433,028,449	\$ 276,160,776
Debt service funds	17,650,124	8,859,617
Debt service reserve funds	88,636,986	95,513,276
Renewal and replacement accounts	10,239,238	17,453,262
	<u>\$ 549,554,797</u>	<u>\$ 397,986,931</u>



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

Notes to Supplemental Financial Statements (continued)

**4. Cash and Investments**

Investments permitted in the Trustee Held Funds are authorized by the respective Bond Resolutions. All funds held by the trustees may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey.

Investments held by trustees are carried at fair value and comprise the following:

	2010	2009
Investments:		
Collateralized investment agreements	\$ 2,474,556	\$ 1,364,000
U.S. Treasury and agency obligations*	726,977,396	573,261,825
Total investments	\$ 729,451,952	\$ 574,625,825

\* Includes \$148,253,486 and \$123,909,347 of investments in pooled U.S. Treasury funds at December 31, 2010 and 2009, respectively, which are uncategorized.

**5. Loans and Leases Receivable**

Since its inception, the Authority has issued obligations of \$12,666,342,299 and \$12,143,510,327 as of December 31, 2010 and 2009, respectively, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

The loans and mortgages are secured by revenues produced by the facilities and by other legally available funds of the institutions. The Authority is the owner of those projects under lease agreements. It is the intention of the Authority to transfer title in the projects at the expiration of the leases. Accordingly, the leases are being accounted for as financing transactions.

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

Notes to Supplemental Financial Statements (continued)

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

Restricted fund receivables comprise the following:

	December 31	
	2010	2009
Loans:		
Institute for Advanced Study	\$ 57,695,000	\$ 60,310,000
Princeton University	1,611,517,500	1,403,557,500
Mortgages:		
Caldwell College	19,035,000	19,700,000
Centenary College	37,971,773	24,694,521
College of Saint Elizabeth	22,990,000	23,590,000
Drew University	65,173,311	60,225,943
Fairleigh Dickinson University	98,106,970	101,465,292
Felician College	9,000,000	9,570,000
Georgian Court University	29,069,124	30,282,199
Institute for Defense Analyses	13,670,000	14,135,000
Monmouth University	13,535,000	15,145,000
New Jersey Institute of Technology	142,202,500	131,580,000
Princeton Theological Seminary	106,000,000	39,432,500
Rider University	49,205,000	51,825,000
Saint Peter's College	42,777,228	43,792,428
Seton Hall University	121,354,748	129,486,553
Stevens Institute of Technology	76,882,500	77,192,500
University of Medicine and Dentistry of New Jersey	258,075,000	258,075,000
Leases:		
Kean University	346,277,791	340,206,833
Montclair State University	350,385,000	355,250,000
New Jersey City University (formerly Jersey City State College)	134,215,000	106,345,000
Passaic County Community College	13,635,000	-
Ramapo College of New Jersey	226,620,490	233,241,219
Rowan University (formerly Glassboro State College)	320,492,500	328,775,000
Thomas Edison State College	2,395,507	2,307,190
The College of New Jersey	365,385,000	324,832,500
The Richard Stockton College of New Jersey	248,069,000	251,741,500
The William Paterson University of New Jersey	163,882,500	170,417,500
Equipment Leasing Fund	450,000	940,000
Higher Education Capital Improvement Fund	409,105,000	432,680,000
Higher Education Facilities Trust Fund	-	20,460,000
County College Capital Projects Fund	8,580,000	10,485,000
Dormitory Safety Trust Fund	34,520,000	40,170,000
Library Grant Program	33,605,000	35,670,000
	<u>\$ 5,431,878,442</u>	<u>\$ 5,147,581,178</u>

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

Notes to Supplemental Financial Statements (continued)

**6. Bonds, Notes and Leases Payable**

Bonds, notes and leases payable comprise the following:

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2010	2009
<b>Bonds Payable</b>					
Caldwell College:					
2006 Series F	\$ 21,400,000	7/1/2032	Variable	\$ 19,035,000	\$ 19,700,000
Centenary College:					
2003 Series A	14,775,000	10/1/2033	Variable	10,490,000	10,990,000
2006 Series J	9,154,113	11/1/2036	Variable	8,920,363	9,040,363
2007 Series B	4,784,617	11/1/2036	Variable	4,587,410	4,664,158
2010 Series D	13,974,000	1/1/2041	Variable	13,974,000	—
Drew University:					
2003 Series C	20,855,000	7/1/2021	3.888%	14,975,000	18,110,000
2007 Series D	29,135,000	7/1/2037	4.601%	27,055,000	28,530,000
2008 Series B	10,765,000	7/1/2017	4.234%	10,165,000	10,765,000
2008 Series I	40,000,000	6/25/2018	Variable	8,265,830	3,603,443
2010 Series C	15,580,000	6/1/2024	Variable	5,369,981	—
Dormitory Safety Trust Fund:					
Series 2001 A	67,970,000	3/1/2016	4.239%	29,130,000	33,985,000
Series 2001 B - taxable	5,800,000	3/1/2016	6.117%	2,480,000	2,895,000
Series 2003 A	5,440,000	3/1/2018	3.752%	2,910,000	3,290,000
Equipment Leasing Fund:					
Series 2003 A	12,620,000	9/1/2011	2.517%	450,000	940,000
Fairleigh Dickinson University:					
2002 Series D	63,650,000	7/1/2032	6.114%	56,830,000	58,100,000
2004 Series C	35,285,000	7/1/2023	5.534%	28,820,000	30,355,000
2006 Series G	14,505,000	7/1/2028	4.954%	13,215,000	13,665,000
2006 Series H	2,147,554	7/1/2027	4.954%	936,970	972,792
Felician College:					
2006 Series I	11,445,000	11/1/2022	4.749%	9,050,000	9,615,000
Georgian Court University:					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	1,525,000	2,170,000
2003 Series, Project C	15,215,000	7/1/2033	5.991%	905,000	905,000
2007 Series D	26,980,000	7/1/2037	5.022%	26,390,000	26,780,000
2007 Series H	1,050,000	10/1/2022	5.296%	891,624	944,699

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

Notes to Supplemental Financial Statements (continued)

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

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2010	2009
<b>Bonds Payable (continued)</b>					
Higher Education Facilities					
Trust Fund:					
Series 2005 A	\$ 90,980,000	9/1/2010	3.286%	\$ —	\$ 20,460,000
Higher Education Capital					
Improvement Fund:					
Series 2000 A	132,800,000	9/1/2020	5.242%	<b>13,245,000</b>	19,375,000
Series 2000 B	145,295,000	9/1/2020	5.003%	<b>14,770,000</b>	21,540,000
Series 2002 A	194,590,000	9/1/2022	4.599%	<b>18,685,000</b>	25,560,000
Series 2004 A	76,725,000	9/1/2024	4.352%	<b>40,385,000</b>	43,390,000
Series 2005 A	169,790,000	9/1/2019	4.121%	<b>168,580,000</b>	168,840,000
Series 2006 A	155,460,000	9/1/2024	4.421%	<b>153,440,000</b>	153,975,000
Institute for Advanced Study:					
2001 Series A	11,000,000	7/1/2031	5.101%	<b>2,480,000</b>	2,735,000
2006 Series B	29,600,000	7/1/2031	3.990%	<b>28,600,000</b>	28,800,000
2006 Series C	20,000,000	7/1/2036	Variable	<b>18,800,000</b>	19,200,000
2008 Series C	11,255,000	7/1/2021	3.619%	<b>7,815,000</b>	9,575,000
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	Variable	<b>13,670,000</b>	14,135,000
Kean University:					
Series 1998 B	25,995,000	7/1/2027	4.872%	<b>6,245,000</b>	6,665,000
Series 2003 D	75,000,000	7/1/2033	4.811%	<b>13,290,000</b>	13,290,000
Series 2005 B	101,915,000	7/1/2037	4.681%	<b>23,525,000</b>	23,890,000
Series 2007 D	117,795,000	7/1/2039	4.553%	<b>115,955,000</b>	117,795,000
Series 2009 A	179,380,000	9/1/2036	6.404%	<b>179,380,000</b>	179,380,000
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	<b>33,605,000</b>	35,670,000
Monmouth University:					
1993 Series A	14,365,000	7/1/2013	5.538%	<b>3,315,000</b>	4,295,000
1997 Series C	12,910,000	7/1/2022	5.732%	<b>6,970,000</b>	7,365,000
1998 Series D	8,815,000	7/1/2024	5.225%	<b>4,080,000</b>	4,265,000

New Jersey Educational Facilities Authority  
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Notes to Supplemental Financial Statements (continued)

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

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2010	2009
<b>Bonds Payable (continued)</b>					
Montclair State University:					
Series 2002 F	\$ 78,500,000	7/1/2032	4.489%	\$ 22,375,000	\$ 22,375,000
Series 2003 E	23,425,000	7/1/2033	4.445%	18,425,000	18,625,000
Series 2003 L	94,540,000	7/1/2034	4.541%	27,960,000	28,110,000
Series 2006 A	98,090,000	7/1/2036	4.816%	92,505,000	94,290,000
Series 2006 B	9,970,000	7/1/2012	4.133%	4,255,000	6,235,000
Series 2006 J	154,110,000	7/1/2034	4.300%	154,110,000	154,110,000
Series 2007 A	6,150,000	7/1/2021	4.022%	5,885,000	6,150,000
Series 2008 J	27,545,000	7/01/2038	5.100%	27,545,000	27,545,000
New Jersey City University (formerly Jersey City State College):					
Series 1977 C	8,570,000	7/1/2010	6.290%	—	580,000
Series 1999 B	17,795,000	7/1/2025	4.807%	—	12,320,000
Series 2002 A	15,115,000	7/1/2032	4.949%	1,880,000	2,215,000
Series 2003 B	2,300,000	7/1/2018	5.659%	1,800,000	2,000,000
Series 2007 F	17,910,000	7/1/2032	4.337%	17,480,000	17,725,000
Series 2008 E	68,445,000	7/1/2035	4.763%	65,650,000	67,075,000
Series 2008 F	6,175,000	7/1/2036	7.039%	6,175,000	6,175,000
Series 2010 F	24,065,000	7/1/2028	3.313%	24,065,000	—
Series 2010 G	18,310,000	7/1/2040	4.062% **	18,310,000	—
New Jersey Institute of Technology:					
Series 2001 G	62,335,000	7/1/2031	4.932%	—	57,085,000
Series 2001 H – taxable	12,570,000	7/1/2016	6.259%	6,425,000	7,290,000
Series 2004 B	73,530,000	7/1/2025	4.016%	66,465,000	69,590,000
Series 2010 H	50,965,000	7/1/2031	4.280%	50,965,000	—
Series 2010 I	20,450,000	7/1/2040	4.304% **	20,450,000	—
Passaic County Comm College					
Series 2010 C	13,635,000	7/1/2041	5.355%	13,635,000	—
Princeton Theological Seminary:					
2002 Series G	26,125,000	7/1/2032	4.824%	25,465,000	25,565,000
2009 Series B	14,435,000	12/1/2032	2.878%	13,505,000	14,330,000
2010 Series A	68,785,000	7/1/2030	3.745%	68,785,000	—
Princeton University:					
1999 Series A	45,500,000	7/1/2029	4.798%	—	3,575,000
2000 Series E	50,000,000	7/1/2010	5.355%	—	2,330,000
2000 Series H	100,000,000	7/1/2010	5.336%	—	2,285,000
2003 Series D	114,495,000	7/1/2019	3.727%	81,010,000	84,345,000
2003 Series E	112,510,000	7/1/2028	3.944%	57,900,000	61,085,000
2004 Series D	175,000,000	7/1/2029	4.497%	33,375,000	37,970,000

New Jersey Educational Facilities Authority  
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Notes to Supplemental Financial Statements (continued)

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

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2010	2009
<b>Bonds Payable (continued)</b>					
Princeton University (continued):					
2005 Series A	\$ 139,590,000	7/1/2030	4.405%	\$ 133,955,000	134,570,000
2005 Series B	114,645,000	7/1/2035	4.236%	78,750,000	81,015,000
2006 Series D	74,290,000	7/1/2031	4.391%	68,800,000	70,720,000
2006 Series E	93,285,000	7/1/2027	4.504%	92,375,000	92,500,000
2007 Series E	325,000,000	7/1/2037	4.534%	307,995,000	313,885,000
2007 Series F	67,620,000	7/1/2030	4.392%	67,385,000	\$ 67,500,000
2008 Series J	250,000,000	7/1/2038	4.391%	245,590,000	250,000,000
2008 Series K	208,805,000	7/1/2023	4.356%	186,160,000	197,535,000
2010 Series B	250,000,000	7/1/2040	4.034%	250,000,000	—
Ramapo College of New Jersey:					
Series 1998 G	16,845,000	7/1/2028	4.832%	12,785,000	13,220,000
Series 1998 H	2,000,000	7/1/2013	4.309%	530,000	685,000
Series 2001 D	40,480,000	7/1/2031	5.105%	4,195,000	5,135,000
Series 2002 H	28,655,000	7/1/2032	4.485%	16,925,000	17,585,000
Series 2002 I	2,145,000	7/1/2032	4.485%	1,210,000	1,255,000
Series 2002 J	29,620,000	7/1/2032	4.485%	17,505,000	18,185,000
Series 2003 F	1,820,000	7/1/2013	3.257%	730,000	960,000
Series 2003 G	9,300,000	7/1/2013	3.110%	2,325,000	3,775,000
Series 2003 H	18,930,000	7/1/2029	4.346%	18,010,000	18,635,000
Series 2004 E	53,980,000	7/1/2034	4.630%	13,450,000	13,680,000
Series 2006 D	49,085,000	7/1/2036	4.521%	35,965,000	36,970,000
Series 2006 I	106,820,000	7/1/2036	4.417%	106,165,000	106,485,000
Rider University:					
2002 Series A	27,560,000	7/1/2017	4.709%	15,930,000	17,810,000
2004 Series A	14,735,000	7/1/2034	5.301%	13,375,000	13,665,000
2007 Series C	22,000,000	7/1/2037	5.172%	21,240,000	21,630,000
Rowan University (formerly Glassboro State College):					
Series 1983 D	3,500,000	7/1/2013	3.000%	525,000	690,000
Series 2000 B	51,620,000	7/1/2010	5.566%	—	1,210,000
Series 2001 B	8,790,000	7/1/2031	5.025%	210,000	210,000
Series 2001 C	60,930,000	7/1/2031	4.943%	37,140,000	38,850,000
Series 2002 K	14,920,000	7/1/2033	4.866%	665,000	665,000
Series 2003 I	64,910,000	7/1/2030	4.714%	5,585,000	6,880,000
Series 2004 C	61,275,000	7/1/2034	4.697%	8,680,000	8,680,000
Series 2005 D	51,840,000	7/1/2030	4.532%	50,960,000	51,360,000
Series 2006 G	69,405,000	7/1/2031	4.362%	66,530,000	67,915,000
Series 2007 B	121,355,000	7/1/2034	4.266%	119,500,000	119,500,000
Series 2008 B	35,205,000	7/1/2027	4.839%	35,205,000	35,205,000

New Jersey Educational Facilities Authority  
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Notes to Supplemental Financial Statements (continued)

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

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2010	2009
<b>Bonds Payable (continued)</b>					
Saint Peter's College:					
2007 Series G	\$ 36,053,465	7/1/2027	4.217%	\$ 36,053,466	\$ 36,053,466
2007 Series I	3,848,462	1/1/2013	3.925%	2,758,462	3,333,462
2008 Series H	5,000,000	7/1/2018	3.925%	3,965,300	4,405,500
Seton Hall University:					
1999 Refunding Series	50,450,000	7/1/2018	5.122%	23,270,000	26,905,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	5,180,000	5,845,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	5,275,000	6,090,000
2001 Series Project G	8,740,000	7/1/2026	4.598%	8,740,000	8,740,000
2008 Series D	49,760,000	7/1/2037	Variable	48,850,000	49,760,000
2008 Series E	24,340,000	7/1/2037	6.127%	24,340,000	24,340,000
2009 Series C	7,955,000	9/1/2036	6.404%	7,925,000	7,955,000
Stevens Institute of Technology:					
1998 Series I	17,000,000	7/1/2028	5.109%	5,980,000	6,285,000
2007 Series A	71,060,000	7/1/2034	4.977%	71,060,000	71,060,000
The College of New Jersey:					
Series 2002 C	53,155,000	7/1/2019	4.480%	36,120,000	38,965,000
Series 2008 D	287,790,000	7/1/2035	5.086%	286,790,000	287,790,000
Series 2010 A	3,410,000	7/1/2015	2.411%	3,410,000	-
Series 2010 B	41,090,000	7/1/2040	4.748% **	41,090,000	-
The College of Saint Elizabeth:					
2008 Series F	24,090,000	7/1/2036	Variable	22,990,000	23,590,000
The Richard Stockton College of New Jersey:					
Series 1988 A	3,294,000	7/1/2016	3.000%	829,000	969,000
Series 2002 B	8,340,000	7/1/2010	3.482%	-	820,000
Series 2005 F	28,180,000	7/1/2028	4.458%	23,715,000	24,595,000
Series 2006 F	50,365,000	7/1/2036	4.460%	49,360,000	50,365,000
Series 2007 G	40,250,000	7/1/2037	4.500%	39,115,000	39,895,000
Series 2008 A	136,910,000	7/1/2038	5.309%	136,910,000	136,910,000
University of Medicine and Dentistry of New Jersey:					
Series 2009 B	258,075,000	12/1/2032	7.472%	258,075,000	258,075,000

New Jersey Educational Facilities Authority  
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Notes to Supplemental Financial Statements (continued)

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

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2010	2009
<b>Bonds Payable (continued)</b>					
The William Paterson University of New Jersey:					
Series 1981 B	5,000,000	7/1/2011	3.000%	270,000	520,000
Series 2000 A	26,425,000	7/1/2010	5.515%	-	570,000
Series 2002 E	42,125,000	7/1/2027	4.714%	17,610,000	19,660,000
Series 2004 A	30,035,000	7/1/2028	4.131%	23,115,000	24,320,000
Series 2005 E	42,295,000	7/1/2030	4.546%	40,420,000	41,170,000
Series 2008 C	88,670,000	7/1/2038	4.724%	85,860,000	87,320,000
<b>Notes Payable</b>					
Princeton University:					
Various Commercial Paper	120,000,000*	N/A	Variable	17,110,000	12,680,000
<b>Leases Payable</b>					
Kean University	916,666	6/1/2014	4.064%	337,791	499,333
Kean University	10,000,000	7/1/2020	3.140%	9,750,000	-
Ramapo College of New Jersey	1,377,090	10/1/2010	Various	490	58,719
Seton Hall University	3,371,289	5/27/2011	3.040%	719,332	2,409,053
Thomas Edison State College	1,800,000	3/8/2012	3.647%	190,033	381,496
Thomas Edison State College	2,700,000	9/28/2022	Variable	1,538,541	1,925,694
Thomas Edison State College	700,000	9/14/2015	2.370%	666,933	-
Treasurer, State of New Jersey,					
Series 1999 A	19,295,000	9/1/2014	4.705%	1,600,000	1,955,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	1,540,000	1,880,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	2,610,000	3,190,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	1,470,000	1,795,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	675,000	825,000
Hudson County Community College (Chapter 78), Series 1999 G	2,035,000	9/1/2014	5.177%	685,000	840,000
				<u>\$ 5,473,925,526</u>	<u>\$ 5,184,511,177</u>

\* Maximum authorized amount.

\*\* Build America Bond



New Jersey Educational Facilities Authority  
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Notes to Supplemental Financial Statements (continued)

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

The minimum aggregate principal maturities for each of the following five year periods are as follows:

2011 – 2015	\$ 933,114,806
2016 – 2020	1,183,132,399
2021 – 2025	1,166,444,274
2026 – 2030	1,042,731,716
2031 – 2035	824,026,131
2036 – Thereafter	324,476,210
	<u>\$ 5,473,925,536</u>

**7. Refunded Bond Issues**

When conditions have warranted, the Authority has sold various issues of bonds to provide for the refunding of previously issued obligations.

The proceeds received from the sales of the bond issues were used to refund currently the outstanding bond issues or to deposit in an irrevocable escrow fund held by the Escrow Agent, an amount which, when combined with interest earnings thereon, is at least equal to the sum of the outstanding principal amount of the bonds, the interest to accrue thereon to and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Authority's financial statements.

Certain transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues. The debt service savings, together with any accounting gain or loss that will be deferred, accrue to the respective institutions.

New Jersey Educational Facilities Authority  
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Notes to Supplemental Financial Statements (continued)

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

Refunded bonds outstanding at December 31, 2010 comprise the following:

Issue	Principal Amount Outstanding December 31, 2010	Refunded Issues		Debt Service Savings	Refunding Issues		
		Principal Amount Refunded	Call Date		Date of Issuance	Issue	Original Amount of Issue
Princeton University							
2000 Series E	\$ -	\$ 27,615,000	7/1/2010	\$ 5,434,717	10/23/2003	2003 Series D	\$ 114,495,000
2000 Series H	-	26,700,000	7/1/2010				
Higher Educational Capital Improvement Fund							
Series 2000 A	-	59,405,000	9/1/2010	5,080,385	8/10/2005	Series 2005 A	169,790,000
Series 2000 B	-	65,675,000	9/1/2010				
Series 2002 A	41,850,000	41,850,000	9/1/2012				
Rowan University							
Series 2000 B	-	45,445,000	7/1/2010	1,912,380	4/13/2005	Series 2005 D	51,840,000
Princeton University							
2000 Series E	-	3,935,000	7/1/2010	4,243,735	4/12/2005	2005 Series A	139,590,000
2000 Series H	-	45,435,000	7/1/2010				
2003 Series E	25,000,000	25,000,000	7/1/2013				
2004 Series D	31,470,000	31,470,000	7/1/2014				
The William Paterson University of New Jersey							
Series 2000 A	-	22,395,000	7/1/2010	1,420,584	11/10/2005	Series 2005 E	42,295,000
Series 2002 E	11,305,000	11,305,000	7/1/2012				
Institute for Advanced Study							
2001 Series A	-	7,190,000	7/1/2010	2,100,572	7/19/2006	2006 Series B	11,000,000
Princeton University							
2000 Series H	-	10,615,000	7/1/2010	2,755,549	8/10/2006	2006 Series E	45,500,000
2003 Series E	5,950,000	5,950,000	7/1/2013				100,000,000
2004 Series D	49,045,000	49,045,000	7/1/2014				112,510,000
2005 Series B	7,820,000	7,820,000	7/1/2015				175,000,000
							114,645,000

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

Notes to Supplemental Financial Statements (continued)

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

Issue	Principal Amount	Refunded Issues		Debt Service Savings	Date of Issuance	Refunding Issues	
	Outstanding December 31, 2010	Principal Amount Refunded	Call Date			Issue	Original Amount of Issue
Rowan University							
Series 2002 K	\$ 4,805,000	\$ 4,805,000	7/1/2012	\$ 738,003	11/16/2006	Series 2006 G	\$ 14,920,000
Series 2003 I	17,225,000	17,385,000	7/1/2013				64,910,000
Higher Education Capital Improvement Fund							
Series 2000 A	—	10,545,000	9/1/2010	4,438,363	10/26/2006	Series 2006 A	132,800,000
Series 2000 B	—	11,405,000	9/1/2010				145,295,000
Series 2002 A	102,810,000	102,810,000	9/1/2012				194,590,000
Series 2004 A	22,760,000	22,760,000	9/1/2014				76,725,000
Ramapo College of New Jersey							
Series 2001 D	30,435,000	32,130,000	7/1/2011	3,510,943	11/28/2006	Series 2006 I	40,480,000
Series 2002 H	7,930,000	8,795,000	7/1/2012				28,655,000
Series 2002 I	570,000	615,000	7/1/2012				2,145,000
Series 2002 J	8,205,000	8,835,000	7/1/2012				29,620,000
Series 2004 E	40,300,000	40,300,000	7/1/2014				53,980,000
Series 2006 D	11,145,000	11,145,000	7/1/2016				49,085,000
Montclair State University							
Series 2001 F	18,695,000	18,695,000	7/1/2011	6,194,157	12/14/2006	Series 2006 J	18,695,000
Series 2002 F	43,775,000	56,125,000	7/1/2010				78,500,000
Series 2003 E	—	4,600,000	7/1/2010				23,425,000
Series 2003 L	57,425,000	64,290,000	7/1/2014				94,540,000
New Jersey City University							
Series 2002 A	10,855,000	11,785,000	7/1/2012	696,503	4/4/2007	Series 2007 F	15,115,000
Kean University							
Series 2001 A	3,120,000	4,790,000	7/1/2011	14,985,307	4/13/2007	Series 2007 E	156,240,000
Series 2003 D	54,420,000	60,395,000	7/1/2013				
Series 2005 B	72,755,000	77,530,000	7/1/2016				
Stevens Institute of Technology							
1998 Series I	5,130,000	6,050,000	No Call	N/A*	8/2/2007	2007 Series A	71,060,000
2002 Series C	46,150,000	49,355,000	7/1/2013				
2004 Series B	12,085,000	12,825,000	7/1/2014				
Princeton University							
2003 Series E	4,270,000	4,270,000	7/1/2013	2,361,004	6/19/2007	2007 Series F	67,620,000
2004 Series D	36,805,000	36,805,000	7/1/2014				
2005 Series A	2,095,000	2,095,000	7/1/2015				
2005 Series B	17,625,000	17,625,000	7/1/2015				

New Jersey Educational Facilities Authority  
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Notes to Supplemental Financial Statements (continued)

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

Issue	Principal Amount	Refunded Issues		Debt Service Savings	Date of Issuance	Refunding Issues	
	Outstanding December 31, 2010	Principal Amount Refunded	Call Date			Issue	Original Amount of Issue
Rowan University							
Series 2001 B	\$ 7,035,000	\$ 7,610,000	7/1/2011	\$ 4,465,765	4/5/2007	Series 2007 B	\$ 121,355,000
Series 2001 C	7,055,000	7,850,000	7/1/2011				
Series 2002 K	7,435,000	8,340,000	7/1/2012				
Series 2003 I	32,930,000	35,615,000	7/1/2013				
Series 2004 C	47,905,000	51,595,000	7/1/2014				
Georgian Court University							
2003 Series, Project C	12,790,000	13,585,000	7/1/2013	1,034,788	7/19/2007	2007 Series D	26,980,000
Beth Medrash Govoha							
2000 Series G	—	7,450,000	7/1/2010	N/A*	N/A	N/A	N/A
Drew University							
2003 Series C	2,390,000	2,390,000	7/1/2013	N/A*	11/15/2010	2010 Series C	15,580,000
2007 Series D	1,255,000	1,255,000	7/1/2013				
New Jersey City University							
Series 1999 B	—	11,615,000	10/4/2010	1,175,021	9/2/2010	Series 2010 F	24,065,000
New Jersey Institute of Technology							
Series 2001 G	56,305,000	56,305,000	7/1/2011	3,683,210	11/12/2010	Series 2010 H	50,965,000

\* Debt restructuring

Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of the Financial Statements Performed in  
Accordance with *Government Auditing Standards*

To the Members of the  
New Jersey Educational Facilities Authority

We have audited the financial statements of the New Jersey Educational Facilities Authority as of and for the year ended December 31, 2009, and have issued our report thereon dated March 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

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

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

ΕΨ

March 10, 2010

## Independent Auditors' Report on Bond Resolution Compliance

To the Members of the  
New Jersey Educational Facilities Authority

We have audited, in accordance with auditing standards generally accepted in the United States, the balance sheet of the New Jersey Educational Facilities Authority as of December 31, 2010, and the related statement of revenues, expenses and changes in fund net assets, and cash flows for the year then ended, and have issued our report thereon dated March 10, 2011.

Pursuant to the General Revenue Bond Resolution adopted October 10, 1968 and amended January 12, 1971, the General Higher Educational Facilities Revenue Bond Resolution adopted October 10, 1968 and amended April 13, 1971, applicable Series Resolutions and applicable Trust Indentures during the period under audit, the Authority had outstanding the authorized bonds and obligations listed in Exhibit A of this report as of December 31, 2010.

In connection with our audit, nothing came to our attention that caused us to believe that the New Jersey Educational Facilities Authority failed to comply with the terms, covenants, provisions, or conditions of the Resolutions and Indentures referred to above, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. In addition, in our opinion, on December 31, 2010, the balance in the Debt Service Reserve Funds and the Renewal and Replacement Accounts for each outstanding bond issue where applicable and the insurance coverage maintained meet the requirements of the aforementioned General Resolutions, applicable Series Resolutions and applicable Trust Indentures.

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

EΨ

March 10, 2011

## New Jersey Educational Facilities Authority

## Outstanding Bonds and Obligations

December 31, 2010

<u>Institution</u>	<u>Issue</u>
Caldwell College	- 2006 Series F
Centenary College	- 2003 Series A - 2006 Series J - 2007 Series B - 2010 Series D
Drew University	- 2003 Series C - 2007 Series D - 2008 Series B - 2008 Series I - 2010 Series C
Essex County	- Series 1999 C
Fairleigh Dickinson University	- 2002 Series D - 2004 Series C - 2006 Series G - 2006 Series H
Felician College	- 2006 Series I
Georgian Court University	- 1998 Series, Project B - 2003 Series, Project C - 2007 Series D - 2007 Series H
Hudson County	- Series 1999 D
Hudson County Community College	- Series 1999 G



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

December 31, 2010

<u>Institution</u>	<u>Issue</u>
Institute for Advanced Study	- 2001 Series A - 2006 Series B - 2006 Series C - 2008 Series C
Institute for Defense Analyses	- 2000 Series D
Kean University	- Series 1998 B - Series 2003 D - Series 2005 B - Series 2007 D - 2007 Tax Exempt Lease - Series 2009 A - 2010 Tax Exempt Lease
Middlesex County	- Series 1999 E
Monmouth University	- 1993 Series A - 1997 Series C - 1998 Series D
Montclair State University	- Series 2002 F - Series 2003 E - Series 2003 L - Series 2006 A - Series 2006 B - Series 2006 J - Series 2007 A - Series 2008 J
New Jersey City University (formerly Jersey City State College) *Jersey City State College issue	- Series 1977 C* - Series 1999 B - Series 2002 A - Series 2003 B - Series 2007 F - Series 2008 E - Series 2008 F - Series 2010 F - Series 2010 G

Exhibit A

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

December 31, 2010

<u>Institution</u>	<u>Issue</u>
New Jersey Institute of Technology	- Series 2001 G - Series 2001 H-Taxable - Series 2004 B - Series 2010 H - Series 2010 I
Passaic County	- Series 1999 F
Passaic County Community College	- Series 2010 C
Princeton Theological Seminary	- 2002 Series G - 2009 Series B - 2010 Series A
Princeton University	- Various - Commercial paper - 1999 Series A - 2000 Series E - 2000 Series H - 2003 Series D - 2003 Series E - 2004 Series D - 2005 Series A - 2005 Series B - 2006 Series D - 2006 Series E - 2007 Series E - 2007 Series F - 2008 Series J - 2008 Series K - 2010 Series B
Ramapo College of New Jersey	- Series 1998 G - Series 1998 H - 2000 Lease Purchase

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

December 31, 2010

<u>Institution</u>	<u>Issue</u>
Ramapo College of New Jersey (continued)	<ul style="list-style-type: none"> <li>- Series 2001 D</li> <li>- Series 2002 H</li> <li>- Series 2002 I</li> <li>- Series 2002 J</li> <li>- Series 2003 F</li> <li>- Series 2003 G</li> <li>- Series 2003 H</li> <li>- Series 2004 E</li> <li>- Series 2006 D</li> <li>- Series 2006 I</li> </ul>
Rider University	<ul style="list-style-type: none"> <li>- 2002 Series A</li> <li>- 2004 Series A</li> <li>- 2007 Series C</li> </ul>
Rowan University (Formerly Glassboro State College) * Glassboro State College issue	<ul style="list-style-type: none"> <li>- Series 1983 D*</li> <li>- Series 2000 B</li> <li>- Series 2001 B</li> <li>- Series 2001 C</li> <li>- Series 2002 K</li> <li>- Series 2003 I</li> <li>- Series 2004 C</li> <li>- Series 2005 D</li> <li>- Series 2006 G</li> <li>- Series 2007 B</li> <li>- Series 2008 B</li> </ul>

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

December 31, 2010

<u>Institution</u>	<u>Issue</u>
Saint Peter's College	<ul style="list-style-type: none"> <li>- 2007 Series G</li> <li>- 2007 Series I</li> <li>- 2008 Series H</li> </ul>
Seton Hall University	<ul style="list-style-type: none"> <li>- 1999 Refunding Series</li> <li>- 2001 Refunding Series A</li> <li>- 2001 Refunding Series B</li> <li>- 2001 Series Project G</li> <li>- 2008 Series D</li> <li>- 2008 Series E</li> <li>- 2009 Series C</li> <li>- 2009 Tax Exempt Lease</li> </ul>
Stevens Institute of Technology	<ul style="list-style-type: none"> <li>- 1998 Series I</li> <li>- 2007 Series A</li> </ul>
The College of New Jersey	<ul style="list-style-type: none"> <li>- Series 2002 C</li> <li>- Series 2008 D</li> <li>- Series 2010 A</li> <li>- Series 2010 B</li> </ul>
The College of Saint Elizabeth	<ul style="list-style-type: none"> <li>- 2008 Series F</li> </ul>
The Richard Stockton College of New Jersey	<ul style="list-style-type: none"> <li>- Series 1988 A</li> <li>- Series 2002 B</li> <li>- Series 2005 F</li> <li>- Series 2006 F</li> <li>- Series 2007 G</li> <li>- Series 2008 A</li> </ul>
Thomas Edison State College	<ul style="list-style-type: none"> <li>- 2005 Lease Purchase</li> <li>- 2007 Tax Exempt Lease</li> <li>- 2010 Tax Exempt Lease</li> </ul>

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

December 31, 2010

<u>Institution</u>	<u>Issue</u>
University of Medicine and Dentistry of New Jersey	- Series 2009 B
William Paterson University of New Jersey	- Series 1981 B - Series 2000 A - Series 2002 E - Series 2004 A - Series 2005 E - Series 2008 C
Treasurer, State of New Jersey	- Series 2005 A, Higher Education Facilities Trust Fund  - Series 1999 A, County College Capital Project Fund  - Series 2000 A, Higher Education Capital Improvement Fund  - Series 2000 B, Higher Education Capital Improvement Fund  - Series 2002 A, Higher Education Capital Improvement Fund

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

December 31, 2010

<u>Institution</u>	<u>Issue</u>
Treasurer, State of New Jersey (continued)	- Series 2004 A, Higher Education Capital Improvement Fund
	- Series 2005 A, Higher Education Capital Improvement Fund
	- Series 2006 A, Higher Education Capital Improvement Fund
	- Series 2001 A, Dormitory Safety Trust Fund
	- Series 2001 B, Taxable, Dormitory Safety Trust Fund
	- Series 2003 A, Dormitory Safety Trust Fund
	- Series 2003 A, Equipment Leasing Fund
	- Series 2002 A, Library Grant Program