

NEW JERSEY BUILDING AUTHORITY (NJBA)
Board Meeting via Conference Call
Wednesday, October 16, 2013, 9:30AM
NJBA Office
28 West State Street, 6th Fl.
Trenton, NJ 08625

MINUTES OF BOARD MEETING

ATTENDEES

BOARD MEMBERS PRESENT VIA TELECONFERENCE

John Fisher III, Chairman

Sean Earlen

Dennis McNerney

William Mullen

Morris Rubino

William Sproule

Anthony Longo, NJ Office of Public Finance, *Designee for State Treasurer*

Nancy Style, NJ Office of Management and Budget, *Designee for Director, Div. of Budget & Accounting*

BOARD MEMBER(S) ABSENT

Prentis Nolan, III

B. Carol Molnar, Esq. - Chair, Commission on Capital Budgeting & Planning

OTHERS PRESENT VIA TELECONFERENCE

Peter Siman, Governor's Authorities Unit (GAU)

James Petrino, NJ Office of Public Finance

Rick Flodmand, Division of Property Management and Construction (DPMC)

Richard Van Dusen, Esq., Hawkins, Delafield & Wood, LLP

Dorit Kressel, Esq., Wolff & Samson

Tricia M. Gasparine, Esq., Wolff & Samson

Charlie Visconsi, Morgan Stanley

Alison Davidson, Morgan Stanley

Jeremy Ostow, Esq., DeCotiis, FitzPatrick & Cole

OTHERS PRESENT AT NJBA OFFICE

Raymond A. Arcario, NJBA Executive Director

Kavin K. Mistry, Assistant Attorney General

Guy Tassi, NJBA Asst. Treasurer

Vince Campanella, NJBA

Phil Johnson, NJBA

Anthony Faraca, NJBA

Joseph Alessi, NJBA

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Chairman Fisher convened the meeting at 9:34 a.m.

I. ROLL CALL FOR ATTENDANCE

Raymond A. Arcario, Executive Director, proceeded with roll call and informed Chairman Fisher the Board Member quorum requirement was met. Board Member attendees are noted above.

1A. OTHERS PRESENT VIA TELECONFERENCE

The remaining meeting attendees via teleconference were asked to identify themselves, refer to the OTHERS PRESENT VIA TELECONFERENCE above. Please note no members of the public attended this meeting.

II. THE READING OF THE NEW JERSEY OPEN PUBLIC MEETINGS ACT STATEMENT

At the request of Chairman Fisher, Mr. Arcario, read the following statement:

"Pursuant to the New Jersey Open Public Meetings Act as amended, the New Jersey Building Authority gave notice of the time, place and date of this meeting by providing notice of time, place and date to the Secretary of State of the State of New Jersey, the Trenton Times, the Newark Star Ledger and the Bergen Record."

III. MATTERS REQUIRING BOARD ACTION

All new business requiring board action was included the board agenda packet issued to all board members and/or their designees. The NJBA provided supplemental information to all board members and/or their designees providing summarized explanations of each pending revenue bond resolution.

A. Chairman Fisher asked for a motion to approve the "Meeting Minutes from the August 20, 2013 NJBA Board Meeting;" on motion moved by Nancy Style, seconded by Morris Rubino and with roll call voting, seven (7) board members voted in favor, none were opposed and the motion passed.

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B. Chairman Fisher opened the discussion on the "Motion to Adopt the Twenty-Third Supplemental State Building Revenue Bond Resolution," and asked Mr. Arcario or AAG Mistry to describe the Twenty-Third Supplemental State Building Revenue Bond Resolution. AAG Mistry briefly introduced this resolution and stated that the resolution will authorize new money bonds to finance both the Executive State House Exterior Envelope and the Mechanical Equipment Room Relocation projects, will authorize refunding bonds to refund existing Building Authority bonds and will authorize the termination of certain swap agreements.

AAG Mistry then asked Tricia M. Gasparine, Esq. of Wolff & Samson, bond counsel to the Building Authority, to provide a detailed explanation of this resolution; Ms. Gasparine stated the following:

The Twenty-Third Supplemental State Building Revenue Bond Resolution authorizes the issuance of not to exceed \$49,630,000 of Bond Anticipation Notes at a not to exceed true interest cost of 3% per annum, with a final maturity of no later than December 15, 2016. The Bond Anticipation Notes will be sold through a negotiated underwriting with Morgan Stanley & Co. LLC as Manager, and other underwriters to be named in the Purchase Contract, at a not to exceed fee of \$5.00 per \$1,000 of Bond Anticipation Notes issued. The Resolution also authorizes the issuance of one or more series of Refunding Bonds in an amount not to exceed \$350,000,000, to be issued on a tax-exempt and/or taxable basis. The not to exceed true interest cost of the Refunding Bonds is 6% for tax-exempt bonds and 8% for taxable bonds. The final maturity of all Refunding Bonds will be no later than June 15, 2027. The Refunding Bonds will be sold through a negotiated underwriting with Morgan Stanley & Co. LLC as Manager, and other underwriters to be named in the Purchase Contract, at a not to exceed fee of \$5.00 per \$1,000 of Refunding Bonds issued. The Resolution also approves the forms of the Preliminary Official Statement, Continuing Disclosure Agreement, Purchase Contract and Escrow Deposit Agreement. In addition, it authorizes the taking of certain actions in connection with the Authority's existing swap agreements, including, but not limited to, the termination, in whole or in part, of such swap agreements. The Resolution delegates to the Authorized Authority Officials the power to take the additional actions as detailed in the Resolution in connection with the issuance and delivery of the Bond Anticipation Notes and the Refunding Bonds.

Ms. Gasparine offered to answer any questions and Chairman Fisher asked for any for any comments or questions from the Board.

Nancy Style asked if there was an estimated net savings resulting from the refunding of bonds. Ms. Gasparine deferred to Charlie Visconsi and Alison Davidson of Morgan Stanley, the Senior

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Managing Underwriter to be approved for the bonds being authorized by the Twenty-Third Supplemental State Building Revenue Bond Resolution. Ms. Davidson stated that the estimated cash flow savings in Fiscal Year 2014 is approximately \$60 million, the aggregate cash flow savings is approximately \$125,000 in the current market and the present value savings is approximately \$2 million.

Chairman Fisher then asked for a “Motion to Adopt the Twenty-Third Supplemental State Building Revenue Bond Resolution.” A motion to adopt was moved by William Sproule, seconded by Sean Earlen and with roll call voting, seven (7) board members voted in favor, none were opposed and the motion passed.

C. Chairman Fisher opened the discussion on the “Motion to Adopt the Twenty-Fourth Supplemental State Building Revenue Bond Resolution”. Chairman Fisher invited AAG Mistry to explain this resolution. AAG Mistry reminded the board that at the Building Authority’s August 20, 2013 Board Meeting, a resolution was adopted allowing the NJBA Executive Director to enter into safe harbor letters to assist Swap Counterparties in meeting Dodd-Frank Wall Street Reform Act compliance requirements. The Twenty-Fourth Supplemental State Building Revenue Bond Resolution will authorize the Building Authority to enter into bilateral agreements with the Building Authority’s existing Swap Counterparties, permitting the transactions as described in the Twenty-Third Supplemental State Building Revenue Bond Resolution adopted earlier during this meeting to be consummated.

AAG Mistry asked Richard Van Dusen, Esq., Hawkins, Delafield & Wood, LLP, counsel to the NJ Building Authority to briefly describe the resolution. Mr. Van Dusen stated that the description provided by AAG Mistry was fairly comprehensive and he added that the bilateral agreements are necessary due to the inability of the Building Authority to sign on to the ISDA Dodd-Frank protocols, which protocols contained a number of provisions objectionable to the Building Authority. Mr. Van Dusen stated that the bilateral agreements authorized by the Twenty-Fourth Supplemental State Building Revenue Bond Resolution will permit the Building Authority’s Swap Counterparties to comply with their Dodd-Frank requirements.

Chairman Fisher asked for a “Motion to Adopt the Twenty-Fourth Supplemental State Building Revenue Bond Resolution.” Mr. Rubino moved the motion, the motion was seconded by Anthony Longo and with roll call voting, seven (7) board members voted in favor, none were opposed and the motion passed.

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IV. **PROJECT STATUS REPORTING**

Chairman Fisher asked Mr. Arcario, for an update on the two State House Projects, the Executive State House Exterior Envelope and Mechanical Equipment Room Relocation (MER) projects. Mr. Arcario advised that in the future there will be live update on these projects including the possible options. Mr. Arcario advised the following:

Executive State House Exterior Envelope – the exterior finishes will be either restored, repaired or replaced (i.e. windows, exterior walls, roofing systems and related mechanical equipment at exterior elevations). The Consultant's efforts to date have discovered projected additional work not currently funded. The Consultant is tasked to advise the Building Authority later this month in October 2013, on prioritizing the scope based on the projected funding. The Consultant has been instructed to provide a comprehensive scope and its order of magnitude to modernize the entire Executive State House both interior and exterior. The Building Authority is expecting to have further discussions in November 2013. The Consultant will continue to finalize its design development phase documents during this process.

William Sproule asked if there is any funding shortage projected on the base project. Mr. Arcario stated that there is a possible shortage of \$25 million.

Ms. Nancy Style stated that the Building Authority just voted today to adopt the Twenty-Third Supplemental State Building Revenue Bond Resolution and asked how much of the estimated \$50 million dollars in bonds authorized is planned for the exterior envelope project. Mr. Arcario stated that the amount is \$40 million.

Mechanical Equipment Room Relocation (MER) – This project involves addressing the flooding of mechanical equipment, during weather storms currently located in the State House Garage, by relocating the equipment back to the State House mechanical area. The project designs are complete and moving to procurement. DPMC is the Contracting Authority on all Building Authority design and construction projects and as such this project has been evaluated by the DPMC, it has been determined in the best interest of the State that this project with a minimum construction cost of \$5 million will have a project labor agreement. All contractors and sub-contractors will be signatory under the project labor agreement.

V. **PUBLIC COMMENT** - No public members in attendance.

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VI. **EXECUTIVE SESSION** – None

VII. **GENERAL**

- A. Mr. Arcario reminded the board members that haven not completed their New Jersey State Ethics Commission on-line ethics training to do so by the required date of November 25, 2013. Please contact Phil Johnson at the Building Authority if you have not received the training notice.
- B. Mr. Arcario commented that the 2012 Annual Report has been issued to all board members in September 2013; and if there are any questions or comments; please contact the Building Authority office.
- C. Mr. Arcario reminded attendees of the next scheduled Building Authority board meeting will be Tuesday, December 10, 2013, 9:30 A.M., and at this meeting the 2014 Annual Budget (January – December Fiscal Year) will be on the agenda.

VIII. **ADJOURNMENT**

Chairman Fisher asked if there being no other business the meeting can be adjourned; on motion by Dennis McNerney and seconded by Morris Rubino and with eight (8) members voting in favor, none opposed, the motion passed. The meeting adjourned at approximately 10:00 A.M.

Respectfully submitted,



Raymond A. Arcario
Executive Director

RA/pj

Date: October 17, 2013