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Eric D. Brophy, Esq.  
*Executive Director*

**MINUTES OF THE MEETING OF THE  
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
HELD AT 103 COLLEGE ROAD EAST, PRINCETON, NEW JERSEY  
ON TUESDAY, SEPTEMBER 24, 2019**

The meeting was called to order at 10:03 a.m. by Chair Hodes. The New Jersey Educational Facilities Authority gave notice of the time, place and date of this meeting via fax and email on June 17, 2019, to The Star Ledger, The Times of Trenton 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:**

Joshua Hodes, Chair  
Ridgeley Hutchinson, Vice Chair  
Elizabeth Maher Muoio, State Treasurer, Treasurer (represented by Ryan Feeney)  
Louis Rodriguez  
Zakiya Smith Ellis, Secretary of Higher Education

**AUTHORITY MEMBERS ABSENT:**

None

**STAFF PRESENT:**

Eric D. Brophy, Executive Director  
Sheryl A. Stitt, Deputy Executive Director  
Steven Nelson, Director of Project Management  
Brian Sootkoos, Director of Finance–Controller  
Ellen Yang, Director of Compliance Management  
Zachary Barby, Communications/IT Coordinator

Juan Carlos Belmonte, Intern  
Rebecca Clark, Associate Project Manager  
Jamie O'Donnell, Senior Communications Manager  
Carl MacDonald, Project Manager  
Sheila Toles, Exec. Asst./Human Resources Manager  
Gary Vencius, Accounting Manager

**ALSO PRESENT:**

George Loeser, Esq., Deputy Attorney General  
Craig Ambrose, Esq., Governor's Authorities Unit

**ITEMS OF DISCUSSION**

**1. Approval of the Minutes of the Meeting of August 20, 2019**

The minutes of the meeting of August 20, 2019 were hand delivered to Governor Philip Murphy under the date of August 22, 2019. Mr. Rodriguez moved the meeting minutes for approval as presented; the motion was seconded by Mr. Hutchinson and passed unanimously.

**2. Executive Director's Report**

Mr. Brophy provided the Executive Director's report for informational purposes only.

Mr. Brophy reported on various meetings attended by himself and/or Authority staff since the August Authority meeting. Mr. Brophy noted staff attendance at the NJ Connects 2019 Garden State Minority, Women and Veteran-owned Business Summit held at New Jersey Institute of Technology on September 20<sup>th</sup>. He reported that the summit was well attended at that Mr. Nelson served as a panelist.

Mr. Brophy reported that a Memorandum of Understanding (MOU) was on today's agenda specifying the Authority's role with respect to P3's. He reported that staff was excited to begin the next phase once the regulations are officially published.

Mr. Brophy reported that staff had also been working closely with the State Librarian, Department of Treasury and the Attorney General's Office to present the MOU for the \$125 million State Library grant program to the Members today. He reported that staff expected to start working closely with the State Librarian's office on crafting a solicitation and an administrative structure very soon.

Mr. Brophy reported that staff was in preliminary discussions with the Secretary of Higher Education and the Department of Education to assist in administering the Securing Our Children's Future grant program.

Mr. Brophy introduced the Authority's new intern, Juan Carlos Belmonte. He reported that Mr. Belmonte is a student at The College of New Jersey and would be with the Authority two days per week through December.

3. **Resolution of Appreciation to Brian McGarry, Representative of the Attorney General's Office**

The Members were asked to consider the adoption of a resolution acknowledging and expressing appreciation to Brian McGarry, Esq., Deputy Attorney General for his significant contributions to the Authority and to New Jersey's public and private institutions of higher education.

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

RESOLUTION OF APPRECIATION TO BRIAN MCGARRY, ESQ.

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

The adopted resolution is appended as Exhibit I.

4. **Resolution of the New Jersey Educational Facilities Authority Approving a Memorandum of Understanding By and Among Thomas Edison State University, the State Librarian of New Jersey and the Authority Relating to the New Jersey Library Construction Bond Act**

Ms. O'Donnell reported that pursuant to the New Jersey Library Construction Bond Act, the State Librarian, in consultation with and as approved by the President of Thomas Edison State University, is authorized to solicit applications from New Jersey's public libraries. The State Librarian is also authorized to certify grants for projects of public libraries that may be approved for funding by the State Legislature and are eligible for funding under the Act.

Ms. O'Donnell reported that the State expects to issue, in one or more series, bonds in the aggregate principal amount not to exceed \$125 million to fund the grants. She reported that recognizing the Authority's experience with grant administration, the State Librarian and the University requested that the Authority enter into a Memorandum of Understanding (MOU), pursuant to which the Authority would assist the State Librarian and the University in fulfilling certain duties outlined in the MOU.

Ms. O'Donnell explained that the resolution would acknowledge the Authority's approval of the MOU and authorize and direct an Authorized Officer to execute, acknowledge, and deliver the MOU, and to take all appropriate and necessary actions to implement the MOU consistent with reporting obligations to the Members of the Authority.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY APPROVING A MEMORANDUM OF  
UNDERSTANDING BY AND AMONG THOMAS EDISON STATE  
UNIVERSITY, THE STATE LIBRARIAN OF NEW JERSEY, AND  
THE AUTHORITY RELATING TO THE NEW JERSEY LIBRARY  
CONSTRUCTION BOND ACT

The motion was seconded by Secretary Smith Ellis and passed unanimously.

The adopted resolution and MOU is appended as Exhibit II.

5. **Resolution of the New Jersey Educational Facilities Authority Approving a Memorandum of Understanding with the State Treasurer Relating to the Public-Private Partnership Program**

Mr. Nelson reported that under the New Jersey Public-Private Partnership Program, State and county colleges may enter into a P3 agreement with a private entity under which the private entity may assume full financial and administrative responsibility for on or off-campus construction and alterations or management of a building or facility of a college, provided that the project is financed in whole or in part by the private entity.

Mr. Nelson explained that the program requires that P3 projects be submitted to the State Treasurer for review and approval and in accordance with Chapter 90, upon the State Treasurer's request, the Authority may participate on the Project Review Committee established by the State Treasurer.

Mr. Nelson reported that the State Treasurer requested that the Authority enter into a Memorandum of Understanding (MOU) to define the Authority's role in assisting her in fulfilling certain duties for P3 projects proposed by State and county colleges. Mr. Nelson further reported that the resolution and the MOU will acknowledge the Authority's approval and will authorize and direct an Authorized Officer to take all necessary actions to implement the MOU consistent with reporting obligations to the Members of the Authority.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY APPROVING A MEMORANDUM OF  
UNDERSTANDING WITH THE STATE TREASURER RELATING  
TO THE PUBLIC-PRIVATE PARTNERSHIP PROGRAM

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

The adopted resolution and MOU is appended as Exhibit III.

6. **Resolution of the New Jersey Educational Facilities Authority Accepting and Adopting Financial Statements and Independent Auditors' Report**

Mr. Feeney reported that the Audit Committee, consisting of himself, David Moore as the State Treasurer's designee and the Authority's Vice Chair, Ridgeley Hutchinson, met on September 9, 2019 with David Gannon of PKF O'Connor Davies LLP to discuss the annual audit. Mr. Feeney then invited Mr. Gannon to provide an overview to the Members of the audit results and related Audit Committee discussions.

Mr. Feeney reported that the Audit Committee recommended the Members' approval of the 2018 Financial Statements and the Independent Auditors' Report.

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 2018

The motion was seconded by Secretary Smith Ellis and passed unanimously.

The adopted resolution is appended as Exhibit IV.

7. **Report on Operating and Construction Fund Statements and Disbursements**

Mr. Sootkoos reviewed the Results of Operations and Budget Variance Analysis and reported on the status of construction funds and related investments for August 2019.

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

The reports are appended as Exhibit V.

8. **Executive Session – Discussion of Legal Matters Concerning Tax Court Litigation Regarding Local Property Tax Disputes and Civil Litigation Regarding a Personal Injury Matter Involving the Authority**

Mr. Rodriguez moved the adoption of a resolution of the Authority permitting an Executive Session for discussion of pending litigation involving the Authority concerning tax court litigation regarding local property tax disputes and civil litigation regarding a personal injury matter involving the Authority;

RESOLUTION OF THE NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY TO CONDUCT EXECUTIVE SESSION

The motion was seconded by Secretary Smith Ellis and passed unanimously.

Mr. Hutchinson moved that the public session be reconvened;

RESOLUTION OF THE NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY TO END THE EXECUTIVE SESSION  
AND RECONVENE THE OPEN SESSION

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

9. **Next Meeting Date**

Mr. Hodes reminded everyone that the next meeting was scheduled for Tuesday, October 22, 2019 at 10:00 a.m. at the Authority offices and requested a motion to adjourn.

Secretary Smith Ellis moved that the meeting be adjourned at 10:49 a.m. The motion was seconded by Mr. Feeney and passed unanimously.

Respectfully submitted,



Eric D. Brophy  
Secretary



## *RESOLUTION OF APPRECIATION*

*TO*

*BRIAN McGARRY, ESQ.*

**WHEREAS**, in October 2013, Brian McGarry joined the Office of Attorney General's Division of Law as a Deputy Attorney General ("DAG") after working several years in private practice and a judicial clerkship in the New Jersey Superior Court; and

**WHEREAS**, in his role as DAG, Mr. McGarry represented the Office of Public Finance ("OPF") for six years in complex bond and note issues by the State and State Authorities that issue State general obligation and appropriation-backed obligations, and

**WHEREAS**, during 2018, Mr. McGarry began counseling the New Jersey Educational Facilities Authority (the "Authority") at Board meetings and representing the Authority in its conduit financing of colleges and universities; and

**WHEREAS**, Mr. McGarry notified the Authority that he will be leaving the Office of the Attorney General to assume a new position with New Jersey's Office of the State Comptroller; and

**WHEREAS**, Mr. McGarry has committed his time, knowledge, expertise and professionalism as DAG to the Authority's Board, staff, and its college and university clients and has always been responsive to Authority requests and questions on an array of legal matters that arose during his time with the Authority; and

**WHEREAS**, the Authority wishes to extend their appreciation to Mr. McGarry for his dedication, support and efforts on its behalf and that of the entire higher education community in New Jersey.

**NOW, THEREFORE, BE IT RESOLVED**, that the New Jersey Educational Facilities Authority hereby expresses its sincerest appreciation to Mr. McGarry for his many and significant contributions to the Authority and its college and university clients in the State of New Jersey.

**BE IT FURTHER RESOLVED**, that the contributions made by Mr. McGarry to the Authority as its counsel and friend have enhanced the Authority's day-to-day operations and the physical facilities of New Jersey's public and private institutions of higher education, thereby benefiting all of the citizens of the State.

**BE IT FURTHER RESOLVED**, that the Authority staff and Board Members extend their best wishes to Mr. McGarry as he begins his new position in New Jersey's Office of the State Comptroller.

**BE IT FURTHER RESOLVED**, that a copy of this Resolution of Appreciation be sent to Mr. McGarry as a tribute from the New Jersey Educational Facilities Authority for his dedicated public service.

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

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Elizabeth Maher Muoio (represented by Ryan Feeney)  
Zakiya Smith Ellis  
Louis Rodriguez

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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



**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
APPROVING A MEMORANDUM OF UNDERSTANDING BY AND AMONG THOMAS  
EDISON STATE UNIVERSITY, THE STATE LIBRARIAN OF NEW JERSEY,  
AND THE AUTHORITY RELATING TO  
THE NEW JERSEY LIBRARY CONSTRUCTION BOND ACT**

**Adopted: September 24, 2019**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") is a public body corporate and politic of the State of New Jersey (the "State") and was duly created and now exists under the New Jersey Educational Facilities Authority Law, Public Laws of 1967, Chapter 271, *N.J.S.A. 18A:72A-1 et seq.*, as amended and supplemented (the "Act"); and
- WHEREAS:** Pursuant to the New Jersey Library Construction Bond Act, P. L. 2017, c. 149 (the "Construction Bond Act"), the State Librarian of New Jersey (the "State Librarian") in consultation with and as approved by the President of Thomas Edison State University (the "President") is authorized to solicit applications from New Jersey's public libraries and to certify grants for projects of such public libraries eligible for funding under the Construction Bond Act (the "Participating Libraries") that may be approved for funding (the "Approved Projects") by the New Jersey State Legislature (the "Legislature"); and
- WHEREAS:** Funding for the grants certified as Approved Projects by the State Librarian and the President and approved by the Legislature (the "Grants") will be provided through issuance of general obligation bonds by the State pursuant to the Construction Bond Act; and
- WHEREAS:** The State expects to issue, in one or more series, bonds in the aggregate principal amount not to exceed \$125,000,000 (the "Construction Bonds") to fund the Grants; and
- WHEREAS:** In addition to the responsibility for soliciting and approving applications for Grants and monitoring compliance of Participating Libraries with Grants, the State Librarian is responsible for certain aspects of administering the proceeds of the Construction Bonds, including disbursing the proceeds of the Construction Bonds to the Participating Libraries to fund the Grants and assuring compliance of expenditures of the proceeds of the Construction Bonds with certain requirements under the Internal Revenue Code of 1986, as amended (the "Code"); and
- WHEREAS:** The Authority finances capital projects at the State's public and private institutions of higher education through the issuance of bonds, and is responsible for disbursing the proceeds of such bonds and overseeing compliance of the expenditure of such bond proceeds within certain requirements of the Code; and

**WHEREAS:** The Authority previously administered and provided post-issuance oversight for the implementation of the library construction grants in 2002; and

**WHEREAS:** The Authority administers the New Jersey's Higher Education Capital Grant Program, which is funded by various Authority issued state-backed bonds and the general obligation bonds issued pursuant to the Building Our Future Bond Act on behalf of the Secretary of Higher Education pursuant to a memorandum of understanding with the Secretary of Higher Education; and

**WHEREAS:** The State Librarian and Thomas Edison State University ("TESU"), recognizing the extensive experience of the Authority in administering the proceeds of federally tax-exempt bonds and the State's Higher Education Capital Grant Program, have requested the Authority's assistance in fulfilling certain obligations with respect to the Grants and the Construction Bonds; and

**WHEREAS:** The State Librarian and TESU have requested that the Authority enter into a Memorandum of Understanding by and among Thomas Edison State University, the State Librarian and the New Jersey Educational Facilities Authority relating to the Construction Bond Act in the form attached hereto as **EXHIBIT 1** (the "MOU") pursuant to which the Authority will assist the State Librarian and TESU in carrying out certain activities outlined in the MOU; and

**WHEREAS:** The Authority's staff has advised the Members of the Authority that the Authority's staff is willing and able to provide the assistance to the State Librarian and TESU as outlined in the MOU; and

**WHEREAS:** The Members of the Authority have determined that it is necessary and advisable for the Authority to provide the requested assistance and to enter into the MOU;

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

**SECTION 1.** The Members of the Authority hereby approve the form of MOU presented at this meeting and which form of is attached hereto and incorporated herein as **EXHIBIT 1**, with such changes therein and any supplements thereto as such Authorized Officer (as hereinafter defined) executing the same may approve, in consultation with the Attorney General's Office.

**SECTION 2.** Any of the Chair, Vice Chair, Executive Director, or Deputy Executive Director, including any such officers serving in an interim or acting capacity (each an "Authorized Officer"), is hereby authorized and directed to execute, acknowledge and deliver the MOU in such form as approved at this meeting, with such changes as may be approved by the Authorized Officer executing the same, in consultation with the Attorney General's Office, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

**SECTION 3.** Any of the Authorized Officers are hereby authorized to take all appropriate and necessary actions to implement the MOU consistent with reporting obligations to the Members of the Authority.

**SECTION 4.** This Resolution shall take effect immediately in accordance with the Act.

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

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Elizabeth Maher Muoio (represented by Ryan Feeney)  
Zakiya Smith Ellis  
Louis Rodriguez

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**MEMORANDUM OF UNDERSTANDING BY AND AMONG  
THOMAS EDISON STATE UNIVERSITY, THE STATE LIBRARIAN OF NEW  
JERSEY AND THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
RELATING TO THE NEW JERSEY LIBRARY CONSTRUCTION BOND ACT**

This Memorandum of Understanding (the "MOU") made as of the Effective Date as hereinafter defined by and among Thomas Edison State University ("TESU"), the State Librarian of New Jersey (the "State Librarian") and the New Jersey Educational Facilities Authority (the "Authority" or "NJEFA") will confirm the mutual understanding and intention of the parties hereto as to the following:

**WHEREAS**, pursuant to N.J.S.A. 52:14-1 *et seq.*, departments are authorized to work collaboratively in matters germane to the duties of said departments through a memorandum of understanding; and

**WHEREAS**, pursuant to the New Jersey Library Construction Bond Act, P.L. 2017, c. 149 (the "Construction Bond Act"), the State Librarian in consultation with and as approved by the President of Thomas Edison State University (the "President") is authorized to solicit applications from New Jersey's public libraries and to certify grants for projects from libraries eligible for funding under the Construction Bond Act (the "Participating Libraries") that may become approved for funding (the "Approved Projects") by the New Jersey State Legislature (the "Legislature"); and

**WHEREAS**, funding for the grants certified for Approved Projects by the State Librarian and the President and approved by the Legislature (the "Grants") will be provided through issuance of general obligation bonds by the State of New Jersey (the "State") pursuant to the Construction Bond Act; and

**WHEREAS**, the State expects to issue, in one or more series, bonds in the aggregate principal amount of \$125,000,000 (the "Construction Bonds") to fund the Grants; and

**WHEREAS**, in addition to the responsibility for soliciting and approving applications for Grants and monitoring compliance of Participating Libraries with Grants, the State Librarian is responsible for certain aspects of administering the proceeds of the Construction Bonds, including disbursing the proceeds of the Construction Bonds to the Participating Libraries to fund the Grants and assuring compliance of expenditures of the proceeds of the Construction Bonds with certain requirements under the Internal Revenue Code of 1986, as amended (the "Code"); and

**WHEREAS**, the State Librarian has adopted or will adopt post-issuance compliance procedures to comply with applicable provisions of the Code ("Post-Issuance Compliance Tax Procedures") for the Construction Bonds; and

**WHEREAS**, the Authority finances capital projects at the State's public and private institutions of higher education through the issuance of bonds, and is responsible for disbursing the proceeds of such bonds and overseeing compliance of the expenditure of such bond proceeds with certain requirements of the Code; and

**WHEREAS**, the Authority previously administered and provided post-issuance oversight for the implementation of the library construction grants in 2002; and

**WHEREAS**, the Authority administers New Jersey's Higher Education Capital Grant Program, which is funded by various Authority issued state-backed bonds and the general obligation bonds issued pursuant to the Building Our Future Bond Act on behalf of the Secretary of Higher Education pursuant to a memorandum of understanding with the Secretary of Higher Education; and

**WHEREAS**, TESU and the State Librarian wish to avail themselves of the experience and expertise of the Authority for assistance in fulfilling certain obligations with respect to the Grants, the Construction Bonds [and the Post-Issuance Compliance Tax Procedures]; and

**WHEREAS**, the Authority is willing and able to provide such assistance;

**NOW THEREFORE**, TESU, the State Librarian, and the Authority agree as follows:

**Section 1. Responsibilities of the State Librarian.**

1.1 The parties agree that the State Librarian, in consultation with the President, has sole responsibility and authority to solicit applications and to certify Grants.

1.2 The State Librarian shall submit to the President for approval the regulations governing the implementation of the Construction Bond Act (the "Regulations").

1.3 The State Librarian shall submit to the President for approval a list of eligible projects under the Construction Bond Act to be presented to the Legislature.

1.4 The State Librarian shall submit to the Legislature for its approval the Approved Projects.

1.4 The State Librarian shall be responsible for assuring that proceeds of Construction Bonds are disbursed for approved requisitions for allowable costs of Approved Projects.

1.5 The State Librarian shall maintain a separate database of all requisitions and payment information for Grants and shall not pay any requisition which would cause the amount of the Grant to be exceeded.

1.6 The State Librarian shall advise the Authority of any reductions of the amount of Grants or re-allocations of all or portions of Grants.

1.7 The State Librarian shall forward to the Authority all requests for Grant extensions that are approved in accordance with the Regulations.

## **Section 2. Responsibilities of TESU.**

2.1 The President shall review and approve in writing the Regulations.

2.2 The President shall review the list of eligible projects submitted by the State Librarian and approve in writing the projects to be submitted to the Legislature for approval.

## **Section 3. Responsibilities of the Authority.**

3.1 The Authority shall assist the State Librarian in developing, writing, reviewing and obtaining requisite approvals of the Regulations.

3.2 The State Librarian may request assistance from the Authority in connection with developing intake procedures for accepting applications in response to the solicitation of Grants (the "Solicitation"), providing technical assistance including but not limited to developing and hosting a technical assistance session for prospective library applicants about the grant process, and receiving applications as submitted.

3.3 In the event the State Librarian seeks assistance from the Authority in Section 3.2 above and such assistance includes reviewing applications for conformity to requirements as set forth in the Regulations and the Solicitation, the Authority shall advise the State Librarian of any non-conformities and shall proceed in accordance with the State Librarian's determination and direction.

3.4 The Authority shall, at the direction of and in consultation with the State Librarian, the Attorney General's Office and bond counsel, assist in and coordinate the development of grant agreements, due diligence requests and tax questionnaires, closing and tax certificates and any other documents relating to the Construction Bond Act and shall assist the State Librarian in coordinating the dissemination of these documents and in obtaining the required executed copies of these documents and any other grant related documents, as applicable.

3.5 The Authority shall, in consultation with the State Librarian and the Attorney General's Office, develop the form of requisition and procedures to be utilized by Participating Libraries to submit requests for disbursement of Grant funds.

3.6 The Authority shall assist the State Librarian in assuring that the Grants are paid to Participating Libraries in accordance with the Regulations implementing the Construction Bond Act.

3.7 The Authority shall assist the State Librarian in fulfilling his/her responsibilities for monitoring compliance with the Grants.

3.8 In the event that the State Librarian forwards a request from a Participating Library for a change in an Approved Project, the Authority shall act in accordance with the State Librarian's decision and the Regulations implementing the Construction Bond Act.

3.9 The Authority shall maintain a database of all requisitions submitted for processing and its recommendations for payment and shall ensure that no requisition payment recommendation for any allowable cost of any Approved Project will cause the total amount of the Grant to be exceeded.

3.9.1 EFA shall keep adequate records of its administrative costs.

3.10 The Authority will assist the State Librarian in fulfilling certain of her responsibilities under the Post-Issuance Compliance Tax Procedures for the Construction Bonds, as the State Librarian may request from time to time.

3.11 The Authority shall not be responsible for any matters relating to arbitrage and rebate relating to the Construction Bonds.

#### **Section 4. Administrative Matters.**

4.1 This MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the parties for the implementation of certain provisions of the Construction Bond Act and the Regulations.

4.2 This MOU shall become effective on the date this MOU is fully executed by all of the authorized signatories ("Effective Date") and shall remain in effect unless it is terminated by any party upon sixty (60) days written notice to the other parties.

4.3 The parties acknowledge and agree that there is no delegation of duties to the Authority under this MOU by the State Librarian under the Construction Bond Act which require his/her discretion and that the Authority is assisting the State Librarian solely in the performance of certain of his/her ministerial duties under the Construction Bond Act as provided in this MOU.

4.4 For the responsibilities undertaken pursuant to this MOU, including but not limited to all work performed in advancement of the execution of this MOU and all work performed up to and including through the date of issuance of the first series of the Construction Bonds:

4.4.1 The Authority shall be paid an initial fee from a portion of the proceeds of the first series of Construction Bonds. The Authority's initial fee shall become due and payable on the later of (i) the date of issuance of the first series of Construction Bonds, or (ii) the appropriation by the Legislature of projects approved for funding.

4.4.2 The Authority shall also be paid an annual fee for all work performed in support of on-going administrative costs accrued for administration of Grants for each series of Construction Bonds.

4.4.3 If the services of the Authority are required after the first year, payment of fees referenced in this Section 4.4 shall be in amounts as identified in the fee schedule attached hereto and incorporated herein as EXHIBIT A.

4.5 Any fees associated with legal services provided by bond counsel or the Attorney General's Office shall be paid from a portion of the proceeds of the Construction Bonds. The parties agree that the Authority shall not be liable for any costs or expenses not agreed to in writing between the parties in advance of any such expense.

4.6 This MOU may be amended from time to time with the mutual consent of the parties provided such amendment is in writing and signed by all parties.

4.7 The parties acknowledge that they are public entities of the State. Therefore, the parties agree that each entity shall be liable for its own conduct and any claims against it without indemnification from the other parties.

4.8 This MOU may be executed in counterparts, each of which shall be an original and all of which together shall be one instrument.



**IN WITNESS WHEREOF**, Thomas Edison State University, the State Librarian, and the Authority have executed this MOU as of the dates written below.

**THOMAS EDISON STATE UNIVERSITY**

BY: \_\_\_\_\_

Name: Merodie A. Hancock, Ph.D.  
Title: President  
Date:

**STATE LIBRARIAN OF NEW JERSEY**

BY: \_\_\_\_\_

Name: Mary L. Chute  
Title: State Librarian  
Date:

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

BY: \_\_\_\_\_

Name: Eric D. Brophy, Esq.  
Title: Executive Director  
Date:

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
APPROVING A MEMORANDUM OF UNDERSTANDING WITH THE STATE  
TREASURER RELATING TO  
THE PUBLIC-PRIVATE PARTNERSHIP PROGRAM**

**Adopted: September 24, 2019**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was duly created and now exists under the New Jersey Educational Facilities Authority Law, Public Laws of 1967, Chapter 271, *N.J.S.A.* 18A:72A-1 et seq., as amended (the "Act") for the purpose of issuing its obligations to obtain funds to finance eligible educational facilities as such may be required for the purposes of public and private institutions of higher education, private colleges and public libraries, and to sell such obligations at public or private sale at a price or prices and in a manner as the Authority shall determine; and
- WHEREAS:** Pursuant to the New Jersey Public-Private Partnership Program ("P3 Program") established pursuant to P.L. 2018, c.90 (the "Act"), State colleges and county colleges may enter into a public-private partnership agreement with a private organization under which a private entity may assume full financial and administrative responsibility for on-campus or off-campus construction, reconstruction, repair, alteration, improvement, extension, management, or operation of a building, structure, or facility of, or for the benefit of, the institution; provided that the project is financed in whole or in part by the private entity; and
- WHEREAS:** The Act requires that each project proposed under the P3 Program (the "P3 Project") shall be submitted to the State Treasurer for review and approval; and
- WHEREAS:** The Act provides that the State Treasurer may confer with the Authority in her review of proposed P3 Projects by State colleges and county colleges; and
- WHEREAS:** The State Treasurer, recognizing the extensive experience of the Authority in the issuance of bonds for capital financing needs of the State's higher education institutions, has requested the Authority's assistance in fulfilling certain obligations with respect to the P3 Program; and
- WHEREAS:** The State Treasurer has requested that the Authority enter into a Memorandum of Understanding relating to the P3 Program in the form attached hereto as **EXHIBIT 1** (the "MOU") pursuant to which the Authority will assist the State Treasurer in carrying out certain activities outlined in the MOU; and
- WHEREAS:** The Authority's staff has advised the Members of the Authority that the Authority's staff is willing and able to provide the assistance to the State

Treasurer as outlined in the MOU; and

**WHEREAS:** The Members of the Authority have determined that it is necessary and advisable for the Authority to provide the requested assistance and to enter into the MOU.

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

**SECTION 1.** The Members of the Authority hereby approve the form of MOU presented at this meeting and which form of is attached hereto and incorporated herein as **EXHIBIT 1**, with such changes therein and any supplements thereto as such Authorized Officer (as hereinafter defined) executing the same may approve, in consultation with the Attorney General's Office.

**SECTION 2.** Any of the Chair, Vice Chair, Executive Director, or Deputy Executive Director, including any such officers serving in an interim or acting capacity (each an "Authorized Officer"), is hereby authorized and directed to execute, acknowledge and deliver the MOU in such form as approved at this meeting, with such changes as may be approved by the Authorized Officer executing the same, in consultation with the Attorney General's Office, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

**SECTION 3.** Any of the Authorized Officers are hereby authorized to take all appropriate and necessary actions to implement the MOU consistent with reporting obligations to the Members of the Authority.

**SECTION 4.** This Resolution shall take effect immediately in accordance with the Act.

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

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Elizabeth Maher Muoio (represented by Ryan Feeney)  
Zakiya Smith Ellis  
Louis Rodriguez

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**THE STATE TREASURER**  
**AND**  
**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

---

This Memorandum of Understanding (the "MOU"), made as of this \_\_\_\_\_ day of \_\_\_\_\_ 2019 (the "Effective Date") is between the TREASURER OF THE STATE OF NEW JERSEY (the "State Treasurer") and New Jersey Educational Facilities Authority (the "Authority") (collectively the "Parties").

**WHEREAS** on August 14, 2018, the Legislature enacted L. 2018, c.90 (the "Act") establishing a program (referred to herein as the "P3 Program") to allow local government units, school districts and State government entities, as well as State colleges and county colleges to enter into a public-private partnership agreement under which a private entity may assume full financial and administrative responsibility for on-campus or off-campus construction, reconstruction, repair, alteration, improvement, extension, management, or operation of a building, structure, or facility of, or for the benefit of, the institution; provided that the project is financed in whole or in part by the private entity; and

**WHEREAS** the Act requires that each P3 project (the "P3 Project") proposed shall be submitted to the State Treasurer for review and approval; and

**WHEREAS**, the Act provides that the State Treasurer shall confer with the applicable State Agency or State Authority ("State Agency/Authority") in her review of a proposed P3 Project; and

**WHEREAS**, on \_\_\_\_\_, 2019, the State Treasurer adopted rules at N.J.A.C. 17:1-8 (the "P3 Rules" or "Rules") to implement the P3 Program, which among other things, establishes procedures for the submission and review of P3 Projects; and

**WHEREAS** the Rules require the Office of Public Finance ("OPF") within the Department of the Treasury to convene a project review committee (each a "Project Review Committee") to consist of at least one (1) representative of the State Agency/Authority, as determined by OPF; and

**WHEREAS** the Project Review Committee shall review the viability of the P3 Project as well as the advisability of the P3 Project for the public entity, request additional information as needed, and provide a review and recommendation to the State Treasurer; and

**WHEREAS**, N.J.S.A. 52:14-1, et seq. addresses cooperation between departments, and the State Treasurer and the Authority are desirous of working with each other to effectuate the procedures set forth in the Act and the Rules, and of setting forth in this MOU the respective duties and responsibilities of each of the Parties in connection therewith;

**NOW THEREFORE**, it is hereby agreed by the Parties as follows:

Section A. Responsibilities of the Authority and the State Treasurer

1. The Authority shall provide at least one (1) representative for each Project Review Committee when requested by OPF for review of a P3 Project.
2. The Authority agrees the representative will be reasonably available to attend meetings or otherwise diligently participate in such review and work with the other members of the Project Review Committee to provide to the State Treasurer a review and recommendation within ninety (90) days of assignment of the P3 project proposal for review, pursuant to the Rules.
3. The Authority agrees to provide a replacement representative if the designated representative is unable for any reason to participate in the review process at any time before the P3 review is complete and a recommendation is provided to the State Treasurer.
4. The Authority reserves and retains all rights with regard to financing any transaction for a P3 Project for which an Authority representative participated as a member of the Project Review Committee, subject to review and approval by OPF. Such rights and obligations shall include and extend to any fees, costs or other charges imposed by the Authority relating to a financing transaction for the P3 Project, including but not limited to, preparation, advice, and costs of issuance charged by the Authority to any State college or county college or other higher education institution client who has the authority to enter into a P3 Project.
5. The Authority may, if requested, provide information and support to any higher education institution client in the preparation of a client's P3 application to be submitted to the State Treasurer.
6. In the event that the Authority provides information and support to any higher education institution client in the preparation of a client's P3 application to be submitted to the State Treasurer, the Authority shall, as soon as practicable, notify OPF that it has provided information or support. The Authority shall make efforts to notify OPF of any such contacts with client institutions relating to P3 transactions as soon as practicable following the initial contact in an effort to avoid any potential conflicts of interest. OPF shall apprise the Authority as to whether the Authority is authorized to participate on the Project Review Committee.
7. Upon completion by the Project Review Committee of its review and submission of its recommendation to the State Treasurer, the State Treasurer shall remit to the Authority, if

it shall have served as a member of the Project Review Committee, a portion of the application fee in the amount of \$5,000.00.

Section B. Miscellaneous

- 1) The State Treasurer and the Authority shall retain all of its powers, obligations and immunities provided by law.
- 2) The Parties acknowledge that the successful completion of each Party's duties hereunder will require cooperation between the Parties. The Parties agree to work cooperatively to achieve the goals of this MOU.
- 3) This MOU shall be effective as of the date of final execution by the Parties and shall continue so long as the Act remains in effect.
- 4) This MOU may be amended or terminated at any time by the mutual written agreement of the Parties.
- 5) The recitals appearing before Section A are made part of this MOU and are specifically incorporated herein by reference.
- 6) There are no third party beneficiaries of this MOU.

IN WITNESS HEREOF, the Parties have executed this MOU on the date set forth above.

**STATE TREASURER**

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

**NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY**

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

Name:

Title:

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT FOR 2018**

**Adopted: September 24, 2019**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was duly created and now exists under the New Jersey Educational Facilities Authority Law, Public Laws of 1967, Chapter 271, N.J.S.A. 18A:72A-1 et seq., as amended (the "Act"); and
- WHEREAS:** The Authority annually prepares financial statements and this year engaged the independent auditing firm of PKF O'Connor Davies, LLP (the "Independent Auditors") to perform an audit of the Authority's financial statements for the year ended December 31, 2018 (the "2018 Financial Statements") in accordance with N.J.S.A. 18A:72A-21; and
- WHEREAS:** In accordance with Executive Order #122 (McGreevey) ("EO 122"), and the Authority's By-Laws, the members of the Authority's Audit Committee have received and reviewed the 2018 Financial Statements and the unmodified Report of the Independent Auditors thereon dated September 9, 2019 (the "Independent Auditors' Report") and have held a private meeting with representatives of the Independent Auditors to discuss the 2018 Financial Statements and the Independent Auditors' Report; and
- WHEREAS:** The members of the Authority have received the 2018 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 2018 Financial Statements and the Independent Auditors' Report, attached hereto as EXHIBIT A; and
- WHEREAS:** The members of the Authority wish to accept and adopt the 2018 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 2018 Financial Statements and the Independent Auditors' Report, as attached hereto as EXHIBIT A 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 \_\_\_\_ Secretary Smith Ellis \_\_\_\_ and upon roll call the following members voted:

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Elizabeth Maher Muoio (represented by Ryan Feeney)  
Zakiya Smith Ellis  
Louis Rodriguez

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

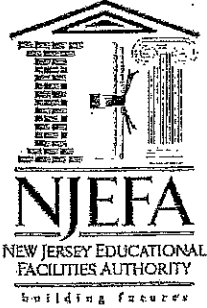
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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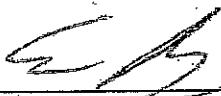
## REPORT OF MANAGEMENT

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 of America 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 PKF O'Connor Davies, LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Authority. The independent auditors' 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 of America, 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 the independent 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. The independent auditors have unrestricted access to the Audit Committee.

  
\_\_\_\_\_  
Eric D. Brophy, Esq.  
Executive Director

  
\_\_\_\_\_  
Brian Sotkoos  
Director of Finance

September 9, 2019



## INDEPENDENT AUDITORS' REPORT

**Management and Members of  
New Jersey Educational Facilities Authority  
Princeton, New Jersey**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the New Jersey Educational Facilities Authority (the "Authority"), a component unit of the state of New Jersey, which comprise the statements of net position as of December 31, 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PKF O'CONNOR DAVIES, LLP  
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of the Authority as of December 31, 2018, and the results of operations and changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which represents a change in accounting principle. As discussed in Note 2, as of January 1, 2017 the Authority's net position was restated to reflect the impact of this change in accounting principle. Our opinion is not modified with respect to this matter.

***Prior Period Financial Statements***

The financial statements of the Authority as of December 31, 2017, were audited by other auditors whose report dated June 12, 2018, expressed an unmodified opinion on those statements in accordance with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 – 9, the schedule of proportionate share of the net OPEB liability and schedule of Authority OPEB contributions pages 32 and 33, and the schedule of proportionate share of net pension liability and schedule of Authority pensions contributions on pages 34 and 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Management and Members of  
New Jersey Educational Facilities Authority  
Princeton, New Jersey**  
Page 3

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental financial information on pages 36 – 47, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental financial information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2019 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* in considering the Authority's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
September 9, 2019

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2018**

**Introduction**

This section of the New Jersey Educational Facilities Authority's ("NJFEA" or the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2018 and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

**Background**

The New Jersey Educational Facilities Authority ("NJFEA" or "Authority"), is an independent and self-supporting state entity created pursuant to Chapter 271 of the Public Laws of 1966, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act"), to provide a means for New Jersey public and private colleges and universities ("Institutions") to construct educational facilities through the financial resources of a public fiduciary empowered to sell tax-exempt and taxable bonds, notes and other obligations. NJFEA is New Jersey's primary issuer of higher education purpose municipal bonds to finance and refinance the construction and development of campus facilities at Institutions throughout the State.

The Authority finances and refinances various types of projects for approximately 50 public and private institutions of higher education in New Jersey. Projects include, but are not limited to, the construction, renovation and acquisition of residential, academic, and research facilities; libraries; technology infrastructures; student life and athletic facilities; parking structures; utilities-related projects; and refinancing of existing debt.

In conjunction with the Office of the Secretary of Higher Education, the Authority also administers the State of New Jersey's higher education capital facilities grant programs and from time to time, issues state-backed bonds under these programs to fund grants for their various purposes. These state-backed bonds are secured by a contract with the State Treasurer to pay principal of and interest on such bonds subject to appropriations being made, from time to time, by the New Jersey State Legislature (the "Legislature").

The obligations issued by the Authority are special and limited obligations of the Authority and are not a debt or liability of the State of New Jersey or of any political subdivision thereof other than the Authority, and are not a pledge of the faith and credit of the State of New Jersey or of any such political subdivision thereof. The Authority has no taxing power. The obligations issued by the Authority are payable solely from amounts received from the borrowers by the Authority under the transaction documents and amounts on deposit in certain funds established under the transaction documents.

The Authority is governed by a seven-member board composed of five public, unsalaried members appointed by the Governor with confirmation by the New Jersey Senate. The State Treasurer and the Secretary of Higher Education serve as ex-officio members and by statute, the Governor has veto authority over all actions of the Authority members.



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2018**

**Business Overview**

Today, the NJEFA offers colleges and universities a range of services and products to meet institution's financing objectives, including tax-exempt and taxable bond financings, direct bank placement/ purchase transactions, and tax-exempt equipment leasing. Financing options include new money transactions, refunding transactions or a combination of the two. More than just financing a transaction, NJEFA remains involved with their clients from concept to closing and beyond. NJEFA provides its clients with in-house expertise in the financial markets, tax and securities law, and post-issuance matters, among others. In addition, the Authority assists in the processing of all requisitioning and bond fund accounting for college borrowers; manages the investment and reinvestment of bond funds; and manages all arbitrage compliance.

The Authority's operating revenue is derived from initial and annual fees related to the issuance and administration of stand-alone bond transactions, as well as the issuance and administration of state- backed bonds under the State's higher education capital facilities grant programs.

*Stand-Alone Debt Transactions*

The Authority's operating revenues primarily result from initial and annual financing fees related to stand-alone financing transactions. Generally, upon the closing of a transaction, higher education institutions pay an initial financing fee to cover the services provided by NJEFA to manage and complete the desired financing. The fee is calculated using a percentage of the total issuance amount. Annual financing fees are calculated using a percentage of the total outstanding par amount on the bonds. The annual financing fee, typically referred to as the annual administrative fee, covers ongoing bond fund administration and post issuance debt compliance, including: investment of bond funds; requisition review and payment; audit support as requested; arbitrage monitoring; real estate matters; and assisting institutions with continuing post-issuance compliance matters.

*State Grant Administration*

The Authority, in partnership with the Office of the Secretary of Higher Education and the Department of Treasury, administers the New Jersey Higher Education Capital Grant Programs. Through NJEFA's issuance of state-backed bonds and the State's issuance of General Obligation bonds, New Jersey's institutions of higher education are able to increase capacity, modernize facilities and equipment, expand access to and provide state-of-the-art academic opportunity for New Jersey's students.

The Authority is highly involved in every aspect of the grant process and post issuance administration. During the solicitation process, the Authority assists in the development, distribution and review of applications for conformity to solicitation requirements. In consultation with the Office of the Secretary of Higher Education and the Attorney General's Office, the Authority develops grant and lease agreements in accordance with state law and regulations, reviews financing documents, and corresponds with institutions needing assistance throughout the process. The Authority receives and reviews all requisitions for approved projects. Requisitions are reviewed to ensure grant proceeds are expended only for costs of an approved project, that the institution has satisfied any obligation to match grant funding, and that reimbursement is permissible per the grant agreement and applicable IRS rules and regulations. The Authority assists the Secretary of Higher Education in fulfilling obligations under the post-issuance compliance tax procedures and in addressing any tax issues that may arise when a contract or arrangement might create "private business use" of bond-financed facilities.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2018**

The Authority's operating revenues related to the administration of the Higher Education Capital Grant Programs are derived from initial fees on NJEFA issued State-backed bonds and annual fees for ongoing bond fund and grant management and debt compliance. Generally, The Authority collects an initial fee for each completed State-backed financing and annual fees for each grant, funded throughout the term of the bonds. Both the initial fee and the annual fee are based on a contracted amount as defined in the grant or lease agreements.

**Overview of Financial Statements**

The Authority is a self-supporting, special purpose government entity 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 provide information about the Authority's overall financial condition and operations. The notes provide explanations and more details about the content of the basic financial statements.

This report consists of three parts: management's discussion and analysis, financial statements and the accompanying notes and the required supplementary information. The three financial statements presented are as follows:

*Statement of Net Position* – The statement of net position presents information reflecting the Authority's assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position. The Authority's net position represents the amount of total assets and deferred outflows of resources less liabilities and deferred inflows of resources and is one way to measure the Authority's financial position and operational solvency.

*Statement of Revenues, Expenses and Changes in Net Position* – The statement reflects the Authority's operating and nonoperating revenues and expense for the fiscal year. Nonoperating activity primarily relates to investment income.

*Statement of Cash Flows* – The statement of cash flows is presented using the direct method which reflects cash flows from operating, investing and capital financing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for each year. The statement also includes a reconciliation between operating income or loss for the period per the Statement of Revenues, Expenses and Changes in Net Position to net cash provided or used from operating activities per the Statement of Cash Flows.

**Financial Highlights 2018:**

- The Authority did not issue any additional conduit debt to educational institutions during 2018.
- Cash and Investments represent approximately 95% of Total Assets at the end of 2018.
- The Authority's 2018 operating margin (net operating income (loss) as a percentage of operating revenues) was (11) %.
- At December 31, 2018, Net Position represents 1.6 times 2018 total operating expenses.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED DECEMBER 31, 2018**

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.

**Condensed Financial Information**

The following table represents condensed statement of net position information and changes between December 31, 2017 and December 31, 2018 and between December 31, 2016 and December 31, 2017:

	2018	2017 (As Restated)	2016 (As Restated)	Increase (Decrease) 2017 to 2018	Increase (Decrease) 2016 to 2017
Current Assets	\$ 10,662,151	\$ 10,541,445	\$ 9,945,170	1.15%	6.00%
Capital Assets, Net	86,049	104,493	78,791	-17.65%	32.62%
Security Deposit	21,505	21,505	21,505	0.00%	0.00%
Deferred Outflows of Resources	1,526,382	2,110,999	1,270,010	-27.69%	66.22%
Total Assets and Deferred Outflows of Resources	12,296,087	12,778,442	11,315,476	-3.77%	12.93%
Current Liabilities	645,259	503,583	329,485	28.13%	52.84%
Noncurrent Liabilities	3,921,922	5,804,742	6,305,958	-32.44%	-7.95%
Total Liabilities	4,567,181	6,308,325	6,635,443	-27.60%	-4.93%
Deferred Inflows of Resources	3,384,687	2,052,198	400,351	64.93%	412.60%
Total Net Position	\$ 4,344,219	\$ 4,417,919	\$ 4,279,682	-1.67%	3.23%

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Net Position, and changes between 2017 and 2018 and between 2016 and 2017:

	2018	2017 (As Restated)	2016 (As Restated)	Increase (Decrease) 2017 to 2018	Increase (Decrease) 2016 to 2017
Operating Revenues:					
Administrative Fees	\$ 2,493,007	\$ 3,166,792	\$ 4,011,165	-21.28%	-21.05%
Total Operating Revenues	2,493,007	3,166,792	4,011,165	-21.28%	-21.05%
Operating Expenses:					
Salaries and Related Expenses	2,076,501	2,396,746	2,072,772	-13.36%	15.63%
General and Administrative Expenses	599,007	578,309	625,782	3.58%	-7.59%
Professional Fees	92,427	121,573	183,879	-23.97%	-33.88%
Total Operating Expenses	2,767,935	3,096,628	2,882,433	-10.61%	7.43%
Net Operating (Loss) Income	(274,928)	70,164	1,128,732	-491.84%	-93.78%
Nonoperating Revenues (Expenses)					
Loss on Asset Disposal	(895)	(1,860)		-51.88%	
Investment Income	202,123	69,933	32,633	189.02%	114.30%
Changes in Net Position	(73,700)	138,237	1,161,365	-153.31%	-88.10%
Net Position - Beginning of Year	4,417,919	4,279,682	5,176,014	3.23%	-17.32%
Prior Period Restatement			(2,057,697)		
Net Position - End of Year	\$ 4,344,219	\$ 4,417,919	\$ 4,279,682	-1.67%	3.23%

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2018**

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

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

**Revenues**

The Authority's revenues are derived primarily from two fees; annual fees charged with respect to existing bond issues, and initial fees charged with respect to the issuance of new debt. Total revenues for 2018 decreased approximately \$674,000 from 2017 and total revenues for 2017 decreased approximately \$844,000 from 2016.

**Expenses**

Operating expenses decreased in 2018 by 10.61% from 2017, and 2017 increased 7.43% from 2016.

**Assets and Liabilities**

Net position decreased \$73,700, or 1.67% from 2017 to 2018 and increased \$138,237, or 3.23% from 2016 to 2017. Net position decreased as a result of an increase in deferred inflows of resources. The increase in deferred inflows of resources is primarily related to OPEB deferrals.

**Contacting the Authority's Financial Management**

If you have questions about this report or need additional financial information, contact the Office of the Chief Finance Officer, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, New Jersey 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)**  
**STATEMENTS OF NET POSITION**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017 (As Restated)
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 169,676	\$ 885,954
Investments, Principally U.S. Government Obligations	10,020,352	9,598,796
Fees Receivable	419,828	28,976
Prepaid Expenses and Other Assets	52,295	27,719
Total Current Assets	10,662,151	10,541,445
<b>NONCURRENT ASSETS</b>		
Capital Assets, at cost, Less Accumulated Depreciation of \$350,052 and \$543,420 During 2018 and 2017, Respectively	86,049	104,493
Security Deposit	21,505	21,505
Total NonCurrent Assets	107,554	125,998
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	1,507,147	2,086,792
OPEB deferrals	19,235	24,207
Total Deferred Outflows of Resources	1,526,382	2,110,999
Total Assets and Deferred Outflows of Resources	\$ 12,296,087	\$ 12,778,442
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 645,259	\$ 503,583
<b>NONCURRENT LIABILITIES</b>		
Net Pension Liability	3,675,155	4,442,353
Postemployment Benefits Other than Pension	237,069	1,349,459
Project Obligations	9,698	12,930
Total Noncurrent Liabilities	3,921,922	5,804,742
Total Liabilities	4,567,181	6,308,325
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals	1,519,780	1,198,727
OPEB deferrals	1,864,907	853,471
Total Deferred Inflows of Resources	3,384,687	2,052,198
<b>NET POSITION</b>		
Investment in Capital Assets	107,554	125,998
Unrestricted	4,236,665	4,291,921
Total Net Position	4,344,219	4,417,919
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 12,296,087	\$ 12,778,442

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u> (As Restated)
<b>OPERATING REVENUES</b>		
Administrative Fees	\$ 2,493,007	\$ 3,166,792
<b>OPERATING EXPENSES</b>		
Salaries and Related Expenses	2,076,501	2,396,746
General and Administrative Expenses	599,007	578,309
Professional Fees	92,427	121,573
Total Operating Expenses	<u>2,767,935</u>	<u>3,096,628</u>
<b>NET OPERATING (LOSS) INCOME</b>	(274,928)	70,164
<b>NONOPERATING REVENUE/(EXPENSES)</b>		
Loss on Asset Disposal	(895)	(1,860)
Investment Income	<u>202,123</u>	<u>69,933</u>
<b>CHANGES IN NET POSITION</b>	(73,700)	138,237
Net Position - Beginning of Year (as restated)	<u>4,417,919</u>	<u>4,279,682</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 4,344,219</u>	<u>\$ 4,417,919</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017 (As Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Administrative Fees	\$ 2,102,155	\$ 3,137,816
Payments to Employees	(1,987,476)	(1,972,778)
Payments to Suppliers	(605,604)	(612,720)
Net Cash (Used in) Provided by Operating Activities	(490,925)	552,318
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(88,053,841)	(15,479,213)
Sale and Maturity of Investments	87,627,680	15,720,193
Investment Income	210,060	54,947
Net Cash (Used in) Provided by Investing Activities	(216,100)	295,927
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	(10,633)	(70,163)
Proceeds from the Sale of Capital Assets	1,381	15,660
Net Cash Used in Capital and Related Financing Activities	(9,252)	(54,503)
<b>NET (DECREASE) INCREASE IN CASH</b>	(716,278)	793,742
Cash - Beginning of Year	885,954	92,212
<b>CASH - END OF YEAR</b>	\$ 169,676	\$ 885,954
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Operating Income	\$ (274,928)	\$ 70,164
Adjustments to Reconcile Operating Income to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	23,469	28,801
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Fees Receivable	(390,852)	(28,976)
Prepaid Expenses and Other Assets	(24,576)	(1,411)
Accounts Payable and Accrued Expenses	141,676	174,098
Project Obligations	(3,232)	(3,235)
Postemployment Benefits other than Pension	(1,112,390)	(739,694)
Net Pension Liability and Related Deferred Items	1,149,908	1,052,571
Net Cash (Used in) Provided by Operating Activities	\$ (490,925)	\$ 552,318
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTMENT ACTIVITIES</b>		
Change in Fair Value of Investments	\$ (20,123)	\$ 13,126

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 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 conduit debt and 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.

**NOTE 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 of America.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (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.

**Capital Assets**

Capital assets, which consist of furniture and equipment, are carried at cost and depreciated over their useful lives using the straight-line method.

**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, 2018, the amount of conduit debt outstanding totaled \$4,963,318,355.



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Inflows and Outflows of Resources**

In addition to assets and liabilities, the statements of net position report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

Deferred outflows and inflows of resources for defined benefit plans result from the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan and OPEB investments, changes in the Authority's proportion of expenses and liabilities to the pension and OPEB as a whole, differences between the Authority's pension and OPEB contributions and its proportionate share of contributions, and the Authority's pension and OPEB contributions subsequent to the pension and OPEB valuation measurement dates.

**New Accounting Standard Adopted**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employees about financial support for OPEB that is provided by other entities.

This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of both Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The scope of this Statement addresses accounting and financial reporting for OPEBs that are provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEBs, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEBs also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEBs. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEBs of employees of another entity.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (continued)**

**New Accounting Standard Adopted (continued)**

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

This Statement is effective for fiscal years beginning after June 15, 2017. The Authority's Net Position as of January 1, 2017 and December 31, 2017 and the Statement of Revenues, Expenses and Changes in Net Position for December 31, 2017 have been restated to reflect the required adjustments.

Additionally, the amounts below also include restatements related to pension contributions.

As a result, the following restatements have been made to the Authority's financial statements.

	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>Restated</b>
<b>As of January 1, 2017</b>	<b>\$ 5,995,618</b>	<b>\$ (1,715,936)</b>	<b>\$ 4,279,682</b>
Net position			
 <b>For the year ended December 31, 2017</b>			
Salaries and related expenses	2,381,907	14,839	2,396,746
Operating expenses	3,081,789	14,839	3,096,628
Operating income	85,003	(14,839)	70,164
Change in net position	153,076	(14,839)	138,237
 <b>As of December 31, 2017</b>			
Deferred outflows of resources	1,998,397	112,602	2,110,999
Postemployment benefits other than pension	624,737	724,722	1,349,459
Accounts payable and accrued expenses	238,399	265,184	503,583
Deferred inflows of resources	1,198,727	853,471	2,052,198
Net position	6,148,694	(1,730,775)	4,417,919

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent Accounting Standards**

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions in Statement No.83 are effective for reporting periods beginning after June 15, 2018. The Authority has not yet completed the process of evaluating the impact of GASB 83 on its financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions in Statement No 84 are effective for reporting periods beginning after December 15, 2018. The Authority has not yet completed the process of evaluating the impact of GASB 84 on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority has not yet completed the process of evaluating the impact of GASB 87 on its financial statements.

In March 2018 the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Debt Borrowings and Direct Placements*, which is effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Authority has not yet completed the process of evaluating the impact of GASB 88 on its financial statements.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent Accounting Standards (Continued)**

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority has not yet completed the process of evaluating the impact of GASB 91 on its financial statements.

**NOTE 3      DEPOSITS AND INVESTMENTS**

At December 31, 2018 and 2017, the Authority's bank balance excluding payments and deposits in transit was \$129,407 and \$931,143, respectively. Funds in excess of the Federal Deposit Insurance Corporation (FDIC) insured amounts are protected by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

As of December 31, 2018 and 2017, the Authority had the following recurring fair value measurements using current sale prices or sale prices of comparable securities for U.S. Treasury Bills (Level 2 inputs) and using net asset value (NAV) per share valuation for Money Market Mutual Funds for investments and cash equivalents, and maturities:

	<u>2018</u>	<u>2017</u>
Investments:		
U.S. Treasury Bills	\$ 9,857,218	\$ 9,438,279
Money Market Mutual Fund	163,135	160,517
Total Investments	<u>\$ 10,020,352</u>	<u>\$ 9,598,796</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 3 DEPOSITS AND INVESTMENTS (continued)**

In 2018 and 2017, the Authority had \$163,135 and \$160,517, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury.

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 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, 2018 and 2017, the Authority’s bank balances were not exposed to custodial credit risk since the amounts were covered by either FDIC insurance or New Jersey GUDPA.

As of December 31, 2018 and 2017, the Authority’s investments consisted of U.S. Treasury Bills in the amount of \$9,857,218 and \$9,438,279, respectively, and Money Market Mutual Funds in the amount of \$163,135 and \$160,517, respectively. Since the investments are registered in the Authority’s name they are not exposed to custodial credit risk.

- (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, 2018 and 2017, 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. The Authority’s Money Market Mutual Fund is not rated.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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**NOTE 3 DEPOSITS 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, 2018, the U.S. Treasury Bills had maturities ranging from January 2, 2019 through January 10, 2019.

For the years ended December 31, 2018 and 2017, investment income comprised the following:

	2018	2017
Interest Earnings	\$ 210,060	\$ 56,807
Net Increase in Fair Value of Investments	(7,937)	13,126
Total Investment Income	\$ 202,123	\$ 69,933

**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS**

Public Employee Retirement System

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS' Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018 and 2017:

	2018	2017
Inactive plan members or beneficiaries currently receiving benefits	174,904	170,124
Inactive plan members entitled to but not yet receiving benefits	589	650
Active plan members	254,780	254,685
Total	430,273	425,459

Contributing Employers - 1,703

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)**

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with full payment and any such amounts were not to be included in their unfunded liability. The actuaries determined the unfunded liability of the System, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

Each member contributes a percentage of compensation. Effective October 1, 2011, Chapter 78, P.L. 2011, Chapter 78, P.L. 2011 set the member contribution rate at 6.5% and caused it to increase by 1/7<sup>th</sup> of 1% each July thereafter. On July 1, 2018, the full rate implemented by this law was achieved, and therefore the full 7.5% will be the required 2018 contribution.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2018, and 2017 the Authority's total payroll for all employees was \$1,361,404 and \$1,276,233, which approximates the covered PERS payroll.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year, 2018, the State's pension contribution was less than the actuarial determined amount. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Authority contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 50% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 50% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2018 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2018 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)**

The Authority recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Authority’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Authority does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2018, the PERS reported a net pension liability of \$19,689,501,539 for its Non-State Employer Member Group. The Authority’s proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$3,675,155 or 0.0186655583%, which was a decrease of 0.0004180230% from its proportion measured as of June 30, 2018.

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 for its Non-State Employer Member Group. The Authority’s proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$4,442,353 or 0.0190835813%.



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**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)**

For the year ended December 31, 2018, the Authority recognized \$314,725 in pension expense. At December 31, 2018 the Authority deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ 70,086	\$ 18,950
Changes of assumptions	605,605	1,175,119
Net difference between projected and actual investment earnings on pension plan investments		34,473
Changes in proportion	738,625	291,238
Authority contributions subsequent to the measurement date	92,831	
	<u>\$ 1,507,147</u>	<u>\$ 1,519,780</u>

\$92,831 is reflected above as deferred outflows of resources related to PERS resulting from Authority contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS will be recognized as a reduction of the net pension liability as follows:

Year ended December 31,	Amount
2019	\$ 138,859
2020	30,106
2021	(77,523)
2022	(115,983)
2023	(80,923)
Total	<u>\$ (105,464)</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2018	June 30, 2017
Inflation	2.25%	2.25%
Salary Increases (2026)	1.65% - 4.15% based on age	1.65 - 4.15% Based on age
Thereafter	2.65% - 5.15% based on age	2.65 - 5.15% Based on age
Investment rate of return	7.00%	7.00%

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**NOTE 4    EMPLOYEE RETIREMENT SYSTEMS (continued)**

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 and 2017 are summarized in the following table:

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**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)**

<u>Asset Class</u>	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Global diversified credit	5.00%	7.10%	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%	1.00%	6.60%
Debt related private equity	2.00%	10.63%	2.00%	10.63%
Debt related real estate	1.00%	6.61%	1.00%	6.61%
Private real asset	2.50%	11.83%	2.50%	11.83%
Equity related real estate	6.25%	9.23%	6.25%	9.23%
U.S. equity	30.00%	8.19%	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%	11.50%	9.00%
Emerging markets equity	6.50%	11.64%	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%	8.25%	13.08%
Absolute return/risk mitigation	5.00%	5.51%	5.00%	5.51%
Investment grade credit	10.00%	3.78%	10.00%	3.78%
Public high yield	2.50%	6.82%	2.50%	6.82%
	<u>100.00%</u>		<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018 and 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
PERS	\$ 4,621,084	\$ 3,675,155	\$ 2,881,581

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**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (continued)**

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2018 and 2017 were \$29,472,374,536 and \$28,464,239,518, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2018 and 2017 was \$22,742,071,972 and \$21,573,965,463, respectively.

*Additional information*

Collective Local Group balances at June 30, 2018 are as follows:

Collective balances at June 30, 2018 are as follows:	
Collective deferred outflows of resources	4,684,852,302
Collective deferred inflows of resources	7,646,736,226
Collective net pension liability - Local group	19,689,501,539
Authority's Proportion	0.0186655583%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2018 and 2017 was \$1,099,708,157 and \$1,694,305,613, respectively. The average of the expected remaining service lives of all plan members is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014, respectively.

**State Contribution Payable Dates**

Prior to July 1, 2017 valuation, it is assumed the State will make pension contributions the June 30<sup>th</sup> following the valuation date. Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

**Receivable Contributions**

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2018 and June 30, 2017 are \$1,017,878,064 and \$1,073,054,740, respectively.

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**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS**

The New Jersey Educational Facilities Authority provides healthcare to its employees and retirees through its participation in the State Health Benefits Program (SHBP), a cost sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical and prescription drugs to retirees and their covered dependents. All active full time employees are covered by the SHBP. 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. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

At June 30, 2018 and 2017, Twenty (20) and Twenty-one (21) plan members (active and retiree) were receiving postretirement health care benefits in which the Authority was billed \$361,349 and \$345,240, respectively. Participating employers are contractually required to provide for their contributions based on the amount of premiums attributable to their retirees.

*Plan Description and Benefits Provided:*

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

In April 2008, the Authority established and funded an irrevocable trust in the amount of \$2,000,000 to pay for the employee postretirement medical benefits. At December 31, 2018 and 2017, the fair value of this trust fund was \$2,788,468 and \$2,736,965.

**Total OPEB Liability**

The State of New Jersey's Total OPEB Liability was \$15,666,618,141 and \$21,717,464,451 at June 30, 2018 and 2017, respectively.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the New Jersey Educational Facilities Authority was \$3,025,537 and \$4,086,424 at June 30, 2018 and 2017, respectively. These allocated liabilities represent 0.019312% and 0.020016% of the State's Total Non-employer OPEB Liability for June 30, 2018 and 2017, respectively.

*Components of Net OPEB Liability* – The components of the collective net OPEB liability for PERS, including the State of New Jersey, is as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability	\$ 15,981,103,227	\$ 20,629,044,656
Plan Fiduciary Net Position	<u>314,485,086</u>	<u>213,255,917</u>
 Net OPEB Liability	 <u>\$ 15,666,618,141</u>	 <u>\$ 20,415,788,739</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 1.97%	 1.03%

*Actuarial Assumptions and Other Inputs:*

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuations used the following actuarial assumptions, applied to all periods (2018 and 2017) in the measurement:

Inflation	2.50%
Salary Increases*:	
Through 2026	1.65%-8.98%
Thereafter	2.65%-9.98%

\* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

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**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 and July 1, 2016 valuations were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively. 100% of active members are considered to participate in the Plan upon retirement.

*Healthcare Trend Assumptions for 2018:*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate:*

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

*Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate:*

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease (2.87%)	At Discount Rate (3.87%)	1% Increase (4.87%)
Total Net OPEB Liability	\$ 18,381,085,096	\$ 15,666,618,141	\$ 13,498,373,388
Authority's Share	\$ 3,549,755	\$ 3,025,537	\$ 2,606,806

	June 30, 2017		
	1% Decrease (2.58%)	At Discount Rate (3.58%)	1% Increase (4.58%)
Total Net OPEB Liability	\$ 24,081,031,440	\$ 20,415,788,739	\$ 17,507,480,418
Authority's Share	\$ 4,820,059	\$ 4,086,424	\$ 3,504,297

*Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:*

The following presents the net OPEB liability as of June 30, 2018 and 2017, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability	\$ 13,068,471,450	\$ 15,666,618,141	\$ 19,029,006,023
Authority's Share	\$ 2,523,783	\$ 3,025,537	\$ 3,674,881

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability	\$ 16,966,116,709	\$ 20,415,788,739	\$ 24,907,661,428
Authority's Share	\$ 2,514,310	\$ 4,086,424	\$ 3,691,214



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**NOTE 5 POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

At June 30, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2018	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes between expected and actual experience		\$ 614,292
Changes of assumptions		767,467
Changes in proportion		483,148
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 1,599	
Authority contributions subsequent to the measurement date	17,636	
	\$ 19,235	\$ 1,864,907

	June 30, 2017	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes between expected and actual experience		\$ 453,558
Changes of assumptions		399,913
Changes in proportion		
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 700	
Authority contributions subsequent to the measurement date	23,507	
	\$ 24,207	\$ 853,471

*Collective Deferred Outflows of Resources and Deferred Inflows of Resources* – Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	Amount
2019	\$ (279,425)
2020	(279,425)
2021	(279,425)
2022	(279,602)
2023	(279,869)
Thereafter	(465,562)
Total	\$ (1,863,308)

*Changes in Proportion* - The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.14 and 8.04 years for the 2018 and 2017 amounts, respectively.

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**NOTE 6 COMMITMENTS AND CONTINGENCIES**

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$197,340 through December 31, 2023.

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, and 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.

**NOTE 7 NET POSITION**

The Authority's net position represents the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources and is categorized as follows:

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

The changes in net position are as follows:

	Net Investment in Capital Assets	Unrestricted	Total
Net Position at December 31, 2016 (as restated)	\$ 100,296	\$ 4,279,682	\$ 4,379,978
Net Position Change		37,941	37,941
Capital Asset Additions	54,503	(54,503)	-
Depreciation	(28,801)	28,801	-
Net Position at December 31, 2017 (as restated)	125,998	4,291,921	4,417,919
Net Position Change		(73,700)	(73,700)
Capital Asset Additions	5,025	(5,025)	-
Depreciation	(23,469)	23,469	-
Net Position at December 31, 2018	<u>\$ 107,554</u>	<u>\$ 4,236,665</u>	<u>\$ 4,344,219</u>

**NOTE 8 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the last three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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 REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN FISCAL YEARS\*

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016
Authority's proportion of the net OPEB liability	0.019312%	0.020016%	0.022119%
Authority's proportionate share of the net OPEB liability (asset)	\$ 3,025,537	\$ 4,086,424	\$ 4,803,686
Authority's covered-employee payroll	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	222.24%	320.19%	425.27%
Plan fiduciary net position as a percentage of the total OPEB liability	1.97%	1.03%	0.69%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes  
 There were none.

Changes of Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN FISCAL YEARS

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016
Contractually required contribution	\$ 361,348.88	\$ 345,240.36	\$ 231,500.00
Contributions in relation to the contractually required contribution	<u>(361,348.88)</u>	<u>(345,240.36)</u>	<u>(231,500.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,361,404.00	\$ 1,276,233.00	\$ 1,129,567.00
Contributions as a percentage of covered-employee payroll	27%	27%	20%

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
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 REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset) - Local Group	0.018665583%	0.0190835813%	0.0141831411%	0.0161515488%	0.0151122246%	0.0158916053%
Authority's proportionate share of the net pension liability (asset)	\$ 3,675,155	\$ 4,442,353	\$ 4,200,640	\$ 3,625,699	\$ 2,829,422	\$ 3,037,202
Authority's covered-employee payroll	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567	Not available	Not available	Not available
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	269.95%	348.08%	371.88%	Not available	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	53.80%	48.10%	40.14%	47.93%	48.62%	48.72%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
 (A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
 REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
 PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 185,662	\$ 176,789	\$ 126,001	\$ 138,860	\$ 124,583	\$ 119,740
Contributions in relation to the contractually required contribution	(185,662)	(176,789)	(126,001)	(138,860)	(124,583)	(119,740)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Authority's covered-employee payroll	\$ 1,361,404	\$ 1,276,233	\$ 1,129,567	Not available	Not available	Not available
Contributions as a percentage of covered-employee payroll	13.64%	13.85%	11.15%	Not available	Not available	Not available

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**SUPPLEMENTAL INFORMATION**  
**BALANCE SHEETS - TRUSTEE HELD FUNDS**  
**DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
Cash	\$ -	\$ 7,536,855
Investments, Principally U.S. Government Obligations	376,414,768	623,501,661
Accrued Interest Receivable	291,658	564,247
Due from Colleges and Universities	2,358,000	86,816
Loans and Leases Receivable	4,924,145,855	5,168,969,561
Total Assets	\$ 5,303,210,281	\$ 5,800,659,140
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 11,177,824	\$ 24,913,042
Accrued Interest Payable	95,130,214	89,193,357
Bonds, Notes, and Leases Payable	4,963,318,355	5,208,774,561
Funds Held in Trust	233,583,887	477,778,180
Total Liabilities	\$ 5,303,210,281	\$ 5,800,659,140



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS  
SUPPLEMENTAL INFORMATION  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Funds Held in Trust - Beginning of Year	\$ 477,778,180	\$ 479,430,936
Additions:		
Proceeds from Sale of Bonds and Issuance of Notes:		
Par Amount	5,000,000	1,500,570,000
Bond Premium, Net	-	174,990,317
Annual Loan and Rental Requirements	477,451,069	610,137,051
College and University Contributions (Returned)	(23,780)	1,137,304
Investment Income	6,776,520	4,716,146
U.S. Government Debt Service Subsidies	1,713,039	1,724,720
Change in Investment Valuation Reserve	(128,672)	(237,727)
Total Additions	490,788,176	2,293,037,812
Deductions:		
Debt Service:		
Interest	204,019,309	222,355,084
Principal	249,823,706	381,829,908
Project Costs	278,584,826	421,118,608
Issuance Costs	61,621	6,009,468
Administrative Fees	2,493,007	3,166,792
Transfers to Escrow Accounts for Defeasance of Refunded Issues	-	1,260,210,708
Total Deductions	734,982,469	2,294,690,568
Increase (Decrease) in Funds Held in Trust	(244,194,292)	(1,652,756)
Funds Held in Trust - End of Year	\$ 233,583,887	\$ 477,778,180

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2018**

**REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 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.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The Trustee Held Funds are presented as fiduciary funds and are held by outside trustees and as such are not intended to present the financial position or results of operations of the Authority. The Trustee Held Funds utilize the accrual basis of accounting.

**NOTE 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, 2018 and 2017:

	2018	2017
Construction Funds	\$ 224,046,794	\$ 467,362,820
Debt Service Funds	1,125,376	1,571,456
Debt Service Reserve Funds	7,732,251	7,865,738
Renewal and Replacement Accounts	679,466	978,166
Total Funds Held in Trust	\$ 233,583,887	\$ 477,778,180

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2018**

**NOTE 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:

	<u>2018</u>	<u>2017</u>
Investments:		
Collateralized Investment Agreements	\$ 34,483,753	\$ 145,892,481
Variable Rate Demand Obligations		
U.S. Treasury and Agency Obligations*	<u>341,931,015</u>	<u>477,609,180</u>
Total Investments	<u>\$ 376,414,768</u>	<u>\$ 623,501,661</u>

\* Includes \$269,632,536 and \$291,747,416 of investments in pooled U.S. Treasury funds at December 31, 2018 and 2017, respectively, which are uncategorized.

**NOTE 5 LOANS AND LEASES RECEIVABLE**

Since its inception, the Authority has issued obligations of \$17,981,383,125 as of December 31, 2018 and 2017, 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. For projects under lease agreements, the Authority is the owner of those projects. 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 INFORMATION  
DECEMBER 31, 2018**

**NOTE 5    LOANS AND LEASES RECEIVABLE (continued)**

	2018	2017
Loans:		
Institute for Advanced Study	\$ 38,090,000	\$ 40,530,000
New Jersey Institute of Technology	49,790,000	49,790,000
Princeton Theological Seminary	627,500	1,852,500
Princeton University	1,751,180,000	1,829,930,000
Mortgages:		
Bloomfield College	29,479,623	30,217,555
Caldwell University (formerly Caldwell College)	17,005,153	17,600,161
College of Saint Elizabeth	20,730,000	21,020,000
Fairleigh Dickinson University	61,020,087	66,330,513
Georgian Court University	26,842,500	27,420,000
Institute for Defense Analyses	7,865,000	8,395,000
Rider University	72,770,000	74,340,000
Saint Peter's University (formerly Saint Peter's College)	24,481,446	26,986,912
Seton Hall University	170,292,500	174,242,500
Stevens Institute of Technology	115,905,000	118,515,000
Leases:		
Kean University	305,024,896	315,949,849
Montclair State University	383,575,000	394,870,000
New Jersey City University	138,190,000	143,090,000
Passaic County Community College	11,925,000	12,210,000
Ramapo College of New Jersey	212,342,500	219,690,000
Rowan University	56,232,500	62,380,000
Thomas Edison State University (formerly Thomas Edison State College)	9,405,849	10,693,474
The College of New Jersey	331,955,000	341,770,000
Stockton University (formerly The Richard Stockton College of New Jersey)	212,831,301	216,861,097
The William Paterson University of New Jersey	166,795,000	175,095,000
Higher Education Capital Improvement Fund	459,445,000	508,265,000
Higher Education Facilities Trust Fund	167,620,000	178,895,000
Higher Education Equipment Leasing Fund	39,140,000	52,840,000
Higher Education Technology Infrastructure Fund	30,090,000	32,390,000
Dormitory Safety Trust Fund	-	350,000
Library Grant Program	13,495,000	16,450,000
	\$ 4,924,145,855	\$ 5,168,969,561
Total		

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2018**

**NOTE 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,	
				2018	2017
<b>Bonds Payable</b>					
Bloomfield College 2013 Series A	\$ 32,267,000	5/13/2043	Variable	\$ 29,479,623	\$ 30,217,555
Caldwell University (formerly Caldwell College): 2013 Series E	20,000,000	5/31/2038	3.629%	17,005,153	17,600,161
Dormitory Safety Trust Fund: Series 2003 A	5,440,000	3/1/2018	3.752%		350,000
Fairleigh Dickinson University: 2006 Series G	14,505,000	7/1/2028	4.954%	8,725,000	9,385,000
2006 Series H	2,147,554	7/1/2027	4.954%	577,587	630,513
2014 Series B	51,925,000	2/1/2029	3.678%	41,405,000	43,720,000
2015 Series B	19,675,000	7/1/2045	3.932%	11,045,000	13,300,000
Georgian Court University: 2017 Series G	13,325,000	7/1/2037	3.818%	13,280,000	13,325,000
2017 Series H	14,095,000	7/1/2033	4.196%	14,095,000	14,095,000
			Net		
Higher Education Capital Improvement Fund:					
Series 2002 A	194,590,000	9/1/2022	4.599%	1,640,000	1,640,000
Series 2014 A	164,245,000	9/1/2033	3.669%	140,695,000	146,940,000
Series 2014 B	14,345,000	9/1/2033	3.671%	12,285,000	12,830,000
Series 2014 C	21,230,000	9/1/2020	1.696%	7,750,000	11,325,000
Series 2014 D	3,490,000	9/1/2020	1.712%	1,275,000	1,865,000
Series 2016 A	252,270,000	9/1/2024	2.841%	160,690,000	193,975,000
Series 2016 B	142,715,000	9/1/2036	4.733%	135,110,000	139,690,000
Higher Education Equipment Leasing Fund:					
Series 2014 A	82,235,000	6/1/2023	1.894%	35,380,000	48,150,000
Series 2014 B	7,105,000	6/1/2023	1.894%	3,760,000	4,690,000

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2018**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)**

Issue	Original Issue Amount	Final Maturity Date	Effective Interest Rate	Amount Outstanding December 31,	
				2018	2017
Higher Education Facilities Trust Fund: Series 2014	\$ 199,855,000	6/15/2029	3.246%	\$ 167,620,000	\$ 178,895,000
Higher Education Technology Infrastructure Fund: Series 2014	38,110,000	6/1/2028	3.039%	30,090,000	32,390,000
Institute for Advanced Study: 2006 Series B	29,600,000	7/1/2031	3.990%	21,100,000	22,300,000
2006 Series C	20,000,000	7/1/2036	Variable	14,900,000	15,500,000
2008 Series C	11,255,000	7/1/2021	3.619%	2,090,000	2,730,000
Institute for Defense Analysis: 2000 Series D	16,695,000	10/1/2030	Variable	7,865,000	8,395,000
Kean University: Series 2009 A	179,380,000	9/1/2036	6.404%	360,000	3,465,000
Series 2015 H	117,175,000	7/1/2039	3.762%	103,340,000	109,535,000
Series 2017 C	184,230,000	9/1/2036	3.626%	184,230,000	184,230,000
Series 2017 D	15,655,000	9/1/2039	3.310%	15,655,000	15,655,000
Library Grant Program: Series 2002 A	45,000,000	9/1/2022	4.560% Net	13,495,000	16,450,000
Montclair State University: Series 2006 J	154,110,000	7/1/2034	4.300%	17,695,000	24,160,000
Series 2007 A	6,150,000	7/1/2021	4.022%	1,955,000	2,540,000
Series 2008 J	27,545,000	7/1/2038	5.100%	-	675,000
Series 2014 A	189,365,000	7/1/2044	4.212%	182,045,000	185,250,000
Series 2015 D	73,770,000	7/1/2036	3.757%	69,520,000	69,520,000
Series 2016 B	118,190,000	7/1/2038	2.875%	118,190,000	118,190,000
New Jersey City University: Series 2003 B	2,300,000	7/1/2018	5.659%	-	250,000
Series 2007 F	17,910,000	7/1/2032	4.337%	13,765,000	14,580,000
Series 2008 E	68,445,000	7/1/2035	4.763%	-	1,950,000
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%	14,975,000	16,860,000
Series 2010 G	18,310,000	7/1/2040	4.062%	18,310,000	18,310,000
Series 2015 A	35,340,000	7/1/2045	3.932%	35,340,000	35,340,000
Series 2016 D	52,075,000	7/1/2035	2.886%	52,075,000	52,075,000

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2018**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31,	
				2018	2017
<b>New Jersey Institute of Technology:</b>					
Series 2010 H	\$ 50,965,000	7/1/2031	4.280%	\$ 29,340,000	\$ 29,340,000
Series 2010 I	20,450,000	7/1/2040	4.304%	20,450,000	20,450,000
<b>Passaic County Community College:</b>					
Series 2010 C	13,635,000	7/1/2041	5.355%	12,070,000	12,350,000
<b>Princeton Theological Seminary:</b>					
2009 Series B	14,435,000	12/1/2032	2.878%	1,255,000	2,450,000
<b>Princeton University:</b>					
2003 Series D	114,495,000	7/1/2019	3.727%	11,130,000	21,680,000
2008 Series J	250,000,000	7/1/2038	4.391%	-	6,215,000
2008 Series K	208,805,000	7/1/2023	4.356%	-	16,655,000
2010 Series B	250,000,000	7/1/2040	4.034%	5,785,000	11,350,000
2011 Series B	250,000,000	7/1/2041	4.087%	221,460,000	226,805,000
2014 Series A	200,000,000	7/1/2044	3.773%	191,935,000	194,725,000
2015 Series A	156,790,000	7/1/2035	2.317%	134,735,000	144,670,000
2015 Series D	150,000,000	7/1/2045	3.403%	144,415,000	147,275,000
2016 Series A	109,500,000	7/1/2035	2.525%	105,610,000	109,500,000
2016 Series B	117,820,000	7/1/2027	1.769%	113,020,000	115,890,000
2017 Series B	342,240,000	7/1/2036	2.911%	325,455,000	342,240,000
2017 Series C	141,095,000	7/1/2047	3.505%	141,095,000	141,095,000
2017 Series I	357,105,000	7/1/2040	2.968%	357,105,000	357,105,000
<b>Ramapo College of New Jersey:</b>					
Series 2011 A	19,090,000	7/1/2021	3.325%	3,890,000	5,505,000
Series 2012 B	80,670,000	7/1/2042	3.689%	74,105,000	75,045,000
Series 2015 B	45,180,000	7/1/2040	3.585%	41,835,000	43,240,000
Series 2017 A	99,450,000	7/1/2047	3.505%	96,310,000	99,450,000
<b>Rider University:</b>					
2012 Series A	52,020,000	7/1/2037	3.741%	31,800,000	33,340,000
2017 Series F	41,770,000	7/1/2047	4.187%	41,770,000	41,770,000

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2018**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				December 31, 2018	2017
Rowan University:					
Series 2007 B	\$ 121,355,000	7/1/2034	4.266%	\$ -	\$ 4,125,000
Series 2011 C	30,045,000	7/1/2025	3.705%	15,120,000	17,580,000
Series 2016 C	45,300,000	7/1/2031	2.129%	43,200,000	44,735,000
Saint Peter's University (formerly Saint Peter's College):					
2007 Series G	36,053,465	7/1/2027	4.217%	24,481,446	26,641,612
2008 Series H	5,000,000	7/1/2018	3.925%	-	345,300
Seton Hall University:					
2011 Series A	35,470,000	7/1/2026	2.997%	5,900,000	7,985,000
2013 Series D	41,910,000	7/1/2043	2.707%	38,510,000	39,620,000
2015 Series C	22,205,000	7/1/2037	3.819%	20,200,000	20,870,000
2016 Series C	36,265,000	7/1/2046	3.198%	36,265,000	36,265,000
2017 Series D	39,520,000	7/1/2047	3.853%	39,520,000	39,520,000
2017 Series E	31,915,000	7/1/2039	3.914%	31,915,000	31,915,000
Stevens Institute of Technology:					
2017 Series A	119,905,000	7/1/2047	3.976%	117,125,000	119,905,000
The College of New Jersey:					
Series 2008 D	287,790,000	7/1/2035	5.086%	-	2,465,000
Series 2010 B	41,090,000	7/1/2040	4.748%	1,045,000	2,055,000
Series 2012 A	26,255,000	7/1/2019	1.637%	5,145,000	9,855,000
Series 2013 A	24,950,000	7/1/2043	4.561%	23,535,000	24,030,000
Series 2015 G	114,525,000	7/1/2031	3.301%	114,525,000	114,525,000
Series 2016 F	87,925,000	7/1/2040	2.928%	87,925,000	87,925,000
Series 2016 G	105,255,000	7/1/2034	3.323%	105,255,000	105,255,000
The College of Saint Elizabeth:					
2016 Series D	21,435,000	7/1/2046	4.566%	20,880,000	21,160,000
Stockton University (formerly The Richard Stockton College of New Jersey):					
Series 2015 E	18,830,826	7/1/2028	2.830%	14,866,301	16,233,597
Series 2016 A	202,445,000	7/1/2041	3.175%	198,810,000	202,445,000
Thomas Edison State University (formerly Thomas Edison State College):					
Series 2011 D	8,000,000	10/1/2031	3.516%	4,658,058	5,079,111
Series 2014 B	7,000,000	12/1/2024	2.500%	4,370,000	5,040,000



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2018**

**NOTE 6 BONDS, NOTES AND LEASES PAYABLE (continued)**

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31,	
				2018	2017
<b>The William Paterson University</b>					
of New Jersey:					
Series 2008 C	\$ 88,670,000	7/1/2038	4.724%	\$ 5,170,000	\$ 7,620,000
Series 2012 C	33,815,000	7/1/2042	2.955%	30,750,000	31,255,000
Series 2012 D	21,860,000	7/1/2028	2.489%	12,985,000	14,075,000
Series 2015 C	45,695,000	7/1/2040	3.538%	34,650,000	38,400,000
Series 2016 E	60,755,000	7/1/2038	2.877%	60,755,000	60,755,000
Series 2017 B	27,065,000	7/1/2047	3.796%	26,710,000	27,065,000
<b>Notes Payable</b>					
Princeton University:					
Various Commercial Paper	120,000,000	N/A	Variable	5,000,000	
<b>Leases Payable</b>					
Kean University	10,000,000	7/1/2020	3.140%	1,750,000	2,750,000
Kean University	15,000,000	2/15/2021	2.820%	2,362,396	3,412,349
Thomas Edison State University	2,700,000	9/28/2022	Variable	281,029	351,287
Thomas Edison State University	948,000	7/1/2019	2.427%	96,762	223,076
				<u>\$ 4,963,318,355</u>	<u>\$ 5,208,774,561</u>

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

2019 - 2022	\$ 929,083,364
2023 - 2027	1,238,094,633
2028 - 2032	1,141,859,632
2033 - 2037	949,845,882
2038 - 2042	412,195,960
2043 - 2047	292,238,884
Total	<u>\$ 4,963,318,355</u>

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
DECEMBER 31, 2018**

**NOTE 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.

Refunded bonds outstanding at December 31, 2018 comprise the following:

Issue	Principal Amount Outstanding December 31, 2018	Refunded Issues			Refunding Issues		
		Principal Amount Refunded	Call Date	Debt Service Savings	Date of Issuance	Issue	Original Amount of Issue
Stevens Institute of Technology 1998 Series I	\$ 2,510,000	\$ 6,050,000	No Call	N/A*	8/2/2007	2007 Series A	\$ 71,080,000
University of Medicine & Dentistry of New Jersey Series 2009 B	80,521,190 77,071,523 25,934,300 1,317,986	109,794,495 105,090,709 35,362,659 2,341,867	6/1/2019 6/1/2019 6/1/2019 6/1/2019	N/A** N/A** N/A** N/A**		Rutgers TE Rutgers Taxable Rowan Univ Hospital	
Seton Hall University 2008 Series E	20,345,000	22,030,000	7/1/2019	1,329,496	7/14/2015	2015 Series C	22,205,000
The College of New Jersey Series 2010 B	37,115,000	37,115,000	7/1/2019				
Princeton University 2010 Series B	209,225,000	209,225,000	7/1/2019	24,365,484	12/27/2017	Series 2017 I	357,105,000
Kean University Series 2009 A	170,380,000	170,380,000	9/1/2019	15,938,924	12/14/2017	Series 2017 C	184,230,000
Princeton Theological Seminary Series 2009 B Series 2010 A	4,125,000 47,415,000	4,125,000 49,205,000	7/1/2019 7/1/2020	N/A** N/A**			
New Jersey Institute of Technology Series 2010 H	14,310,000	19,545,000	7/1/2020	N/A**			
Drew University Series 2003 C	8,255,000	11,385,000	7/1/2021	N/A**			

\* Debt Restructuring

\*\* Not NJEFA Refunding Bonds



**INDEPENDENT AUDITORS' 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**

**Management and Members of  
New Jersey Educational Facilities Authority  
Princeton, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities of the New Jersey Educational Facilities Authority as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 9, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Management and Members of  
New Jersey Educational Facilities Authority  
Princeton, New Jersey**

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
September 9, 2019

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
2019 BUDGET VARIANCE ANALYSIS  
FOR THE EIGHT MONTHS ENDED AUGUST 31, 2019

EXECUTIVE SUMMARY

Net Operating Income

The NJEFA concluded August with a year-to-date net operating loss in the amount of \$87,454 based on year to date revenues of \$1,822,769 and expenses of \$1,910,226.

Revenues

Year-to-date actual revenues were \$150,107 less than projected due to less transaction volume during the first eight months of the year than anticipated and delays in the state backed grant programs.

Expenses

Actual operating expenditures for the first eight month of the year were under budget by \$569,490 primarily due to timing of expenditures and staff vacancies.

Exhibits

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Operating Account – Vendor Payments	2
Summary of Construction Funds	3

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**  
**ACTUAL vs. BUDGET REPORT**  
**AUGUST 2019**

	Month Ended August 31, 2019			Year-To-Date August 31, 2019		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b><u>Operating Revenues</u></b>						
Annual Administrative Fees	\$184,270	\$206,212	\$ (21,942)	\$1,631,953	\$1,652,044	\$ (20,091)
Initial Fees	-	-	-	65,870	237,500	(171,630)
Investment Income	8,019	10,417	(2,398)	124,946	83,332	41,614
	<u>\$ 192,289</u>	<u>\$ 216,629</u>	<u>\$ (24,340)</u>	<u>\$ 1,822,769</u>	<u>\$ 1,972,876</u>	<u>\$ (150,107)</u>
<b><u>Operating Expenses</u></b>						
Salaries	\$102,421	\$123,172	\$ 20,751	\$ 926,665	\$ 1,046,952	\$ 120,287
Employee Benefits	40,590	72,055	31,465	344,505	576,442	231,937
Provision for Post Ret. Health Benefits	-	29,167	29,167	175,000	233,332	58,332
Office of The Governor	2,083	2,083	-	16,668	16,668	-
Office of The Attorney General	10,417	10,417	-	83,332	83,332	-
Sponsored Programs & Meetings	510	817	307	3,867	6,532	2,665
Telecom & Data	2,474	2,833	359	19,872	22,668	2,796
Rent	16,445	16,667	222	129,830	133,332	3,502
Utilities	2,132	2,167	35	16,438	17,332	894
Office Supplies & Postage Expense	1,086	2,250	1,164	10,120	18,000	7,880
Travel & Expense Reimbursement	-	1,417	1,417	3,447	11,332	7,885
Staff Training & Conferences	8,514	3,583	(4,931)	22,549	28,668	6,119
Insurance	4,220	6,526	2,306	34,337	38,896	4,559
Publications & Public Relations	454	2,238	1,784	1,841	17,898	16,257
Professional Services	390	10,167	9,777	68,847	131,332	62,485
Dues & Subscriptions	1,703	7,458	5,755	22,614	59,668	37,054
Maintenance Expense	1,073	1,500	427	11,782	12,000	218
Depreciation	2,339	3,167	828	18,712	25,332	6,620
Contingency	-	-	-	-	-	-
	<u>196,851</u>	<u>297,684</u>	<u>100,833</u>	<u>1,910,226</u>	<u>2,479,716</u>	<u>569,490</u>
<b>Net Operating Income</b>	<u>\$ (4,562)</u>	<u>\$ (81,055)</u>	<u>\$ 76,493</u>	<u>\$ (87,457)</u>	<u>\$ (506,840)</u>	<u>\$ 419,383</u>

**NJEFA**  
**Vendor Payments**  
**JULY 2019**

2:46 PM

Type	Date	Num	Name	Memo	Account	Accrual Basis Amount
Bill Pmt -Check	08/02/2019	EFT	NJSHBP	Aug Covg	Accounts Payable	15,915.97
Bill Pmt -Check	08/02/2019	EFT	NJSHBP	Aug Covg	Accounts Payable	6,519.50
Bill Pmt -Check	08/02/2019	EFT	NJSHBP	Aug Covg	Accounts Payable	3,058.51
Bill Pmt -Check	08/06/2019	EFT	BMO Financial Group	Disposal of Fixed Assets, Crash Plan, NABL Material	Accounts Payable	713.65
Bill Pmt -Check	08/08/2019	EFT	Willis of New Jersey	2431419, 2429935	Accounts Payable	118,159.73
Bill Pmt -Check	08/08/2019	EFT	1st Constitution	OB Wire	Accounts Payable	25.00
Bill Pmt -Check	08/12/2019	1056	DocuSafe	1220413	Accounts Payable	173.92
Bill Pmt -Check	08/12/2019	1067	Government News Network	84724-G	Accounts Payable	340.00
Bill Pmt -Check	08/12/2019	1058	NAHEFFA (Conferenpes)	2019 Fall Conf, E.B.	Accounts Payable	450.00
Bill Pmt -Check	08/12/2019	1059	PKF O'Connor Davies, LLP	436353	Accounts Payable	15,000.00
Bill Pmt -Check	08/12/2019	1060	Polar Inc.	059882	Accounts Payable	91.85
Bill Pmt -Check	08/12/2019	1061	Refinitive Global Markets Inc.	95870346	Accounts Payable	760.00
Bill Pmt -Check	08/12/2019	1062	UPS	2Y687X299	Accounts Payable	47.41
Bill Pmt -Check	08/12/2019	1063	W.B. Mason Company, inc.	IS0991158	Accounts Payable	225.60
Bill Pmt -Check	08/15/2019	EFT	1st Constitution	IB Wire NJCU	Accounts Payable	15.00
Bill Pmt -Check	08/21/2019	1064	100 & RW CRA, LLC	006960	Accounts Payable	12,251.67
Bill Pmt -Check	08/21/2019	1065	Civil Service Commission	0000002291	Accounts Payable	159.00
Bill Pmt -Check	08/21/2019	1066	Comcast	080719	Accounts Payable	86.90
Bill Pmt -Check	08/21/2019	1067	DocuSafe	120951	Accounts Payable	172.07
Bill Pmt -Check	08/21/2019	1068	East West Connection, Inc.	104771 2019 NJ Connects Exhibit Reg	Accounts Payable	300.00
Bill Pmt -Check	08/21/2019	1069	Genmaro's	497323	Accounts Payable	210.00
Bill Pmt -Check	08/21/2019	1070	Middlaton, Kristen E.	Employee Benefits	Accounts Payable	150.00
Bill Pmt -Check	08/21/2019	1071	NJ Advance Media	0002442309	Accounts Payable	126.84
Bill Pmt -Check	08/21/2019	1072	NJ Economic Development Authority	2019August	Accounts Payable	1,522.09
Bill Pmt -Check	08/21/2019	1073	Treasurer, State of New Jersey - Pinnacle	01-AUG-2019	Accounts Payable	1,195.36
Bill Pmt -Check	08/21/2019	1074	Treasurer, State Of New Jersey - TeamSite	FY20 TEAMSITE (Website)	Accounts Payable	387.63
Bill Pmt -Check	08/21/2019	1075	Verizon Wireless	9835238204	Accounts Payable	290.46
Bill Pmt -Check	08/21/2019	1076	NJ OIT Fiscal Services	2019July	Accounts Payable	987.28
						<u>179,316.44</u>

**New Jersey Educational Facilities Authority**  
**Summary of Construction Funds**  
**As of August 31, 2019**

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<u>Private</u>						
Stevens Institute of Technology	2017 Series A	Various Renov & Improvements, Refund 1998 L, 2007 A	\$ 76,911,558.14	\$ (66,886,246.27)	\$ 10,025,311.87	87%
Rider University	2017 Series F	Academic & Residential Facilities, Science & Technology Bldg	44,228,160.45	(18,442,056.57)	25,786,103.88	42%
Georgian Court University	2017 Series G&H	Various Capital Improvements & Renovations, Refund 07 D, H	7,874,383.16	(195,631.15)	7,678,752.01	2%
Sub Total			\$ 129,014,101.75	\$ (85,523,933.99)	\$ 43,490,167.76	
<u>Public</u>						
New Jersey City University	Series 2015 A	Various Renovations & Improv, Refund 02 A, 08 E	37,869,656.10	(34,797,750.65)	3,071,905.45	92%
Stockton University	Series 2016 A	Science Center, Academic Bldg, Quad Project	26,207,528.53	(23,762,360.79)	2,445,167.74	91%
Ramapo College of New Jersey	Series 2017 A	Refund 06 I, Renov Library, Learning Center	11,278,830.75	(916,601.02)	10,362,229.73	8%
Sub Total			\$ 75,356,015.38	\$ (59,476,712.46)	\$ 15,879,302.92	
<u>Other Programs</u>						
Equipment Leasing Fund	Series 2014 A&B	Acquisition and Installation of Equipment	\$ 101,266,893.00	\$ (94,665,410.19)	\$ 6,601,482.81	93%
Technology Infrastructure Fund	Series 2014	Development of Technology Infrastructure	41,313,667.00	(37,907,553.14)	3,406,113.86	92%
Capital Improvement Fund	Series 2014 A-D	Capital Improvements	191,905,596.00	(185,566,567.76)	6,339,028.24	97%
Facilities Trust Fund	Series 2014	Construct, Reconstruct, Develop & Improve Facilities	219,977,164.00	(199,114,937.49)	20,862,226.51	91%
Capital Improvement Fund	Series 2015 B	Capital Improvements	146,700,261.19	(121,470,347.95)	25,229,913.24	83%
Sub Total			\$ 701,163,581.19	\$ (638,724,816.53)	\$ 62,438,764.66	
<b>Grand Total</b>			<b>\$ 905,533,698.32</b>	<b>\$ (783,725,462.98)</b>	<b>\$ 121,808,235.34</b>	