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Sheryl A. Stitt
Acting Executive Director

**MINUTES OF THE MEETING OF THE
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
HELD REMOTELY ON TUESDAY, APRIL 25, 2023**

The meeting was called to order at 10:00 a.m. by Board Chair Joshua Hodes. The New Jersey Educational Facilities Authority gave notice of the time, place and date of this meeting via email on June 14, 2022, 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 and on the Authority's website. 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 (VIA ZOOM):

Joshua Hodes, Chair
Ridgeley Hutchinson, Vice Chair
Elizabeth Maher Muoio, State Treasurer, Treasurer (represented by Ryan Feeney)
Louis Rodriguez
Dr. Brian Bridges, Secretary of Higher Education

AUTHORITY MEMBERS ABSENT:

None

STAFF PRESENT (VIA ZOOM):

Sheryl A. Stitt, Acting Executive Director
Steven Nelson, Acting Deputy Executive Director
Ellen Yang, Director of Compliance Management
Brian Sootkoos, Director of Finance-Controller

Rebecca Crespo, Associate Project Manager
Edward DiFiglia, Public Information Officer
Linda Hazley, Office Manager-Document Specialist
Carl MacDonald, Project Manager
Kristen Middleton, Assistant Controller
Jamie O'Donnell, Senior Grant Program Manager
Sheila Toles, Senior Human Resources Manager
Gary Vencius, Accounting Manager

ALSO PRESENT (VIA ZOOM):

Victoria Nilsson, Esq., Deputy Attorney General
Janice Venables, Esq., Governor's Authorities Unit
Dorit Kressel, Esq., Chiesa Shahinian & Giantomasi PC
Brian Hayes, The Yuba Group
Kristine Flynn, Esq., Hawkins Delafield & Wood LLP
Angela Bethea, Office of the Secretary of Higher Education
Kevin Kobylowski, Office of the Secretary of Higher Education

ITEMS OF DISCUSSION

1. Approval of the Minutes of the Meeting of March 28, 2023

The minutes of the meeting of March 28, 2023 were delivered electronically and via United Parcel Service to Governor Philip Murphy under the date of March 29, 2023. Secretary Bridges moved that the minutes of the meeting be approved as presented; the motion was seconded by Mr. Rodriguez and passed unanimously.

2. Resolution of the New Jersey Educational Facilities Authority Appointing an Executive Director and Secretary of the Authority

Mr. Hodes reported that Eric Brophy officially resigned his position with the Authority effective March 17, 2023 leaving the Executive Director and Secretary positions vacant. Mr. Hodes reported that Sheryl Stitt had served as the Acting Executive Director and Secretary since February 2022, which marked the fifth time and the accumulation of five years that she had overseen all operations of the Authority which included implementation of several state grant programs for public libraries and higher education and completion of approximately 30 financings of various structures and complexity with a combined par value of nearly \$2 billion for New Jersey's colleges and universities. Ms. Stitt joined the Authority in 2000 and served in various roles including Director of Communications and Legislative Strategy, and Deputy Executive Director.

Ms. Stitt is a graduate of the University of California, Berkeley and started her career in public service in Governor Kean's administration, first in the Department of Treasury where she reviewed and advised on legislation impacting the Office of Public Finance, Office of Management and Budget, and the Divisions of Pensions, among others. She then joined the Governor's Authorities Unit (GAU), where she represented the Governor's Office on New Jersey's finance and economic development agencies, including the Educational Facilities Authority, the Higher Education Student Assistance Authority, Economic Development Authority, Casino Reinvestment Development Authority, the Healthcare Facilities Financing Authority, and the Hackensack Meadowlands Development Commission. She was also designated as the GAU's representative on Governor Kean's Blue Ribbon Urban Affairs Cabinet Council and subsequently appointed by the Governor as a public member of the New Jersey Statewide Health Coordinating Council. Ms. Stitt later co-founded Public Policy Advisors, Inc., a governmental affairs firm located in Trenton.

The Members congratulated Ms. Stitt and expressed appreciation for all of her hard work over the years. Ms. Stitt thanked the Members and Authority staff and stated she looked forward to the work ahead as the Authority continued to help its institutions meet the myriad of challenges they face in providing the best education for their students.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY APPOINTING AN EXECUTIVE DIRECTOR AND
SECRETARY OF THE AUTHORITY

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

The adopted resolution is appended as Exhibit I.

3. Resolution of the New Jersey Educational Facilities Authority Appointing a Deputy Executive Director and Assistant Secretary of the Authority

Mr. Hodes reported that the Members determined it was necessary to provide assistance to the Executive Director and wished to appoint Acting Deputy Executive Director Steven Nelson, to serve as the Deputy Executive Director and Assistant Secretary.

Mr. Hodes reported that Mr. Nelson had served as the Acting Deputy Executive Director since February 2022 and had joined the Authority in 2014 and served as Director of Project Management since 2016. He reported that in addition to supervising the Division's daily operations, Mr. Nelson also leads the Authority's

management and structuring of bond offerings and serves as the Authority's Diversity, Equity and Inclusion Coordinator where he leads internal and external business activities on all matters relating to diversity, equity and inclusion.

Prior to joining the Authority, Mr. Nelson worked over 10 years in public finance at various investment banking institutions where he provided traditional bond underwriting and financial advisory services for higher education and not-for-profit issuers. Mr. Nelson is a graduate of Williams College and holds a Master of Public Administration, Financial Management and Public Finance from NYU, and a Master of Business Administration in Finance from Columbia Business School.

The Members congratulated Mr. Nelson and stated that they looked forward to continuing to work with him as Deputy Executive Director of the Authority.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY APPOINTING A DEPUTY EXECUTIVE DIRECTOR AND
ASSISTANT SECRETARY OF THE AUTHORITY

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

The adopted resolution is appended as Exhibit II.

4. Executive Director's Report

Ms. Stitt provided the Executive Director's report for informational purposes only.

Ms. Stitt reported that on February 21, 2023, Governor Murphy signed Executive Order 319, which among other things, established the Equity and Sustainability Advisory Council. She explained that the purpose of the Advisory Council was to develop and recommend to the Governor's Office a Statewide Equity Infrastructure Policy that would provide State agencies with strategic direction for achieving greater equity. She explained that E.O. 319 required each state agency, including independent Authorities, designate a senior-level employee to perform the functions of Chief Diversity Officer or an equivalent role to administer the Authority's diversity, equity, inclusion, and belonging initiatives and programs. Ms. Stitt reported that Mr. Nelson had been serving as the Authority's DEI Coordinator since December 2021 and in accordance with the Executive Order, she had designated Mr. Nelson to perform the functions of Chief Diversity Officer on behalf of the Authority.

Ms. Stitt reported that she was pleased to announce that Rebecca Crespo, formerly Rebecca Clark, had joined the Authority as Associate Project Manager.

Ms. Crespo previously worked for the Authority for several years where she earned her MBA in Finance. Ms. Crespo later pursued an opportunity to join a private financial advisory firm where she obtained her Municipal Securities Rulemaking Board (MSRB) Series 50 license. While there, she gained a broad understanding of the requirements related to the issuance of municipal debt; performing issuers credit analysis and due diligence; structuring, pricing and executing municipal debt products, and understanding SEC and MSRB rules for municipal bonds. Ms. Stitt reported that staff was very happy to welcome Ms. Crespo back to the Authority.

5. Resolution of the New Jersey Educational Facilities Authority Confirming the Continuation of the Princeton University Commercial Paper Notes Program

Mr. MacDonald reported that the Authority sought the Members' approval of a resolution for the reauthorization and recertification of Princeton University's Commercial Paper Notes Program (CP program) in an amount not to exceed \$120,000,000. Mr. MacDonald explained that the University's Commercial Paper Notes Program was the Authority's sole CP program and that the notes were a short-term debt instrument issued with maturities typically from 1 to 270 days and typically would either be repaid with cash, rolled into a new note at the end of the term, or refinanced with a longer-term bond. He reported that the University's CP program had historically been used to finance capital projects, allowing the University to draw up to \$120 million of outstanding commercial paper and that the CP program was originally authorized by Members of the Authority in 1997, and had been reauthorized by resolution in 2010 and 2018.

Mr. MacDonald explained that TEFRA approval for the CP program was valid for 36 months and that the last TEFRA approval was in August 2018 and expired in August 2021. He explained that for the University to make new draws on its CP program, the Authority and bond counsel had scheduled a TEFRA hearing for April 25, 2023. Mr. MacDonald reported that in conjunction with the required Governor's TEFRA approval, staff recommended the Members reauthorize the CP program with no changes being made to the original resolution.

Mr. MacDonald reported that J.P. Morgan served as the Commercial Paper Dealer for the CP program, the Yuba Group had been retained by the University to serve as financial advisor and Hawkins Delafield & Wood LLP as bond counsel.

Kristine Flynn, Esq. of Hawkins Delafield & Wood LLP, bond counsel, described the resolution for the Members' consideration.

Secretary Bridges moved the adoption of the following entitled resolution:

RESOLUTION CONFIRMING AND RATIFYING THE ISSUANCE FROM TIME TO TIME, IN ONE OR MORE SERIES, BY THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY OF UP TO \$120,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS PRINCETON UNIVERSITY

COMMERCIAL PAPER NOTES AND AUTHORIZING THE AUTHORITY
TO TAKE ALL ACTION REQUIRED OR NECESSARY IN CONNECTION
WITH THE ISSUANCE FROM TIME TO TIME OF THE NOTES

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

The adopted resolution is appended as Exhibit III.

6. Resolutions of the New Jersey Educational Facilities Authority Relating to the Capital Facilities Grant Program

Mr. Nelson reported that in November 2021, Governor Murphy and the Secretary of Higher Education announced the release of \$400 million in funds under the Authority's four capital facilities grant programs to support the needs of New Jersey's institutions of higher education. The programs were the Higher Education Facilities Trust Fund (HEFT), Higher Education Capital Improvement Fund (CIF), Higher Education Equipment Leasing Fund (ELF), and Higher Education Technology Infrastructure Fund (HETI).

Mr. Nelson reported that pursuant to a Memorandum of Understanding authorized and approved by the Members on April 26, 2022, Authority staff worked with the Office of the Secretary of Higher Education to administer the 2022 solicitation cycle of the grant programs. He reported that upon completion of the approval and authorization process by the Secretary of Higher Education, the State Legislature, and the Joint Budget Oversight Committee, the Authority anticipated issuing tax-exempt bonds in 2023 and/or 2024 to fund the costs of the grant programs.

Mr. Nelson reported that the four reimbursement resolutions expressed the official intent of the Authority, for purposes of federal tax law, to issue tax-exempt bonds to fund the HEFT, CIF, ELF and HETI grant programs and by adopting the resolution, the Authority would make it possible for the grantees to be reimbursed for eligible project costs incurred after the Secretary submits the certified list of projects and award amounts to the Legislature but before the date bonds are issued. He reported the reimbursement resolutions thereby would permit institutions to begin financing critical project needs prior to the issuance of the bonds.

Dorit Kressel, Esq. of Chiesa, Shahinian & Giantomasi, bond counsel, described the resolutions for the Members' consideration.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY DECLARING, FOR PURPOSES OF FEDERAL TAX
LAW, ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES
FOR PROJECT COSTS FROM PROCEEDS OF REVENUE

BONDS ISSUED PURSUANT TO THE NEW JERSEY HIGHER
EDUCATION FACILITIES TRUST FUND ACT

The motion was seconded by Mr. Rodriguez

Secretary Bridges asked whether he should recuse from the vote and recuse from the three votes to follow on approving Reimbursement Resolutions for each respective grant program, due to his role in administration of the grant programs. Secretary Bridges received direction from Deputy Attorney General Victoria Nilsson to recuse.

Secretary Bridges subsequently recused from the vote; the motion passed.

The adopted resolution is appended as Exhibit IV.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY DECLARING, FOR PURPOSES OF FEDERAL TAX
LAW, ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES
FOR PROJECT COSTS FROM PROCEEDS OF REVENUE
BONDS ISSUED PURSUANT TO THE NEW JERSEY HIGHER
EDUCATION CAPITAL IMPROVEMENT FUND ACT

The motion was seconded by Mr. Rodriguez. Secretary Bridges recused from the vote; the motion passed.

The adopted resolution is appended as Exhibit V.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY DECLARING, FOR PURPOSES OF FEDERAL TAX
LAW, ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES
FOR PROJECT COSTS FROM PROCEEDS OF REVENUE
BONDS ISSUED PURSUANT TO THE NEW JERSEY HIGHER
EDUCATION EQUIPMENT LEASING FUND ACT

The motion was seconded by Mr. Rodriguez. Secretary Bridges recused from the vote; the motion passed.

The adopted resolution is appended as Exhibit VI.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY DECLARING, FOR PURPOSES OF FEDERAL TAX
LAW, ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES
FOR PROJECT COSTS FROM PROCEEDS OF REVENUE
BONDS ISSUED PURSUANT TO THE NEW JERSEY HIGHER
EDUCATION TECHNOLOGY INFRASTRUCTURE FUND ACT

The motion was seconded by Mr. Rodriguez. Secretary Bridges recused from the vote; the motion passed.

The adopted resolution is appended as Exhibit VII.

7. **Resolution of the New Jersey Educational Facilities Authority Approving the Engagement of Investment Advisors**

Mr. Sootkoos reported that the Authority sought to retain the services of an investment advisor to invest the Authority's operating and OPEB funds and to establish a pool of three firms to be available to invest bond funds at the discretion of the institutions and the Authority. He reported that staff distributed an RFP for Investment Advisory Services to a distribution list of 12 firms and received four responses.

Mr. Sootkoos reported that the Authority formed an evaluation committee consisting of the Director of Finance/Controller, Acting Deputy Executive Director and Assistant Controller who reviewed the responses and determined that it would be in the best interests of the Authority to appoint PFM Asset Management as the investment advisor for the Authority's operating and OPEB funds and PFM Asset Management, Ramirez Asset Management and Loop Capital Asset Management be appointed to invest current and future bond funds at the discretion of the institutions and the Authority. Mr. Sootkoos reported that staff recommended authorizing the engagement of the investment advisors for a 24-month period commencing on May 28, 2023 and expiring on May 27, 2025, with the option to extend the term of the pool for two additional and successive 12-month periods at the Authority's discretion.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY APPROVING THE ENGAGEMENT OF INVESTMENT
ADVISORS

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

The adopted resolution is appended as Exhibit VIII.

8. 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 March 2023.

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

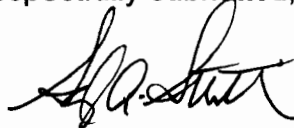
The reports are appended as Exhibit IX.

9. Next Meeting Date

Mr. Hodes reminded everyone that the next meeting was scheduled for Tuesday, May 23rd at 10:00 a.m. and requested a motion to adjourn.

Secretary Bridges moved that the meeting be adjourned at 10:34 a.m. The motion was seconded by Mr. Hodes and passed unanimously.

Respectfully submitted,



Sheryl A. Stitt
Acting Secretary

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY APPOINTING AN EXECUTIVE DIRECTOR AND SECRETARY
OF THE AUTHORITY**

Adopted: April 25, 2023

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and authorized to issue its obligations to provide a means for New Jersey public and private colleges and universities to obtain financing to construct educational facilities as defined in the Act; and
- WHEREAS:** The Executive Director is an Officer of the Authority, appointed by the Authority, and serving as the chief executive officer of the Authority, with general supervision of, and administrative authority over, all of the activities of the Authority; and
- WHEREAS:** The office of the Executive Director has been vacant since January 24, 2022, when Eric D. Brophy accepted and assumed a position in the Office of the Governor on mobility assignment leaving the Executive Director and Secretary positions vacant; and
- WHEREAS:** The Members of the Authority have not made a formal appointment of an Executive Director since that time. Rather, to manage the day-to-day operations of the Authority, the Members of the Authority appointed Sheryl A. Stitt to serve as Acting Executive Director and Acting Secretary of the Authority, by a resolution adopted on February 22, 2022, and Ms. Stitt is currently serving in that role; and
- WHEREAS:** Eric D. Brophy subsequently resigned as Executive Director of the Authority on March 17, 2023, having accepted a position with the Office of the Governor; and
- WHEREAS:** The Members of the Authority, in accordance with the Act and the By-Laws of the Authority, as amended through September 28, 2021 (the "By-Laws"), desire to appoint Sheryl A. Stitt as the Executive Director of the Authority; and
- WHEREAS:** The Members further wish that the duties and responsibilities of the Secretary as set forth in the By-Laws be vested in the Executive Director; and

WHEREAS: Accordingly, in addition to the position of Executive Director, the Members also desire to appoint Ms. Stitt as the Secretary of the Authority.

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

SECTION 1. The recitals of this resolution are incorporated herein by reference as if set forth at length herein.

SECTION 2. The Members hereby appoint Sheryl A. Stitt as the Executive Director of the Authority at an initial annual salary of \$165,000 to perform the functions of that office with all duties, responsibilities and authority granted to that office pursuant to the Act, the By-Laws, resolutions of the Members and other applicable laws and regulations.

SECTION 3. The Members of the Authority hereby appoint Sheryl A. Stitt as the Secretary of the Authority with the duties and responsibilities of that office set forth in the Act and By-Laws.

SECTION 4. This Resolution shall take effect in accordance with the Act and replaces all prior resolutions to the extent inconsistent herewith.

____ Mr. Hutchinson ____ 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
Louis Rodriguez
Brian Bridges
Elizabeth Maher Muoio (represented by Ryan Feeney)

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
APPOINTING A DEPUTY EXECUTIVE DIRECTOR OF THE AUTHORITY**

Adopted: April 25, 2023

WHEREAS: The New Jersey Educational Facilities Authority (the "Authority") was created pursuant to the New Jersey Educational Facilities Authority Law, P.L. 1967, c. 271, N.J.S.A. 18A:72A-1 et seq., as amended and supplemented (the "Act") and authorized to issue its obligations to provide a means for New Jersey public and private colleges and universities to obtain financing to construct educational facilities as defined in the Act; and

WHEREAS: The Authority may, from time to time, pursuant to the Act and the Authority By-Laws, as amended through September 28, 2021 (the "By-Laws") designate officers in addition to the Chair, Vice-Chair, Secretary, Assistant Secretary, Treasurer, and Executive Director as it requires to exercise its power, duties and functions as prescribed in the Act; and

WHEREAS: The Authority at its meeting on September 25, 2002 adopted a resolution establishing the Office of the Deputy Executive Director (the "Resolution"); and

WHEREAS: Steven P. Nelson has been serving as Acting Deputy Executive Director since such appointment by the members on February 22, 2022; and

WHEREAS: The members of the Authority, pursuant to the Resolution, and in accordance with the Act and the By-Laws, now desire to appoint Mr. Nelson as the Deputy Executive Director of the Authority; and

WHEREAS: The members of the Authority also desire to appoint Mr. Nelson as an Assistant Secretary to the Board.

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

SECTION 1. The recitals of this resolution are incorporated herein by reference as if set forth at length herein.

SECTION 2. The Members hereby appoint Steven P. Nelson as the Deputy Executive Director of the Authority at an initial annual salary of \$162,000 to perform the functions of that office with all duties, responsibilities and authority granted to that office pursuant to the Act, the By-Laws, resolutions of the members and other applicable laws and regulations.

SECTION 3. The members of the Authority also appoint Steven P. Nelson as an Assistant Secretary to the Board.

SECTION 4. This resolution shall take effect upon adoption in accordance with the Act.

____ Mr. Hutchinson ____ 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
Louis Rodriguez
Brian Bridges
Elizabeth Maher Muoio (represented by Ryan Feeney)

NAY: None

ABSTAIN: None

ABSENT: None

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

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
RESOLUTION CONFIRMING THE CONTINUATION OF THE PRINCETON
UNIVERSITY COMMERCIAL PAPER NOTES PROGRAM

A RESOLUTION CONFIRMING AND RATIFYING THE ISSUANCE FROM TIME TO TIME, IN ONE OR MORE SERIES, BY THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (THE “AUTHORITY”) OF UP TO \$120,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS PRINCETON UNIVERSITY COMMERCIAL PAPER NOTES (THE “NOTES”) AND AUTHORIZING THE AUTHORITY TO TAKE ALL ACTION REQUIRED OR NECESSARY IN CONNECTION WITH THE ISSUANCE FROM TIME TO TIME OF THE NOTES

Adopted: April 25, 2023

WHEREAS, the New Jersey Educational Facilities Authority (the “Authority”) was created as a public body corporate and politic of the State of New Jersey pursuant to the New Jersey Educational Facilities Authority Law (being Chapter 72A of Title 18A of the New Jersey Statutes, as amended and supplemented), *N.J.S.A. 18A:72A-1 et.seq.* (the “Act”); and

WHEREAS, by Resolution of the Members of the Authority adopted on October 15, 1997, as supplemented on November 19, 1997 (the “Original Resolution”), the Authority has heretofore authorized the issuance from time to time, in one or more series, of its Princeton University Commercial Paper Notes (the “Notes”) and thereby established and implemented a commercial paper notes program for Princeton University (the “Princeton University Commercial Paper Notes Program”); and

WHEREAS, by Resolutions of the Members of the Authority adopted on September 29, 2010 and on July 24, 2018 (collectively, the “Prior Confirming Resolutions”), the Authority has heretofore confirmed and ratified the issuance of the Notes; and

WHEREAS, pursuant to the Original Resolution, as ratified and confirmed by the Prior Confirming Resolutions and by this Resolution, the Notes may be issued by the Authority from time to time, in one or more series, in an aggregate principal amount not to exceed \$120,000,000, with a maturity date for any Notes so issued of not later than one year from the date of issuance (not including rollovers of the Notes), and at a true interest cost for any Notes so issued of not greater than nine percent (9%) per annum; and

WHEREAS, pursuant to the Original Resolution, as confirmed by the Prior Confirming Resolutions, the Authority has heretofore approved, executed and delivered the Amended and Restated Commercial Paper Issuing and Paying Agency Agreement (the “CP Agreement”), by and among the Authority, the Trustees of Princeton University (the “University”) and the paying agent identified therein, which CP Agreement provides for the issuance from time to time of the Notes for the benefit of the University upon the terms and conditions set forth therein; and

WHEREAS, pursuant to the Original Resolution, the Authority has heretofore approved, executed and delivered the Loan Agreement (the “Loan Agreement”), by and between the Authority and the University, pursuant to which the Authority has agreed to lend the proceeds of the Notes to the University to finance capital improvements and equipment from time to time at the University’s facilities, and the University has agreed in the Loan Agreement to make payments to the Authority with respect to such loan of the proceeds of the Notes in the amounts and at the times required to pay debt service on the Notes; and

WHEREAS, pursuant to the Original Resolution, as confirmed by the Prior Confirming Resolutions, and the CP Agreement, the Authority has heretofore, from time to time, issued the Notes for the benefit of the University and lent the proceeds thereof to the University as provided in the Loan Agreement; and

WHEREAS, the University intends to continue to issue Notes from time to time under and in accordance with the CP Agreement and has requested the Authority’s continued assistance with respect to the issuance of the Notes, including, without limitation, the periodic scheduling of TEFRA hearings by the Authority with respect to the projects to be financed and refinanced with proceeds of the Notes and assistance by the Authority in obtaining the TEFRA approval of the Governor of the State of New Jersey with respect to the Notes, all as required by Section 147 of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Authority desires to confirm the continuation of the Princeton University Commercial Paper Notes Program and to confirm and ratify the issuance from time to time, in accordance with the Original Resolution and the CP Agreement, of the Notes, and the loan of the proceeds thereof by the Authority to the University as set forth in the Loan Agreement, and to authorize the Authority to take all action and execute and deliver any and all documents necessary or required in connection with the issuance from time to time of the Notes.

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

SECTION 1. The recitals are incorporated herein by reference as if set forth at length herein.

SECTION 2. That continuation of the Princeton University Commercial Paper Notes Program is hereby confirmed and the terms and conditions of the Original Resolution, the Prior Confirming Resolutions, the CP Agreement, the Loan Agreement and all Notes heretofore issued thereunder are hereby ratified and confirmed and the Authority is authorized to continue to issue the Notes from time to time, in one or more series, as requested by the University, upon the terms and conditions, and as provided in, the Original Resolution, the Prior Confirming Resolutions and the CP Agreement.

SECTION 3. That the Authority’s loan to the University of the proceeds of all Notes heretofore issued under the Original Resolution, the Prior Confirming Resolutions, the CP Agreement and the Loan Agreement is hereby ratified and confirmed and the Authority is authorized to continue to lend the proceeds of the Notes to the University upon the terms and conditions, and as provided in, the Loan Agreement.

SECTION 4. That the Chair, Vice-Chair, Treasurer, Executive Director, Deputy Executive Director, Secretary, any Assistant Secretary, Assistant Treasurer, Director of Project Management and any other person authorized by resolution of the Authority, and any of such officers designated as “acting” or “interim” (each an “Authorized Officer”) of the Authority are authorized to execute and deliver any and all documents necessary or required in connection with the issuance from time to time of the Notes, including, but not limited to, any Tax Regulatory Agreement or Tax Certificate relating to the Notes and any Internal Revenue Service Form 8038 relating to the Notes and all prior actions and execution and delivery of documents by any Authorized Officer in connection with Notes issued heretofore under the Original Resolution, the CP Agreement and the Loan Agreement are hereby ratified and confirmed.

SECTION 5. That any Authorized Officer of the Authority is authorized to take any action necessary or required to provide for the issuance from time to time of the Notes and the loan of the proceeds thereof to the University, to comply with the provisions of the CP Agreement and the Loan Agreement, and to carry out the intent of the Original Resolution.

SECTION 6. That the Members of the Authority shall, by resolution, confirm and ratify the continuation of the Princeton University Commercial Paper Notes Program and all actions taken by the Authority in connection therewith prior to seeking TEFRA approval from the Governor of the State of New Jersey for any Notes to be issued from and after the date hereof for so long as such confirmation and ratification by the Authority shall be required by the Governor of the State of New Jersey in connection with the TEFRA approval for the Notes.

SECTION 7. That the Original Resolution, as confirmed and ratified by the Prior Confirming Resolutions, is in all respects confirmed and ratified and shall remain in full force and effect.

SECTION 8. That this Resolution shall take effect in accordance with the Act.

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

AYE: Joshua Hodes
Ridgeley Hutchinson
Louis Rodriguez
Brian Bridges
Elizabeth Maher Muoio (represented by Ryan Feeney)

NAY: None

ABSTAIN: None

ABSENT: None

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

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

and

THE TRUSTEES OF PRINCETON UNIVERSITY

TAX REGULATORY AGREEMENT

Dated

Up To
\$120,000,000

New Jersey Educational Facilities Authority
Princeton University Commercial Paper Notes,
Series 2023A (Tax-Exempt)

THIS TAX REGULATORY AGREEMENT, made and dated December 7, 2020, by and between the NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY (the “Authority”), a body corporate and politic constituting a political subdivision of the State of New Jersey created and existing under the Constitution and laws of the State of New Jersey with the powers, among others, set forth in the New Jersey Educational Facilities Authority Law, now Chapter 72A, Title 18A of the New Jersey Statutes, as enacted by Chapter 271 of the Public Laws of 1967, as amended and supplemented (the “Act”), and THE TRUSTEES OF PRINCETON UNIVERSITY, a not-for-profit educational corporation incorporated under the laws of the State of New Jersey (the “Institution”),

WITNESSETH THAT:

WHEREAS, the Authority has been created and established as a body corporate and politic constituting a political subdivision of the State of New Jersey (the “State”) under the Act for the purpose of assisting higher educational institutions; and

WHEREAS, the Authority is authorized and empowered under the Act, *inter alia*, to undertake projects, to acquire, construct, extend, enlarge, operate, lease, as lessee or lessor, mortgage and regulate projects, and to refinance the existing indebtedness of eligible educational institutions, and to borrow money and issue bonds, notes, bond anticipation notes and other obligations of the Authority for any of its corporate purposes, and to fund or refund the same, and to lend the proceeds thereof to eligible institutions of higher education, all in accordance with loan agreements between the Authority and such institutions; and

WHEREAS, the Institution is a private, not-for-profit and charitable corporation organized and existing under the laws of the State and has been formed for the purpose of operating and has been engaged in operating Princeton University, located in Princeton, West Windsor and Forrestal (Plainsboro), New Jersey; and

WHEREAS, the Institution is authorized to construct, establish, maintain and operate Institution facilities; and

WHEREAS, the Institution has requested the Authority to issue its Princeton University Commercial Paper Notes on a tax-exempt basis in order to finance and refinance the acquisition, construction, installation, equipping and renovation of certain university facilities (the “Project”), through the issuance under the Act of the Notes described herein; and

WHEREAS, the Authority is authorized under the Constitution and laws of the State, including particularly the Act, to issue its bonds, notes, and other obligations for the purposes of financing and refinancing the Project for the Institution and to pay certain costs of issuing such bonds or notes; and

WHEREAS, the Authority by the Princeton University Commercial Paper Note Resolution adopted on October 15, 1997, as supplemented by resolution of the Authority adopted on November 19, 1997, and further supplemented by the resolution of the Authority dated September 28, 2010 and the resolution of the Authority dated July 24, 2018, and the Issuing Agreement, as defined herein, intends to issue its Princeton University Commercial Paper Notes, Series 2020A (Tax-Exempt) from time to time (the “Notes”); and

WHEREAS, the Internal Revenue Code of 1986, as amended (the “Code”), and the Regulations promulgated with respect thereto, prescribe restrictions on the Notes, the activities of the Institution, the application of Note proceeds and earnings thereon, and the use of the Project in order that interest on the Notes be and remain not included in gross income for Federal income tax purposes, and compliance with the procedures in this Tax Regulatory Agreement, the Issuing Agreement, defined herein, and the Loan Agreement, dated as of December 1, 1997, by and between the Authority and the Institution (the “Agreement,” see Definitions below) are required in order to ensure that the requirements of the Code are and will continue to be met; and

WHEREAS, the Authority has conducted a public hearing on the Project and the Notes on August 2, 2018 following the due publication of notice of such hearing on July 18, 2018 in *The Times of Trenton*; and

WHEREAS, the Governor of the State of New Jersey has approved, subsequent to such hearing, on August 10, 2018, both the Project and the issuance of the Notes; and

WHEREAS, this Tax Regulatory Agreement sets forth such restrictions on the Notes, the activities of the Institution, the application of Note proceeds and earnings thereon and the use of the Project; and

WHEREAS, in order to ensure that interest on the Notes will be and remain not included in gross income for Federal income tax purposes, such requirements must be met unless the parties to this Tax Regulatory Agreement are notified in writing to the contrary by Hawkins Delafield & Wood LLP;

NOW THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Institution hereby agree to the provisions set forth herein as indicated below:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. For the purposes of this Tax Regulatory Agreement, the following words and terms shall have the respective meanings set forth as follows, and any capitalized word or term used but not defined herein is used as defined in the Agreement:

“Act” shall mean the New Jersey Educational Facilities Authority Law, now Chapter 72A, Title 18A of the New Jersey Statutes, as enacted by Chapter 271 of the Public Laws of 1967, as amended and supplemented.

“Agreement” shall mean the Loan Agreement, dated as of December 1, 1997, by and between the Authority and the Institution, and when amended or supplemented, the Agreement, as amended or supplemented.

“Authority” shall mean the New Jersey Educational Facilities Authority, a body corporate and politic constituting a political subdivision of the State of New Jersey.

“Average Economic Life” shall mean the average reasonably expected economic life, within the meaning of Section 147(b) of the Code, of the Project assets financed or refinanced with the proceeds of the Notes.

“Average Maturity” shall mean the Average Maturity of the Notes within the meaning of Section 147(b) of the Code.

“Bona Fide Debt Service Fund” shall mean a fund which may include proceeds of an issue, that:

- (A) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Note Year; and
- (B) Is depleted at least once each Note Year, except for a reasonable carryover amount not to exceed the greater of: (1) the earnings on the fund for the immediately preceding Note Year; or (2) 1/12 of the principal and interest payments on the issue for the immediately preceding Note Year.

“Capital Expenditure” shall mean any cost of a type that is properly chargeable to capital account (or would be so chargeable with a proper election) under general Federal income tax principles. For example, costs incurred to acquire, construct, or improve land, buildings, and equipment generally are Capital Expenditures. Whether an expenditure is a Capital Expenditure is determined at the time the expenditure is paid with respect to the property; future changes in law do not affect whether an expenditure is a Capital Expenditure.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commingled Fund” shall mean any fund or account containing both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated Investment company under Section 851 of the Code, however, shall not be deemed to be a Commingled Fund.

“Computation Date” shall mean each Installment Computation Date and the Final Computation Date.

“Computation Period” shall mean the period between Computation Dates. The first Computation Period begins on the issue date and ends on the first Computation Date; each succeeding Computation Period begins on the date immediately following the Computation Date and ends on the next Computation Date.

“Deemed Issue Price” shall mean the value of an obligation which is a part of a Variable-Yield Obligation Issue and is outstanding on the last day of a Computation Period, which value is treated as the deemed Issue Price of

such obligation on the first day of the next Computation Period. Value for purposes of this definition means Value of a Note, as set forth herein below.

“Fair Market Value” of an Investment shall have the following meanings:

- (A) In General. Except as elsewhere specifically stated below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm’s-length transaction.
- (B) Guaranteed Investment Contracts and Yield-Restricted Escrows. The Fair Market Value of a guaranteed investment contract or an investment purchased for a yield-restricted defeasance escrow is its purchase price, provided the issuer of the Notes makes a bona fide solicitation for such contract that satisfies all of the following requirements:
- (1) the bid specifications are in writing and are timely forwarded to potential providers;
 - (2) the bid specifications include all material terms of the bid; material terms are defined as terms that may directly or indirectly affect the yield or cost of the investment;
 - (3) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the issuer or any other person for purposes of satisfying the requirements of the applicable provisions of the Regulations;
 - (4) the terms of the bid specifications are commercially reasonable, *i.e.*, there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the investment (for example, for solicitations of investments for a yield-restricted defeasance escrow, the hold firm period must be longer than the issuer reasonably requires);
 - (5) with respect to purchases of guaranteed investment contracts only, the terms of the solicitation take into account the issuer’s reasonably expected deposit and drawdown schedule for the amounts to be invested;
 - (6) all potential providers have an equal opportunity to bid, for example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid; and
 - (7) at least three reasonably competitive providers are solicited for bids; reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the investments being purchased.

The bids received must meet all of the following requirements:

- (1) the issuer receives at least three bids from providers that the issuer solicited under a bona fide solicitation, which bids meet the requirements set forth immediately above and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until fifteen days after the issue date of the issue. In addition, any entity acting as financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A

provider that is a related party to a person that has a material financial interest in the issue is deemed to have a material financial interest in the issue;

- (2) at least one of the three bids received is from a reasonably competitive provider of such types of investments, as described in paragraph (7) above; and
- (3) if the issuer uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

The winning bid is:

- (1) in the context of a guaranteed investment contract, the highest-yielding bona fide bid (determined net of any broker's fees); and
- (2) in the context of investments other than guaranteed investment contracts, the lowest-cost bona fide bid (including any broker's fees). The lowest-cost bid is either the lowest-cost bid for the portfolio or if the issuer compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio composed of the lowest cost for each investment. Any payment received by the issuer from a provider at the time the investment is purchased (*e.g.*, an escrow float contract) for a yield-restricted defeasance escrow under a bidding procedure meeting the requirements of this definition is taken into account in determining the lowest-cost bid.

In general, the lowest-cost bona fide bid (including any broker's fee) may not be greater than the cost of the most efficient portfolio composed exclusively of United States Treasury Securities - State and Local Government Series ("SLGS") available for purchase from the Bureau of Public Debt. The cost of the most efficient portfolio of SLGS is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. This requirement to compare to the most efficient SLGS portfolio does not apply if SLGS are not available for purchase on the date that bids are required to be submitted because sales of those securities have been suspended.

The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay), if any, to third parties in connection with supplying the investment.

The Institution must retain the following records with the bond documents until three years after the last outstanding bond is redeemed:

- (1) for guaranteed investment contracts, a copy of the contract, and for other types of purchases, the purchase agreement or confirmation;
- (2) the receipt or other record of the amount actually paid by the issuer for the investment, including a record of any administrative costs paid by the issuer to third parties and the certification of such costs;
- (3) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid and the bid results;
- (4) the bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation. If the issuer replaces an investment in the winning bid portfolio with another investment, the purchase price of the investment must be bid under a bidding procedure meeting the requirements of this definition; and

- (5) for purchases of investments other than guaranteed investment contracts, the most efficient portfolio of SLGS, determined at the time that the bids were required to be submitted pursuant to the terms of the bid specifications.

An amount paid for a broker's commission or similar fee paid with respect to a guaranteed investment contract or Investments purchased for a yield-restricted defeasance escrow is treated as a qualified administrative cost (and therefore excludable from the yield on the Investment(s)) if (i) the fee does not exceed the lesser of \$41,000 or 0.2 percent of the "computational base", or, if more, \$4,000 where "computational base" means (A) for a guaranteed investment contract, the amount reasonably expected, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and (B) for yield-restricted defeasance escrows, the amount of proceeds initially invested in those investments; and (ii) for any issue, the fees paid do not exceed \$117,000 in the aggregate. In the case of a calendar year after 2020, each of the dollar amounts set forth above shall be increased by an amount equal to such dollar amount multiplied by the cost of living adjustment for such calendar year as described in Treasury Regulation Section 1.148-5(e)(2)(iii)(B)(3).

- (C) Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States and (ii) the highest yield published or posted by the provider to be currently available on reasonably comparable certificates of deposit offered to the public.

"Final Computation Date" shall mean the day on which the last of an issue of obligations is discharged.

"Fixed-Yield Obligation" shall mean any obligation whose yield is fixed and determinable on the issue date.

"Fixed-Yield Obligation Issue" shall mean an issue no obligation of which bears interest at a variable Yield.

"Future Value" or "FV" shall mean the amount determined by using the following formula:

$$FV = (1+i)^n$$

where i equals the yield on an issue of obligations divided by the number of compounding periods in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending in the computation date and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"Governmental Unit" shall mean a state or local governmental unit as defined in Section 1.103-1 of the Regulations or any instrumentality thereof, excluding the United States or any agency or instrumentality thereof.

"Gross Proceeds" shall mean:

- (A) Sale proceeds are amounts actually or constructively received on the sale or other disposition of the Notes, excluding amounts used to pay pre-issuance accrued interest, if any, and include, but are not limited to, amounts received from the sale of a right associated with a Note. Pre-issuance accrued interest means interest which has accrued for a period of not more than one year before the issue date of the Notes and will be paid not more than one year after the Notes are issued;
- (B) Investment proceeds are amounts actually or constructively received from investing proceeds of an issue;
- (C) Transferred proceeds are proceeds of a refunded issue that are allocable to a refunding issue at the time of payment of principal of the refunded issue with the proceeds of the refunding issue; and

(D) Replacement Proceeds are defined below.

The term “Gross Proceeds” does not include Qualified Administrative Costs With Respect to Nonpurpose Investments or Qualified Administrative Costs with Respect to Purpose Investments, nor does it include amounts properly within the applicable Yield allowance for acquired purpose investments (0.125 percentage points) or for acquired program investments (1.5 percentage points)

“Installment Computation Date” shall mean with respect to a Variable-Yield Obligation Issue the last day of any Note Year ending on or before the latest date on which the first Rebate Amount is required to be paid, which date may be treated as a Computation Date, but the Authority and the Institution may not change that treatment after the first payment date. After the first required payment date, the Authority and the Institution must consistently treat either the end of each Note Year or the end of each fifth Note Year as Computation Dates and may not change these Computation Dates after the first required payment date. Notwithstanding any of the foregoing, the first rebate installment payment must be made on a Computation Date that is not later than 5 years after the issue date. Subsequent rebate installment payments must be made for a Computation Date that is not later than 5 years after the previous Computation Date for which an installment payment was made (until and excluding the Final Computation Date).

“Institution” shall mean the private, not-for-profit and charitable corporation organized and existing under the laws of the State of New Jersey, operating university facilities located in Princeton, West Windsor and Forrestal (Plainsboro), New Jersey, the corporate name of which is The Trustees of Princeton University, and its successors.

“Investment” shall mean any (i) security (within the meaning of Section 165(g)(2)(A) or (B) of the Code), (ii) obligation (other than a tax-exempt obligation the interest on which is also not a preference item for purposes of calculating the alternative minimum tax imposed by Section 55 of the Code), (iii) annuity contract within the meaning of Section 72 of the Code, or (iv) other investment-type property.

“Issue Price” shall mean the first price at which a substantial amount of each maturity of the Notes is sold to the public. For purposes of this definition, “public” means any person other than an underwriter or a Related Party to an underwriter; “underwriter” means any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public; and any person that agrees pursuant to a written contract directly or indirectly with a person described in the immediately preceding section to participate in the initial sale of the Notes to the public (for example, a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public); and “maturity” means all obligations of an issue with the same payment and credit terms. Ten percent (10%) is a substantial amount.

“Issuing Agent” shall mean Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, of New York, New York, and any successor to its duties under the Issuing Agreement.

“Issuing Agreement” shall mean the Issuing and Paying Agency Agreement, dated as of December 1, 1997, by and among the Authority, the Institution and the Issuing Agent, and when amended or supplemented, such Issuing Agreement, as amended or supplemented.

“Net Proceeds” shall mean the amount derived from the sale of the Notes less Note proceeds, if any, contributed to a reasonably required reserve or replacement fund, but before reduction for costs of issuance, including underwriters’ spread.

“Nonpurpose Investment” shall mean any Investment in which Gross Proceeds of an issue are invested and which is not acquired to carry out the governmental purpose for which such issue was issued.

“Note Resolution” shall mean the Princeton University Commercial Paper Note Resolution, adopted by the Authority on October 15, 1997, as supplemented on November 19, 1997, on September 28, 2010 and July 24, 2018, as it relates to the financing and refinancing of the Project.

“Notes” shall mean the Authority’s up to \$120,000,000 aggregate principal amount of Princeton University Commercial Paper Notes, Series 2020A (Tax-Exempt) dated their dates of delivery.

“Note Year” shall mean the one-year period from December 7th, to the following December 6th; the first Note Year commences on the date hereof and ends December 6, 2021.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Plain Par Investment” shall mean an Investment that is an obligation issued with no more than two percent original issue discount or premium, or, if acquired on a date other than the issue date thereof, acquired with not more than two percent market discount or premium; issued for a price that only includes pre-issuance accrued interest, bears interest from the issue date at a single, stated fixed rate or that is a variable-rate instrument, interest is unconditionally payable at least annually, and has a lowest stated redemption price that is not less than its outstanding stated principal amount.

“Plain Par Obligation” shall mean a qualified tender obligation or an obligation issued with not more than two percent original issue discount or premium, the Issue Price of which does not include interest other than pre-issuance accrued interest, which bears interest from the issue date at a single, stated fixed rate or that is a variable-rate instrument, interest is unconditionally payable at least annually, and has a lowest stated redemption price that is not less than its outstanding stated principal amount.

“Present Value” or “PV” shall mean the amount determined by using the following formula:

$$PV = \frac{FV}{(1+i)^n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period beginning on the date on which the Present Value is computed and ending on the Computation Date and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

“Present Value of an Investment” shall mean the value of an Investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the Yield on the Notes. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from and payments to be paid for the Investment after that date, using the Yield on the Investment as the discount rate.

“Private Activity Bond” shall mean any obligation the interest on which is not included in gross income for federal income tax purposes under sections 103(a) and 141(a) of the Code and which is an exempt facility bond, a student loan bond, a qualified mortgage bond, a qualified veterans’ mortgage bond, a qualified small issue bond, a qualified redevelopment bond, or a Qualified Section 501(c)(3) Bond.

“Project” shall mean the Project described in the public notice dated July 18, 2018, to be financed and refinanced from the proceeds of the Notes, as more fully described in Article II of this Tax Regulatory Agreement.

“Purpose Investment” shall mean any Investment that is acquired with the Gross Proceeds of an issue of obligations to carry out the governmental purpose for which such issue was issued.

“Qualified Administrative Costs with Respect to Nonpurpose Investments” shall mean reasonable direct administrative costs other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. General overhead costs and similar indirect costs of the Institution such as employee salaries and office expenses and costs associated with computing the Rebate Amount under Section 148(f) of the Code, are not Qualified Administrative Costs. Qualified Administrative

Costs include all reasonable administrative costs, without regard to the limitation on indirect costs set forth above incurred by a publicly offered regulated investment company (as defined in Section 67(c)(2)(B) of the Code) and a Commingled Fund in which the issuer and any related parties do not own more than ten percent of the beneficial interest in the fund. An amount paid for a broker's commission paid with respect to a guaranteed investment contract or investments purchased for a yield-restricted defeasance escrow will be considered reasonable if (i) the fee does not exceed the lesser of \$41,000 or 0.2 percent of the "computational base", or, if more, \$4,000, where "computational base" means (A) for a guaranteed investment contract, the amount reasonably expected, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and (B) for yield-restricted defeasance escrows, the amount of proceeds initially invested in those investments; and (ii) for any issue, the fees paid do not exceed \$117,000 in the aggregate. In the case of a calendar year after 2020, each of the dollar amounts set forth above shall be increased by an amount equal to such dollar amount multiplied by the cost of living adjustment for such calendar year as described in Treasury Regulation Section 1.148-5(e)(2)(iii)(B)(3). An administrative cost is not reasonable unless it is comparable to administrative costs that would be charged for the same Nonpurpose Investment or a reasonably comparable Investment if acquired with a source of funds other than Gross Proceeds of tax-exempt bonds. Administrative costs other than Qualified Administrative Costs, as defined herein, generally do not increase the payments for, nor do they reduce receipts from, Nonpurpose Investments. Qualified Administrative Costs with Respect to Nonpurpose Investments, on the other hand, increase the payments for and decrease the receipts from the Nonpurpose Investments.

"Qualified Administrative Costs with Respect to Purpose Investments" shall mean amounts (including amounts paid by or applied to reimburse an Institution if the present value of those payments does not exceed the present value of the reasonable administrative costs paid by the Authority using the yield on the issue as the discount rate) which comprise costs of issuing, carrying or repaying the issue, and any underwriters' discount. Such Administrative Costs increase the payments for and decrease the receipts from the Purpose Investment.

"Qualified Guarantee" shall mean a guarantee that satisfies the following criteria:

- (A) As of the date the guarantee is obtained, in reliance upon the Institution, the Authority reasonably expect the Present Value of the fees for such guarantee will be less than the Present Value of the expected interest savings on the issue as a result of the guarantee. For this purpose, Present Value is computed using the yield on the issue determined with regard to guarantee payments, as the discount rate.
- (B) The arrangement creates a guarantee in substance, *i.e.*, it imposes a secondary liability that unconditionally shifts substantially all of the credit risk for part or all of the payments, such as payments for principal, interest, redemption prices, or tender prices, on the guaranteed obligations. Reasonable procedural requirements of the guarantee do not cause the guarantee to be conditional. The guarantee may be in any form. The guarantor may not be a co-obligor. Thus, the guarantor must not expect to make any payments other than under a direct-pay letter of credit or similar arrangement for which the guarantor will be reimbursed immediately. The guarantor and any related parties together must not use more than ten percent of the proceeds of the portion of the issue allocable to the guaranteed obligations.
- (C) The fees paid for the guarantee must not exceed a reasonable, arm's-length charge for the transfer of credit risk. Fees for the transfer of credit risk include fees for the guarantor's overhead and other costs relating to the transfer of credit risk.

Payments for a qualified guarantee must be allocated to obligations and to Computation Periods in a manner that properly reflects the proportionate credit risk for which the guarantor is compensated. Proportionate credit risk for obligations that are not substantially identical may be determined using any reasonable consistently applied method.

"Qualified Section 501(c)(3) Bond" shall mean an obligation (a) all of the property provided by the Net Proceeds of which is owned by a Tax-Exempt Organization or a Governmental Unit, and (b) no more than five percent of the Net Proceeds of which is used in a trade or business activity carried on by a Tax-Exempt Organization, if such activity is an unrelated trade or business for Federal income tax purposes, or by a

nongovernmental person, and the payments of principal or interest on no more than five percent of the Net Proceeds of which is directly or indirectly secured by or derived from payments in respect of property or borrowed money used or to be used in a nongovernmental business activity including any such activity which, as to a Tax-Exempt Organization, is an unrelated trade or business.

“Rebate Amount” shall mean with respect to the Notes, the amount computed as described in Section 3.6 hereof.

“Rebate Yield” shall mean the Yield on the Notes for purposes of determining the Rebate Amount, computed as described in Section 3.3(b) hereof.

“Regulations” shall mean the Income Tax Regulations promulgated by the Department of the Treasury pursuant to Section 103 of the Internal Revenue Code of 1954, as amended, or pursuant to the Code from time to time, including the Regulations published on June 18, 1993 in the Federal Register, as amended from time to time.

“Related Party” shall mean, with respect to any Principal User, a Person which is a Related Person as defined in Section 147(a)(2) of the Code by reference to Sections 267, 707(b) and 1563(a) of the Code, except that fifty percent (50%) is substituted for eighty percent (80%) in Section 1563(a), if the Principal User is a Tax-Exempt Organization, a Related Person is a Related Organization and a member of the same Controlled Group.

“Replacement Proceeds” shall mean amounts which have a sufficiently direct nexus to the issue or the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used for that governmental purpose. The governmental purpose of an issue includes the expected use of amounts for the payment of debt service on a particular date. Replacement Proceeds include funds and amounts held by the Authority or an Institution or a related person, including:

- (A) a debt service fund, redemption fund, reserve fund, replacement fund, or any similar fund, to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the issue;
- (B) any amount that is directly or indirectly pledged to pay principal of or interest on the issue. A pledge can take any form if the substance of the arrangement is that there is a reasonable assurance that the amount will be available to pay principal of or interest on the Notes, even if an Institution encounters financial difficulties. A pledge to a guarantor is, for this purpose, an indirect pledge to secure payment of principal of and interest on the Notes;
- (C) any amount held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holder or a guarantor of the Notes; except if an Institution or a related person retains the ability to grant rights in the amount that are superior to the rights of the holder or the guarantor, or the amount does not exceed reasonable needs for which it is maintained, the required level is tested no more frequently than every six months and the amount may be spent without any substantial restriction other than a requirement to replenish the amount by the next testing date;
- (D) other amounts which arise to the extent an Institution reasonably expects as of the issue date that the term of the Notes will be longer than reasonably necessary for the governmental purpose of the issue, and there will be available amounts during the period that the issue remains outstanding longer than necessary; and
- (E) amounts equal to funds deposited to a working capital reserve to the extent such reserve is financed, directly or indirectly, with the proceeds of the Note issue, unless all of the proceeds of the Notes are spent no later than six months after the date of issue.

“SLGS” shall mean time deposit securities issued by the United States Treasury pursuant to the Time Deposit State and Local Government Series Program described in 31 C.F.R. part 344.

“State” shall mean the State of New Jersey.

“Tax-Exempt Organization” shall mean a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“Tax Regulatory Agreement” shall mean this Tax Regulatory Agreement as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

“Treasury” shall mean the United States Department of Treasury.

“Universal Cap” shall mean the maximum value of Nonpurpose Investments which may be allocated to the Notes and is determined by reference to the Value of all outstanding Notes of the issue. Nonpurpose Investments shall be valued as a Nonpurpose Receipt at their Value on each Valuation Date. Nonpurpose Investments include cash and investments the interest on which is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Code.

“Valuation Date” shall mean the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Notes thereunder are determined. With respect to new money issues, the first Valuation Date shall be the second year anniversary date of the date of issuance of the Notes; thereafter, the first day of each Note Year shall constitute a Valuation Date. With respect to a refunded issue and a refunding issue, each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, *e.g.*, each date on which principal of the refunded issue is paid with proceeds of the refunding obligations, shall constitute a Valuation Date.

“Value of an Investment” shall mean, as of any date, for any Investment, its Fair Market Value as of that date; for any fixed-rate Investment, its Present Value as of that date; and for any Plain Par Investment, the outstanding stated principal amount, plus accrued unpaid interest, as of that date. Yield-restricted Investments must be valued at their Present Value, amounts allocated or that cease to be allocated to an issue must be allocated at Fair Market Value, except in cases in which such Nonpurpose Investments transferring as a result of the Universal Cap or transferred proceeds rules may be valued at Present Value, and amounts allocated to transferred proceeds may not be valued in excess of the value used for arbitrage restrictions applicable to the refunded issue.

“Value of a Note” shall mean, in the case of a Plain Par Obligation, its outstanding stated principal amount, plus accrued unpaid interest, or in the case of a Plain Par Obligation actually redeemed, or treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest. In the case of an obligation other than a Plain Par Obligation, the value on a date of such an obligation is its Present Value on that date, using the Yield on the issue of which the Notes are a part as the discount factor. In determining the Present Value of a variable-rate obligation, the initial interest rate on the obligation established by the index or other rate setting mechanism is used to determine the interest payments on that obligation.

“Variable-Yield Obligation” shall mean any obligation that is not a Fixed-Yield Obligation.

“Variable-Yield Obligation Issue” shall mean any obligation issue that is not a Fixed-Yield Obligation Issue.

“Yield” shall mean, with respect to the Notes, that yield computed by applying the economic accrual method (*i.e.*, the method of computing yield based on the compounding of interest at the end of each compounding period) using any consistently applied compounding interval of not more than one year. Yield is expressed as an annual percentage rate that is calculated to at least four decimal places.

“Yield of an Investment” shall mean the Yield on an Investment allocated to an issue computed under the economic accrual method (*i.e.*, the method of computing yield based on the compounding of interest at the end of each compounding period), using the same compounding interval and financial conventions used to compute the

Yield on the issue. The Yield on an Investment allocated to an issue is the discount rate that, when used in computing the Present Value as of the date the Investment is first allocated to the issue of all unconditionally payable receipts from the Investment, produces an amount equal to the Present Value of all unconditionally payable payments for the Investment. For this purpose, payments means amounts to be actually or constructively paid to acquire the Investment and receipts means actually or constructively received from the Investment, such as earnings and return on principal.

Yield is computed separately for each class of investments. Each of the following comprises a separate class of investments:

- (A) Investments subject to the following definition of “materially higher”:
 - (1) 0.125 percentage point for Purpose Investments and Nonpurpose Investments;
 - (2) 0.001 percentage point for investments in a refunding escrow or investments allocable to Replacement Proceeds;
 - (3) 1.5 percentage points for program investments, as defined in Regulation Section 1.148-2(d)(2)(iii);
- (B) Yield-restricted Nonpurpose Investments; and
- (C) All other Nonpurpose Investments.

The Yield on Yield-restricted Investments allocable to Gross Proceeds of a refunding issue that are held in one or more refunding escrows is computed by treating the individual Investments as a single Investment having a single yield, whether or not held concurrently.

Investments held beyond the reasonably expected redemption date of the Notes are treated as sold for an amount equal to their value on the redemption date. Investments held beyond an applicable temporary period under Regulation Section 1.148-2 are treated as purchased for an amount equal to the Fair Market Value as of the end of the temporary period.

“Yield of a Variable-Yield Obligation Issue” shall mean the yield on such Variable-Yield Obligation Issue, computed separately for each Computation Period, which is the discount rate that, when used in computing the Present Value as of the first day of the Computation Period of all the payments of principal and interest and fees for Qualified Guarantees that are attributable to the Computation Period, produces an amount equal to the Present Value, using the same discount rate, of the aggregate Issue Price or Deemed Issue Price of the Notes as of the first day of the Computation Period.

Payments on the Notes during a Computation Period include (A) amounts actually paid during the period for principal on the Notes; (B) amounts paid during the current period both for interest accruing on the Notes during the current period and for interest accruing during the prior period that was included in the Deemed Issue Price of the Notes as accrued unpaid interest at the start of the current period; (C) amounts properly allocable to a Qualified Guarantee of the Notes for the period; and (D) amounts properly allocable to a qualified hedge (as defined in Section 1.148-4(h) of the Regulations) for the period. To the extent a Note is actually redeemed during a Computation Period, an amount equal to the greater of its value on the redemption date or the actual redemption price is treated as a payment on the actual redemption date. Further, if the Note is outstanding at the end of the Computation Period, the value of such Note is taken into account on the last day of that Computation Period.

Upon conversion of a Variable-Yield Obligation Issue to a Fixed-Yield Obligation Issue, the redemption price of the Variable-Yield Obligation Issue and the Issue Price of the Fixed-Yield Obligation Issue equal the aggregate values of the Notes on the conversion date. If the conversion date occurs on a date other than a Computation Date, the Authority and the Institution may continue to treat the issue as a Variable-Yield Obligation

Issue until the next Computation Date, at which time it must be treated as converted to a Fixed-Yield Obligation Issue.

Section 1.2. Interpretation. In this Tax Regulatory Agreement:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Tax Regulatory Agreement, refer to this Tax Regulatory Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of this Tax Regulatory Agreement.

(b) Unless the context requires otherwise, words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing Persons include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural Persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Tax Regulatory Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Tax Regulatory Agreement, nor shall they affect its meaning, construction or effect.

(e) All certifications, documents and instructions required to be given or made by any Person or party hereunder shall be made in writing.

(f) This Tax Regulatory Agreement shall be governed by and construed in accordance with the applicable laws of the State.

(g) If any provision of this Tax Regulatory Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions hereof.

Section 1.3. Reliance on Documents. Except where the Authority specifically makes a representation on its own behalf, the Authority relies on the accuracy of the facts and representations made by the Institution herein. Further the Authority shall be permitted to rely on the contents of any certification, document or instruction provided on behalf of the Institution pursuant to this Tax Regulatory Agreement and shall not be responsible or liable in any way for the accuracy of its contents or the failure of the Institution to deliver such document.

ARTICLE II

USE OF PROCEEDS

Section 2.1. Purpose of the Notes. The Notes are being issued to finance and refinance the acquisition, construction, installation, equipping and renovation of the Project. The Project consists of a plan of financing for the Institution to:

(A) financing and/or refinancing of the construction, renovation, campus improvement, and equipping of various facilities located on or near the Institution's main campus (the "Main Campus") which is generally demarcated by Nassau Street to the North-West, Princeton Avenue/Broadmead Street to the North-East, Faculty Road and Lake Carnegie to the South, and Springdale Road/Stockton Street to the West in Princeton, New Jersey, including the Institution's Graduate College, the East Campus, the athletic fields and facilities to the South-East (unless otherwise specified). These projects represent budgeted costs of approximately \$580 million and include administrative, athletic, academic, staff, faculty and student housing, grounds, parking, utilities, infrastructure and other projects in or on Institution-owned or leased buildings and land;

(B) financing and/or refinancing the construction, renovation, campus improvement, and equipping of various facilities located on or near the Institution's new Lake Campus (the "Lake Campus") currently under development in West Windsor, New Jersey, which is generally South/East of the Main Campus on property situated South of Lake Carnegie and bounded in the South-East by Route U.S. 1 (unless otherwise specified). These projects represent budgeted costs of approximately \$55 million and include administrative, athletic, academic, staff, faculty and student housing, grounds, parking, utilities, infrastructure and other projects in or on Borrower owned or leased buildings and land, as well as a bridge connecting the Main Campus to the Lake Campus (total cost approximately \$45 million) and dredging of Lake Carnegie to deepen the draft (total cost approximately \$12.5 million); these last two projects are in addition to the \$55 million set forth above;

(C) financing and/or refinancing major maintenance construction, renovation, campus improvement, and equipping of various facilities located on or near the Institution's Main Campus, described in (A) above (unless otherwise specified). These projects may include administrative, athletic, academic, staff, faculty and student housing, grounds, parking, utilities, infrastructure and other projects in or on Borrower owned or leased buildings and land, generally with individual budgets less than \$5 million and an aggregate budget of approximately \$70 million; individual budgets may occasionally exceed \$5 million; and

(D) financing and/or refinancing of major maintenance construction, renovation, improvement, and equipping of various facilities located on the Institution's Forrestal Campus near Route 1 in Plainsboro, New Jersey, generally with individual budgets less than \$5 million, and an aggregate budget of approximately \$20 million; individual budgets may occasionally exceed \$5 million.

To the extent improvements may be financed in connection with property leased to the Institution, the Institution hereby recognizes that such property will consist of movable equipment or, in the alternative, the reasonably expected economic life of the improvements will not exceed the remaining term of the lease. If such representation regarding the term of the lease may only be satisfied by the exercise of a lease-term renewal, the Institution hereby obligates itself to exercise such renewal.

Section 2.2. Institution's Agreements as to Use of Proceeds. The Institution hereby agrees and covenants as follows:

(a) The costs set forth in Schedule A hereto—Use of Note Proceeds—are the only costs to which the Net Proceeds of the Notes will be applied.

(b) All of the Net Proceeds of the Notes will be used to provide a facility (*i.e.*, the Project) that will be owned and operated by a Tax-Exempt Organization.

(c) None of the proceeds of the Notes will be applied to pay the costs of issuance of the Notes.

(d) Schedule B hereto—Summary of Use of Proceeds for Form 8038 Purposes—sets forth the allocation of the proceeds of the Notes to costs of issuance, if any, reserve funds, if any, refunding and nonrefunding proceeds, if any, and the allocation of the nonrefunding proceeds to various ACRS classes of property for purposes of the Internal Revenue Service Form 8038. The Institution shall cause the Authority to file Form 8038 in a timely fashion with the Internal Revenue Service Center, Ogden, Utah 84201.

The Institution acknowledges that all Notes issued during the 18-month period commencing as of the date hereof constitute a single issue (as set forth in Section 3.1 hereof) and that it will file a Form 8038 no later than the 15th day of the second month after the close of the calendar quarter for each calendar quarter of the 18 months of the Note issue, documenting the principal amount of the Note issued during that calendar quarter and the uses of the Note proceeds as described above and indicating that such Form 8038 is part of a series of Forms 8038 attributable to the Notes.

(e) All property financed or refinanced with proceeds of the Notes will be owned for federal income tax purposes by a Tax-Exempt Organization, or by (or on behalf of) a qualified Governmental Unit.

Except for a *de minimis* amount (not more than five percent), all of the property financed or refinanced with proceeds of the Notes will be used only by Tax-Exempt Organizations, including the Institution, in activities which are substantially related to the exercise or performance by such Tax-Exempt Organizations of purposes or functions constituting the basis for their exemption from Federal income taxation under Section 501(a) of the Code, by qualified Governmental Units, or by employees of either in their capacities as employees of such Tax-Exempt Organizations or Governmental Units.

The Institution acknowledges that a certain amount of unqualified use may occur in various research buildings and improvements to these buildings may be financed or refinanced with the proceeds of the Notes. Using a measure of time spent and space occupied, the amount of unqualified use that has historically occurred in these types of buildings has comprised not more than five percent of total research activity. Based on historic experience and accounting for the specific uses of these facilities, it is projected that any nonqualifying use will be more than amply covered by the Institution's equity contribution to the buildings. For various research facilities, the Institution commonly has substantial equity from gifts, strategic reserves, the operating budget, and other revenue sources. If the Institution exceeds the permissible threshold for private use, the Institution will retire the Notes and apply its own equity in respect of such unqualified use.

(f) The Institution hereby acknowledges that pursuant to the applicable provisions of Section 1.141-6 of the Regulations, amounts received from the sale of the Notes will be allocated to any and all aspects of the Project constituting "mixed use" projects that are used in a qualified use in accordance with the provisions of Section 145 of the Code, and in connection with which the Institution has contributed a source of funds other than the proceeds of a tax-exempt obligation. A mixed use project, for purposes of this election means a project financed with the proceeds of the Notes, and with "qualified equity", defined herein, pursuant to the same plan of financing, that is wholly owned by the Institution.

"Qualified equity" is defined as proceeds of obligations that are not tax-advantaged bonds and funds not derived from proceeds of a borrowing that are spent on the same eligible mixed-use project as the proceeds of the applicable tax-advantaged borrowing. Qualified equity finances a project under the same plan of financing that includes the applicable tax-advantaged borrowing if the qualified equity pays for capital expenditures of the project on a date that is no earlier than a date on which such expenditures would be eligible for reimbursement by proceeds of the applicable tax-advantaged borrowing under Section 1.150-2 of the Regulations, i.e., costs paid (i) not more than 60 days prior to the date the Institution evidenced its intent to finance such project, (ii) not more than three years prior to the date of the reimbursement allocation, and (iii) not more than 18 months after the later of (A) the date the project was placed in service or (B) the date the expenditure to be reimbursed was paid by the Institution.

The Institution will use a consistently applied allocation method that properly reflects the proportionate benefit to be derived by the various users of the mixed-use project to determine the amount of Note proceeds or qualified equity allocable to a particular undivided portion of a mixed-use project.

The Institution reasonably expects as of the start of the measurement period (the later of the issue date of the Notes or the date the Project in question is placed in service) that unqualified use (either private trade or business use or unrelated trade or business use) and qualified use of the mixed-use project will occur simultaneously and be on the same basis or will occur at different times.

The Institution also reasonably expects as of the start of the measurement period, as described in the immediately preceding paragraph, that the private trade or business use or the unrelated trade or business use allocated to the proceeds of the Notes will not exceed the *de minimis* permitted unqualified use.

(g) Except for a *de minimis* amount (not more than five percent), as of the date hereof the Institution is not a party to any management contracts with non-Tax-Exempt Organizations or nongovernmental persons for management services provided to the Institution at or with respect to the Project except with respect to contracts where the requirements of Rev. Proc. 2017-13 or any predecessor guidance, summarized in Exhibit C hereto, are complied with.

(h) No portion of the proceeds of the Notes will be used to finance the acquisition of existing residential rental property for family units as defined in Proposed Regulation Section 1.103-8(b)(8)(i), Section 1.103-8(b)(4)(i) and Regulation Section 1.103-8(b)(8)(i), *e.g.*, a building or structure, together with any functionally related and subordinate facilities containing one or more similarly constructed units which are (i) used other than on a transient basis and (ii) which are available to members of the general public. Residential rental property is defined to comprise housing units which contain separate and complete facilities for living, sleeping, eating, cooking, and sanitation.

(i) Except for a *de minimis* amount (not more than five percent), none of the proceeds of the Notes have been or will be used (directly or indirectly) in any trade or business carried on by:

(i) any Person (other than the Institution) who is not either a Governmental Unit or a Tax-Exempt Organization, or

(ii) the Institution or any other Tax-Exempt Organization with respect to a trade or business carried on by the Institution or such Tax-Exempt Organization which is an unrelated trade or business within the meaning of Section 513(a) of the Code.

(j) No portion of the proceeds of the Notes will be used to make or finance loans to nongovernmental Persons who are not Tax-Exempt Organizations (*e.g.*, to finance a medical office building for use by physicians in carrying out the private practice of medicine), or to finance any airplane, skybox or other luxury box, health club facility, facility primarily used for gambling (*e.g.*, racetrack) or store the principal business of which is the sale of alcoholic beverages for consumption off-premises.

(k) To the extent any property financed or refinanced with the proceeds of the Notes is used for the conduct of scientific research pursuant to any research agreement between the Institution and any non-Governmental Unit (including the United States and any agencies or instrumentalities thereof) pursuant to which such non-Governmental Unit acts as sponsor or financial supporter of such research, such research agreement must comport with the criteria set forth in (i) or (ii) below.

(i) A research agreement relating to property used for basic research (*i.e.*, any original investigation for the advancement of scientific knowledge not having a specific commercial objective) supported or sponsored by a non-Governmental Unit is described herein if any license or other use of resulting technology by the sponsoring party (*i.e.*, the non-Governmental Unit) is permitted only on the same terms as the Institution would permit such

use by any nonsponsoring unrelated party (*i.e.*, the sponsor must pay a competitive price for its use of the technology); and the price to be paid for such use must be determined at the time the technology is available for use rather than an earlier time (*e.g.*, when the research agreement is entered into); or

(ii) A research agreement relating to property used pursuant to an industry or federally-sponsored research arrangement is described herein if: (A) a single or multiple sponsors agree to fund Institution-performed basic research; (B) the research to be performed and the manner in which it is to be performed is determined by the Institution; (C) title to any patent or other product incidentally resulting from the basic research lies exclusively with the Institution; and (D) sponsors are entitled to no more than a nonexclusive, royalty-free license to use the product of any such research.

The rights of the federal government and its agencies mandated by the Bayh-Dole Act (*i.e.*, “march-in rights”) will not cause a research agreement to fail to meet the requirements of paragraph (ii) above, provided that (B) and (C) of such paragraph are met, and the license granted to any party other than the Institution to use the resulting technology is no more than a nonexclusive, royalty-free license to use the product of such result.

(l) The unqualified allowances set forth in subsections (f), (i), (k) and (m) with respect to the property financed or refinanced with the proceeds of the Notes are measured by applying each permitted category of unqualified use to the Notes in the aggregate. Moreover, the *de minimis* amount is measured by reference to the actual principal amount of Notes issued during the period commencing on the date hereof and ending on the date that is the 18 month anniversary date of this date.

(m) No portion of the proceeds of the Notes will be applied to reimburse the Institution for Project costs incurred prior to August 5, 1997, or paid more than 60 days prior to the date of the Institution having adopted a resolution evidencing its intent to finance the Project on November 11, 2005. No portion of the proceeds of the Notes will be applied to reimburse the Institution for a cost paid more than 18 months prior to the date of issuance of the Notes or with respect to a facility placed in service more than 18 months prior to the date of issuance of the Notes, whichever is later. In no event shall the proceeds of the Notes be applied to reimburse the Institution for a Project cost paid more than three years prior to the date of issuance of the Notes.

(n) **The Institution must and will account for the allocation of proceeds of the Notes not later than 18 months after the later of (i) the date the expenditure is paid or (ii) the date the facility, if any, financed with the proceeds of the Notes is placed in service. This allocation must be made in any event by the date sixty days after the fifth anniversary of the issue date or the date sixty days after the retirement of the issue, if earlier.**

ARTICLE III

ARBITRAGE

Section 3.1. Arbitrage Representations. Pursuant to the Agreement, the Institution will agree to operate the Project and make payments in amounts and at times sufficient to permit the Authority to pay the principal of, interest, and premium, if any, on the Notes together with certain other payments.

The Institution further represents that:

(a) The estimated costs of the acquisition, construction, installation and equipping of the Project are in excess of \$500,000,000. Such costs are expected to be financed or refinanced with proceeds from the sale of the Notes and investment earnings thereon, if any, with equity of the Institution, and amounts available to the Institution from other sources.

(b) The Institution has entered into (or will enter into within 6 months after the date hereof) binding commitments with respect to the acquisition, construction, installation and equipping of its portion of the Project and the amount expended or to be expended pursuant to such commitments exceeds five percent of the net sale proceeds of the issue.

(c) Work with respect to the acquisition, construction, installation and equipping of the Project has commenced and will proceed with due diligence to completion. The estimated date for completion of the acquisition, construction, installation and equipping of the portion of the Project anticipated to be financed with the proceeds of the Notes is on or about December 6, 2022, a date that is not later than three years after the issuance of the Notes.

(d) The Institution does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Notes.

(e) If the Institution has embarked on a capital campaign with respect to any of the Project assets financed or refinanced with the proceeds of the Notes and receives amounts pursuant to such capital campaign, the Institution must apply the contributed funds in accordance with the terms of the contribution and solicitation materials. Any costs of the Project which have not been financed with the proceeds of the Notes may be financed with such contributed funds, including cost overruns and furniture and fixtures. If there are no additional costs which can be paid in accordance with the terms of the contribution (including as defined by the terms of the solicitation), such Institution covenants to apply such contributed funds to the repayment of principal of the Notes. To the extent the amounts required to be applied to repay principal of the Notes exceed the principal payments coming due within one year of the date of receipt of such amounts, such Institution covenants to invest the excess amounts in obligations the yield on which does not exceed the yield on the Notes or in obligations the interest on which is not included in gross income under Section 103 of the Code and is also not a "specified Private Activity Bond" within the meaning of Section 57(a)(5)(C) of the Code.

On each Valuation Date, the Institution shall value the Universal Cap and the Nonpurpose Investments allocable to the Notes thereunder. Nonpurpose Investments in a Bona Fide Debt Service Fund do not reduce the aggregate value of Nonpurpose Investments that may be allocated to the Notes under the Universal Cap. All values are determined as of the close of business on each determination date, after giving effect to all payments on the Notes and all payments for and receipts on investments on that date. To the extent Nonpurpose Investments cease to be allocated to an issue and the value of the Universal Cap exceeds the value of the remaining Nonpurpose Investments allocated to such issue, other Nonpurpose Investments may become allocated to the issue, provided that such Nonpurpose Investments are not already properly allocated to another issue and provided that such allocation does not cause the value of Nonpurpose Investments allocated to the Notes to exceed the Universal Cap.

Generally, if Gross Proceeds of the Notes invested in Nonpurpose Investments exceed the Universal Cap on a Valuation Date, such Nonpurpose Investments cease to be allocated to the Notes in the following order:

- (i) Nonpurpose Investments allocable to Replacement Proceeds;
- (ii) Nonpurpose Investments allocable to transferred proceeds, *e.g.*, unexpended sale or investment proceeds of a refunded issue which transfer and become proceeds of the refunding issue when proceeds of the refunding issue are applied to pay principal of the refunded issue; and
- (iii) Nonpurpose Investments allocable to sale proceeds or investment proceeds of the Notes.

Amounts are allocable to only one issue (including a taxable issue) at a time as Gross Proceeds. Amounts that are sale, investment or transferred proceeds allocable to an issue must be so allocated to that issue and may not be allocated instead as Replacement Proceeds to another issue. Amounts cease to be sale proceeds, investment proceeds or transferred proceeds allocated to an issue only when they are properly allocated to an expenditure for a governmental purpose, when they become transferred proceeds of another issue or when they cease to be allocated to an issue by operation of the Universal Cap. Where a Nonpurpose Investment ceases to be allocated to the Notes, such Investment is susceptible of reallocation under the Universal Cap calculated with respect to another issue. A Nonpurpose Investment which is reallocated to another issue may be valued under the same valuation method pursuant to which it was valued for purposes of applying the Universal Cap with respect to the Notes.

Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Notes as of a Valuation Date shall not be considered a violation of this provision if the value of Nonpurpose Investments allocated to the Notes did not exceed the value of the Notes outstanding on such date.

Section 3.2. Source and Distribution of Proceeds of the Notes and Other Funds. The proceeds from the sale of the Notes are in an amount up to \$120,000,000. Each new issue of notes will comprise the several commercial paper notes issued on the issue date thereof pursuant to the Issuing Agreement (sometimes referred to in the aggregate as the “Original Notes”), and of each note subsequently issued for the sole purpose of refinancing directly or indirectly, through a chain of refinancings, the Original Notes (sometimes collectively referred to as the “Refinancing Notes”). It is the intention of the Authority that the Original Notes and the Refinancing Notes be treated as a single program (the “Program”) constituting but one issue, the issue date of which is the date hereof (the “Issue Date”). To this end:

- (A) Only the Original Notes and the Refinancing Notes will be issued in connection with each respective issuance thereof pursuant to the Issuing Agreement, which constitutes a master legal document that is unique to the Program.
- (B) None of the Original Notes and none of the Refinancing Notes will have a maturity in excess of 270 days.
- (C) The Refinancing Notes of an issue will be used to finance the same qualified purposes as the Original Notes of that issue.
- (D) In no case will the principal amount of a Refinancing Note exceed the principal amount of any Original Note or Refinancing Note refunded by it. For this purpose:
 - (i) Where a Refinancing Note refunds two or more Original or Refinancing Notes, the principal amount of such refunded notes shall be aggregated and collectively treated as one.

(ii) Where two or more Refinancing Notes are issued to refund only one Original Note or Refinancing Note, the principal amounts of the two or more Refinancing Notes shall be aggregated and collectively treated as one.

- (E) The Program will not have a term in excess of the period reasonably necessary to carry out the qualified purposes thereof.
- (F) No other obligations of the Authority will be sold on behalf of the Institution within fifteen days of the sale of each respective issue of Original Notes.

Such proceeds will be used to pay costs of the Project.

The proceeds of the Notes may, but are not reasonably expected to, be invested prior to being applied to the cost of the Project at an unrestricted yield and any investment earnings received as a result of such investment are subject to rebate unless an exception to rebate set forth in Section 3.6 hereof is available. The Institution expects to expend the proceeds of the Notes on a reimbursement or as-needed basis.

The proceeds from the sale of the Notes received by the Authority will not exceed the amount necessary for the purposes of the issue.

All of the proceeds from the sale of the Notes for the payment of costs of the acquisition, construction, installation and equipping of the Project, together with any investment earnings thereon, will be expended on such costs on or before December 6, 2023 and may be invested prior to such expenditure without restriction as to Yield.

The Institution reasonably expects to draw Note proceeds down against actual expenditures and consequently does not expect to invest such amounts.

The Institution has not entered into any transaction to reduce the Yield on the Investment of the Gross Proceeds of the Notes in such a manner that the amount to be rebated to the Federal government pursuant to Section 3.7 hereof is less than it would have been had the transaction been at arm's length and the Yield on the Notes not been relevant to either party to the transaction. All investments of Gross Proceeds will be made on an arm's-length, Fair-Market-Value basis. If a guaranteed investment contract is entered into in respect of any of the proceeds of the Notes, a certificate in the form of the bid certification attached hereto as Schedule F-1 will be supplied by the investment broker. The provider of the investment contract must submit a certificate substantially in the form of the certificate attached hereto as Schedule F-2. If a certificate of deposit is acquired with the proceeds of the Notes, the yield on such certificate of deposit must not be less than the yield on comparable direct obligations of the United States and a certificate substantially in the form of the certificate attached hereto as Schedule G will be supplied by the provider of the certificate of deposit.

Section 3.3. Terms of the Notes and Calculations of Yield. The dates, maturities, prices, denominations, and rates of interest of the Notes are as determined in accordance with the Issuing Agreement.

(a) Based on the Certificate of J.P. Morgan Securities Inc. rendered in connection with the original issue of Notes, attached hereto as Exhibit A, the initial offering price of the Notes to the public is par, of up to \$120,000,000. Based on past financing practices, the Authority believes that such price is reasonable under customary standards applicable in the established tax-exempt market.

(b) The Yield on the Notes will be computed based upon the rules set forth in Section 1.148-4(c) of the Regulations using as the initial Issue Price the price specified in paragraph 3.3(a). The Yield on the Notes, using as the Issue Price the price specified in paragraph 3.3(a), and treating any Qualified Guarantee payment as an adjustment to Yield, cannot be determined as of the date hereof as the Notes constitute a Variable-Yield Obligation Issue.

(c) Pursuant to the Agreement, the Authority is assisting the Institution in the financing and refinancing of the Project. The Agreement has been acquired with proceeds of the Notes and is evidence of

an indebtedness of the Institution, which has represented in the Agreement that it is currently a Tax-Exempt Organization and has covenanted in the Agreement that it will not perform any acts or fail to perform any acts that will have the effect of prejudicing the Institution's status as a Tax-Exempt Organization under Section 501(c)(3) of the Code.

(d) All the amounts received by the Authority with respect to the Agreement will be used for one or more of the following purposes:

- (i) to pay principal and interest or otherwise to service the debt on the Notes;
- (ii) to reimburse the Authority, or to pay, for administrative costs of issuing the Notes;
- (iii) to reimburse the Authority for, or to pay, for administrative and other costs and anticipated future expenses directly related to the Project; and
- (iv) to redeem and retire the Notes at the next earliest possible date of redemption.

(e) The Institution (or any Related Person) shall not, pursuant to an arrangement, formal or informal, purchase the Notes in an amount related to the amount due from the Institution pursuant to the Agreement.

(f) The Yield on the Agreement will not exceed the Yield on the Notes by more than 1.5 percentage points, using the following assumptions:

- (i) a purchase price equal to the principal amount of the Notes less (A) costs of issuing the Notes, and (B) the initial upfront fee of the Authority;
- (ii) periodic payments to the Authority equal in the aggregate to the next maturing principal and interest on the Notes;
- (iii) an annual administrative fee of the Authority;
- (iv) there will be no prepayment of the Agreement;
- (v) a portion of the payments to be made with respect to the Agreement represents a recovery of the present value of the administrative costs of issuing the Notes.

(g) The Institution hereby covenants that it will not sell a contract right with respect to the Notes, nor will it enter into a hedging transaction with respect to the Notes without first consulting Hawkins Delafield & Wood LLP or other nationally recognized bond counsel. For purposes of the foregoing, a hedging transaction is a transaction entered into primarily to reduce the Institution's risk of interest-rate changes with respect to a borrowing, and may include an interest-rate swap, an interest-rate cap, a futures contract, a forward contract or an option.

Section 3.4. Debt Service. (a) The Authority expects to pay debt service on the Notes from amounts received under the Agreement. Pursuant to the Agreement, the Institution is obligated to make periodic payments to the Authority which will in the aggregate be sufficient to pay the maturing principal and interest due on the Notes for that year.

(b) The Authority anticipates that it will apply amounts received under the Agreement as required by the Issuing Agreement and the Agreement and such amounts will be expended promptly, and in all cases within twelve months of receipt, to pay principal and interest on the Notes. Any investment earnings on such funds will be transferred in accordance with the Issuing Agreement. Such amounts will be depleted at least once a year, except possibly for a carryover amount which will not exceed the greater

of one year's earnings on such amounts for the immediately preceding Note Year or, in the aggregate, one-1/12 of the debt service on the Notes for the immediately preceding Note Year.

(c) Neither the Authority nor the Institution has created or established or intends to create or establish any sinking fund, debt service reserve fund, pledged fund, or similar fund, including without limitation, any arrangement under which money, securities or obligations pledged directly or indirectly to secure the Notes or any contract securing the Notes or any arrangement providing for compensating balances to be maintained by the Institution or any related person with any Holder of the Notes.

(d) The Institution has not entered into any transaction to reduce the Yield on the Investment of Gross Proceeds of the Notes in such a manner that the amount to be rebated to the Federal government pursuant to Section 3.7 hereof is less than it would have been had the transaction been at arm's length and the Yield on the Notes had not been relevant to either party to the transaction.

The representations set forth herein are made for the purpose of establishing the reasonable expectations of the Institution and the Authority as to the amount and use of the proceeds of the Notes. They are intended and may be relied upon as a certification described in Section 148 of the Code and Section 1.148-2(b)(2) of the Regulations and delivered as part of the record of proceedings in connection with the issuance of the Notes.

Section 3.5. Arbitrage Compliance. The Authority and the Institution acknowledge that the continued non-inclusion of interest on the Notes for purposes of Federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 3.7 hereof. The procedures set forth below are subject to amplification and revision as necessary to comply with the rebate requirements. The Authority hereby authorizes the Institution to take all actions necessary to comply with these requirements. The Institution hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Notes or other funds of the Institution to be used directly or indirectly, to acquire any asset or investment, the acquisition of which would cause the Notes to be "arbitrage bonds" for purposes of Section 148 of the Code. The Institution further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the arbitrage and rebate requirements of Section 148 of the Code are met. To that end, the Authority on behalf of the Institution shall take the actions described in Sections 3.6 through the end of Article III hereof with respect to the investment of proceeds of the Notes.

Section 3.6. Calculation of Rebate Amount. Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the Investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Yield on the Notes, together with any income attributable to such excess. Except as provided below, all of the proceeds of the Notes, and all other amounts treated as Gross Proceeds, are subject to this requirement. In order to meet the rebate requirement the Institution agrees and covenants to take the following actions:

(a) Record of Investments and Expenditures. For each Nonpurpose Investment acquired with or allocated to Gross Proceeds of the Notes, the Institution shall record its purchase date or allocation date, its purchase price (excluding any broker's or dealer's commissions or other administrative expenses, which shall be separately stated), or, if not acquired directly with Gross Proceeds, its Value on the allocation date, accrued interest due on its purchase date or allocation date, its face amount, its coupon or interest rate, its Yield, the frequency of its interest payments, its disposition price (excluding any broker or dealer's commission or discount which shall be separately stated), accrued interest due on its disposition date and its disposition date. The Institution shall also record the date and amount of all expenditures made with the proceeds of the Notes, including the payment of any Rebate Amount, but not including expenditures to acquire investments.

(b) Computation of Yield. For each Computation Date, the Institution shall compute Yield on the Notes, as required by Regulation Section 1.148-4(c). When expressed as a decimal, Yield shall be accurate to at least four decimal places.

(c) Computation of Rebate Amount. Subject to the special rules set forth in paragraphs (d), (e), (f), (g) and (h) of this Section 3.6, and in Section 3.6(i) with respect to a Construction Issue, the Institution shall determine the Rebate Amount on each Computation Date. For this purpose, the Rebate Amount, determined as of any Computation Date, shall be equal to the excess of the Future Value of all receipts with respect to the Nonpurpose Investments allocated to the Notes over the Future Value of all payments with respect to such Nonpurpose Investments.

(d) Nonpurpose Receipts. For purposes of paragraph (c), receipts with respect to a Nonpurpose Investment that is allocated to the Notes consist of:

(i) Actual Receipts. The amount(s) actually or constructively received with respect to the Nonpurpose Investment, determined without reduction for sales commissions, administrative expenses or similar expenses, unless such expenses comprise Qualified Administrative Costs with Respect to Nonpurpose Investments. An amount is constructively received when it is credited to the account of, set apart for, or otherwise made available to or for, a payee so that such amount may be drawn on by such payee (or could be so drawn on, assuming timely notice of the payee's intention to withdraw).

(ii) Disposition Receipts. The amount corresponding to the Fair Market Value of an Investment that ceases to be allocated to the Notes for reasons not related to its sale or retirement, determined as of the date of such cessation with respect to investments which are subject to a yield-restriction requirement and investments allocable to the Notes by application of the Universal Cap or the transferred proceeds rules.

(iii) Installment Date Receipts. The amount corresponding to the Fair Market Value of a Nonpurpose Investment that continues to be allocated to the Notes on any Computation Date. For this purpose, the Present Value of a fixed-rate Nonpurpose Investment or guaranteed investment contract may be substituted for its Fair Market Value.

(iv) Rebate Receipts. The amount(s), if any, representing the recovery of rebate overpayments, determined as of the date of any such recovery.

(e) Nonpurpose Payments. For purposes of paragraph (c), payments with respect to a Nonpurpose Investment that is allocated to the Notes consist of:

(i) Direct Payments. The amount of the Gross Proceeds of the Notes that was used to purchase the Nonpurpose Investment, determined without regard to brokerage commissions, administrative expenses or similar expenses unless such amounts constitute Qualified Administrative Costs with Respect to Nonpurpose Investments.

(ii) Constructive Payments. The amount that is equal to the Value of a Nonpurpose Investment which, although not directly purchased with the Gross Proceeds of the Notes, is allocated to the Notes, or becomes subject to inclusion in the rebate computation determined as of the date that such Investment becomes so allocated or includable.

(iii) Nonpurpose Investments. The amount that is equal to the Value of a Nonpurpose Investment that was allocated to the Notes at the end of the preceding Computation Period, which Value is determined at the beginning of the Computation Period.

(iv) Computation Credit. An amount equal to \$1,760 on the last day of each Note Year during which there are amounts allocated to Gross Proceeds of the Notes that are subject to the rebate requirement and on the final maturity date of the Notes.

(f) The 6-Month Exception to Rebate. An issue is treated as meeting the rebate requirement of Section 148 of the Code if the Gross Proceeds of the issue are allocated to expenditures for the

governmental purposes of the issue within the 6 month period beginning on the issue date, and the rebate requirement is met with respect to amounts not required to be spent within 6 months (excluding earnings on a Bona Fide Debt Service Fund). An additional 6 months during which Gross Proceeds of the issue may remain unexpended is permitted, if (i) the Notes are not tax or revenue anticipation obligations, and (ii) the amount which remains unexpended does not exceed the lesser of \$100,000 or five percent of the proceeds of the issue. For purposes of this exception, the term Gross Proceeds does not include amounts in a Bona Fide Debt Service Fund; amounts in a reasonably required reserve or replacement fund; amounts that, as of the issue date of the Notes, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the 6 month spending period; amounts representing sale or Investment proceeds derived from payments under any purpose investment of the Notes; and representing repayments of grants financed by the Notes. Moreover, expenditures for the governmental purpose of an issue of Notes include payments for interest, but not principal, on the Notes, and for principal or interest in another issue of obligations.

(g) Exception from Rebate for Certain Bona Fide Debt Service Fund Earnings. Notwithstanding anything in this Section 3.6 to the contrary, if the gross earnings from the Investments held in a Bona Fide Debt Service Fund (except for amounts deposited thereto in respect of capitalized interest) for the Note Year in question, that are attributable to Nonpurpose Investments, are less than \$100,000 (other than from the Investment of moneys in obligations described in Section 103(a) of the Code which are also not specified Private Activity Bonds within the meaning of Section 57(a)(5)(C) of the Code) then any amount earned on such Bona Fide Debt Service Fund shall not be taken into account in determining the Rebate Amount. For purposes of this paragraph, the term “gross earnings” means the aggregate amount earned on the Nonpurpose Investments allocated to the Gross Proceeds of the Notes credited to the Bona Fide Debt Service Fund (except for amounts deposited thereto in respect of capitalized interest), including amounts earned on such amounts if in turn credited to the Bona Fide Debt Service Fund. In addition, the \$100,000 limitation is deemed satisfied with respect to the Notes if the average annual debt service thereon is not in excess of \$2,500,000.

(h) Notes are Not Hedge Notes. Not more than 50% of the proceeds of the Notes were or will be invested in Nonpurpose Investments at a guaranteed yield for a period of four years or more.

Section 3.7. Payment to United States. (a) Unless the Notes are redeemed prior to such time, the Institution shall direct the Note Trustee to pay to the United States, not later than sixty days after each Installment Computation Date, an amount which, when added to the future value of all previous rebate payments made with respect to the Notes, is equal to not less than 90% of the Rebate Amount (computed from the date of issuance of the Notes to each such Installment Computation Date). The Institution shall direct the Note Trustee to pay to the United States, not later than sixty days after the last outstanding Notes are paid or redeemed, the amount that, when added to the future value of previous rebate payments made equals 100% of the Rebate Amount for the Final Computation Date. At the time the direction is given to the Note Trustee, the Institution shall deliver a statement summarizing the determination of the Rebate Amount, a copy of the Form 8038-T or the Form 8038 filed with respect to the Notes and any contribution by the Institution required by Section 3.6 hereof.

(b) The Institution shall make each payment of a rebate installment to the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by the copy of the Form 8038-T or Form 8038 filed with respect to the Note issue, the statement summarizing the determination of the Rebate Amount and also, to the extent not otherwise shown on the Form 8038, a statement on which is identified the issue for which the Rebate Amount is due and the CUSIP number for the Note having the latest maturity.

Section 3.8. Recordkeeping. In connection with the rebate requirement the Institution shall maintain the following records:

(a) The Institution shall retain records of the determinations made pursuant to Section 3.6 until six years after the retirement of the last obligation of the issue.

(b) The Institution shall record all amounts paid to the United States pursuant to Section 3.7 and any elections or revocations of elections under Section 3.6 hereof. The Institution shall furnish to the Authority copies of the materials filed with the Internal Revenue Service.

(c) Covenant as to Purchase Price. The Institution covenants and agrees that it shall not acquire Nonpurpose Investments at other than arm's-length, Fair-Market-Value prices.

Section 3.9. Retention of Records. The Institution covenants to maintain all records relating to the requirements of the Code and the representations, certifications and covenants set forth in this Tax Regulatory Agreement until the date six years after the last outstanding Note has been retired. If any of the Notes are refunded by tax-exempt obligations (the "Refunding Obligations"), the Institution covenants to maintain all records required to be retained by this section until the later of the date six years after the last outstanding Notes have been retired or the date 3 years after the last Refunding Obligations have been retired. The records that must be retained include, but are not limited to:

(a) Basic records and documents relating to the Note (including the Loan Agreement, this Tax Regulatory Agreement and the opinion of Bond Counsel);

(b) Documentation evidencing the expenditure of Note proceeds;

(c) Documentation evidencing the use of the Project by public and private sources (*i.e.*, copies of management contracts, research agreements, leases, etc.);

(d) Documentation evidencing all sources of payment or security for the Notes; and

(e) Documentation pertaining to any investment of Note proceeds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations).

Section 3.10. Rebate Computations. The Institution hereby undertakes to become expert in the computation of rebate its liabilities or to engage an entity that is in fact expert in such computations, prior to the first Computation Date.

Section 3.11. Written Procedures for Post-Issuance Compliance. The Institution has adopted written post-issuance compliance procedures that will ensure adequate, timely and appropriate review of the use of the facilities financed, in whole or in part, with the proceeds of tax-exempt bonds, such as the Notes. Such procedures will include:

(a) Provisions for due diligence reviews at regular intervals;

(b) Designation of an official or employee responsible for review;

(c) Training of such official or employee;

(d) Retention of adequate records to substantiate compliance (*e.g.*, records relating to expenditure or proceeds);

(e) Procedures reasonably expected to timely identify noncompliance; and

(f) Procedures ensuring that the Institution will take steps to timely correct noncompliance.

The goal of establishing and following written procedures is to identify and resolve noncompliance on a timely basis, to preserve the preferential status of interest on the Notes.

ARTICLE IV

COMPOSITE ISSUES AND FEDERAL GUARANTEES

Section 4.1. Composite Issues. The Institution represents that no other tax-exempt obligations, the proceeds of which have been or are to be used for the benefit of the Institution or any principal user or related person or with respect to any facilities having the same principal user or related person as the facilities financed or refinanced with the proceeds of the Notes have been sold or will be sold to the same purchaser as the purchaser of the Notes within ninety days of the date of sale of the Notes, and no such other tax-exempt bonds have been sold or will be sold within fifteen days of the sale of the Notes. For purposes of this Section, obligations are considered sold on the earlier of the date a commitment letter is executed or a bond or note purchase agreement or contract or purchase is executed.

Section 4.2. Federal Guarantees. The Institution represents that neither payment of principal or interest on the Notes nor payments under the Agreement are guaranteed in whole or in part, directly or indirectly, by the United States (or any agency or instrumentality thereof) and no portion of the proceeds of the Notes is to be invested, directly or indirectly, in federally insured deposits or accounts other than (a) investments of Note proceeds for an initial temporary period until the proceeds are needed for the Project, (b) investment of a reasonably required reserve fund or debt service fund, or (c) investments in obligations issued by the United States Treasury, or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511(a) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, or any successor provision to Section 21B(d)(3) of the Federal Home Loan Bank Act as so amended. An obligation shall not be treated as federally guaranteed by reason of any guarantee by the Federal Housing Administration, the Veterans' Administration, the Federal National Mortgage Administration, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, or grants of the Environmental Protection Agency.

ARTICLE V

AVERAGE ECONOMIC LIFE AND AVERAGE MATURITY OF NOTES

Section 5.1. Average Economic Life. The Institution represents that Schedules C-1 through C-4 hereto set forth the computation of the Average Economic Life of the Project facilities financed and refinanced with the proceeds of the Notes. As shown in Schedule C-4, the Average Economic Life of the Project is 25.00 years.

Section 5.2. Computation of Average Economic Life. The Institution represents in connection with the computation of Average Economic Life as follows:

(a) The amount shown in Item 1 of Schedule C-1 is the total cost of all Project assets eligible for financing or refinancing whether or not such assets are actually being financed or refinanced with the proceeds of the Notes.

(b) Schedule C-1 sets forth for each asset eligible for financing or refinancing, its cost, the ratio of asset cost to total cost and the Note proceeds allocable to such asset.

(c) Schedule C-2 sets forth for each asset eligible for financing or refinancing its economic life based on Rev. Proc. 62-21 (1962-2 C.B. 418) (for new real property), the Class Life Asset Depreciation Range midpoint life as set forth in Rev. Proc. 87-56 (1987-2 C.B. 674) (for new property other than real property) or an appraisal, a copy of which is to be attached to Schedule C-2. Where an existing building is acquired with proceeds of the Notes, an appraisal as to the remaining economic life of such building must be provided; and where an existing building is acquired with proceeds of the Notes and is rehabilitated, an appraisal must be provided as to the economic life of the rehabilitation.

(d) Where the costs of the acquisition of land are financed with proceeds of the Notes, and such costs are less than 25% of the aggregate amount of such Note proceeds, land shall not be taken into account in the computation of Average Economic Life; however, if such costs equal or exceed 25% of the aggregate amount of such Note proceeds, land shall be taken into account in the computation of Average Economic Life and such land shall have an economic life of 30 years.

(e) Schedule C-3 sets forth the adjusted economic life of each asset listed in Schedule C-2 taking into account the period of construction or acquisition from the date of issue of the Notes or the period the asset has been placed in service before the date of issue of the Notes.

(f) Column D of Schedule C-4 sets forth the weighted life of each asset calculated by multiplying the amount of proceeds allocable to the asset by its adjusted economic life.

(g) The Average Economic Life is computed by dividing the total of the weighted lives for all assets by the total proceeds allocable to the assets.

Section 5.3. Average Maturity of Notes. The Institution represents that Schedule C-5 sets forth the computation of the Average Maturity of the Notes. As shown in Schedule C-5, the Average Maturity of the Notes will not exceed 30 years.

Section 5.4. Computation of Average Maturity. [reserved]

Section 5.5. 120 Percent Rule. Based on the computations described above, the Average Maturity of the Notes does not exceed 120 percent of the average economic life of the Project facilities financed or refinanced with the proceeds of the Notes.

Section 5.6. Assumption. The values indicated in this Article assume that the full \$120,000,000 authorized amount will in fact be issued as part of the Note issue and that the facilities financed with the proceeds thereof will be in the relative proportions set forth in Schedules C-1 through C-4 hereof.

ARTICLE VI

COVENANTS AND AMENDMENTS

Section 6.1. Compliance with Code. The Institution covenants and the Authority and the Institution, agree that they shall at all times do and perform all acts and things necessary and within their reasonable control in order to assure that interest paid on the Notes shall, for purposes of Federal income taxation, be not included in gross income.

The Institution and the Authority acknowledge that the covenants and conditions set forth in this Tax Regulatory Agreement are based upon the Code and Regulations as they exist on the date hereof and that the Code or Regulations may be subsequently interpreted or modified by the Federal government in a manner which is inconsistent with the covenants set forth herein. The Institution agrees that any such subsequent modification or interpretation of the Code or Regulations will be deemed a requirement that must be met pursuant to the general tax covenant set forth above.

The Institution shall not be required to comply with the requirements of this Tax Regulatory Agreement to the extent that, in the opinion of Hawkins Delafield & Wood LLP furnished to the Authority and the Institution, compliance with such requirements is not necessary to maintain the tax-exempt status of the Notes.

Section 6.2. Amendment. This Tax Regulatory Agreement may be amended only with the concurring written consent of the Authority, the Institution and Hawkins Delafield & Wood LLP, or any other nationally recognized bond counsel accepted in writing by the Authority and the Institution.

Section 6.3. Multiple Counterparts. This Tax Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Schedule A

USE OF NOTE PROCEEDS

1. Amounts allocable to the Notes up to: \$120,000,000.
2. Investment earnings anticipated to be received from the proceeds of the Notes based on the anticipated drawdown schedule of such unexpended Note proceeds held by the Institution pending use for Project costs: \$ -0-.
3. Amount of Note proceeds deposited into reserve fund: \$ -0-.
4. From the sum of the amounts allocable to the Notes (Item 1) add investment earnings (Item 2) and subtract amount of Note proceeds deposited into reserve fund (Item 3): \$120,000,000. This amount is referred to in this schedule as "Note Net Proceeds".
5. Total amount of costs of issuance to be paid from proceeds of the Notes: \$ -0-. This amount does not exceed two percent of the sale proceeds of the Notes.
6. Project costs to be paid from the proceeds of the Notes: up to \$120,000,000.

Schedule B

SUMMARY OF USE OF PROCEEDS FOR FORM 8038 PURPOSES

The following information with respect to the use of the proceeds of the Notes must be furnished to the Internal Revenue Service by the Authority on Form 8038.

1. Face amount of issue.....
2. Original issue discount.....
3. Costs of Issuance (including underwriter's discount).....
4. Credit Enhancement Fee.....
5. Reasonably Required Reserve Fund deposits.....
6. Amounts used to refund Prior Notes.....
7. Nonrefunding Proceeds (Amount on Line 1
Less Amounts on Lines 2, 3, 4,5 and 6).....
8. Allocation of Nonrefunding Proceeds:
 - a. Cost of land.....
 - b. Buildings and structures.....
 - c. Equipment with a recovery period of more than 5 years.....
 - d. Equipment with a recovery period of 5 years or less.....
 - e. Other.....

This represents the total amount of Project costs eligible to be financed with the proceeds of the Notes; in fact a lesser amount of Notes may be issued during the eighteen (18) month period commencing on the date hereof.

Schedule C-1

IDENTIFICATION OF ASSETS

1. Total cost of all Project assets eligible for financing and refinancing with proceeds of the Notes: \$120,000,000. These costs are shown net of capitalized interest and contingency amounts.
2. Face amount of Notes: \$120,000,000

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
		Ratio of Asset Cost (B) to Total Cost (from 1.)	Note Proceeds Allocable to Asset (C) x Face Amount of Notes (from 2.)
<u>Asset</u> ¹	<u>Cost</u>		

¹ Assets may be grouped by Class Life Asset Depreciation (CLADR), as set forth in Rev. Proc. 87-56, if applicable. The categories should be indicated by a brief description and the CLADR reference number.

Schedule C-2

ECONOMIC LIFE

<u>A</u>	<u>B</u>	<u>C</u>
Asset Number <u>(from C-1)</u>	Economic Life ² <u>(in years)</u>	Basis of Determination (CLADR ³ , Rev. Proc. <u>62-21 or Appraisal</u>)
1.	30	Rev. Proc. 62-21 & renovations
2.	10	Rev. Proc. 87-56

² Economic Life is not to be determined based on ACRS lives.

³ Specify CLADR class number.

Schedule C-3

ADJUSTED ECONOMIC LIFE

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Asset Number (<u>from C-1</u>)	Economic Life (<u>from C-2</u>)	Period in Service Prior to Note Issuance Date (years or <u>portions</u>) ⁴	Acquisition or Construction Period following Note Issuance Date (years or <u>portions</u>)	Adjusted Life (B-C or <u>B+D</u>)

⁴ If inapplicable, indicate "N.A."

Schedule C-4

WEIGHTED ECONOMIC LIFE

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
Asset Number <u>(from C-1)</u>	Note Proceeds Allocable to Asset (Col. D), <u>of C-1</u>	Adjusted Life (Col. E, <u>of C-3</u>	Weighted Life <u>(B x C)</u>

Total B = 120,000,000

Total D = 3,000,000,000

Total Average Economic Life of Project = $\frac{\text{Total D}}{\text{Total B}}$ = 25.00 years

Schedule C-5

WEIGHTED AVERAGE NOTE MATURITY

The weighted average maturity of the Notes will not be longer than thirty years.

Schedule D

ESTIMATED DRAWDOWNS OF NOTE PROCEEDS

The Institution anticipates that the Notes will be issued on a reimbursement basis only, and that hence, there will be no opportunity to earn investment income.

Schedule F-1

BID CERTIFICATION

The undersigned hereby certifies with respect to the investment of the [NAME OF FUND(S)] established by New Jersey Educational Facilities Authority (the "Authority") on behalf of The Trustees of Princeton University in connection with the issuance of up to \$120,000,000 New Jersey Educational Facilities Authority Princeton University Commercial Paper Notes (the "Notes") as set forth below:

- (1) The bid specifications were in writing and timely forwarded to potential providers;
- (2) The bid specifications include all material terms which could directly or indirectly affect the yield or cost of the investment(s);
- (3) The terms of the bid specifications are commercially reasonable, *i.e.*, there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment;
- (4) The terms of the bid solicitation take into account the issuer's reasonably expected deposit and drawdown schedule for the amounts to be invested;
- (5) All potential providers have an equal opportunity to bid and no potential provider was given the opportunity to review other bids (*i.e.*, a last look) before providing a bid;
- (6) At least three reasonably competitive providers were solicited for bids, *i.e.*, providers with established industry reputations as competitive providers of the investments being purchased, and at least one of the bids received is from a reasonably competitive provider;
- (7) We have (on behalf of the issuer) received at least three bids from providers solicited under a bona fide solicitation, that do not have a material financial interest in the issue. A lead underwriter or financial advisor, or any person related to such entities would be considered to have a material financial interest in the Notes;
- (8) We did not bid on the investment;
- (9)
 - A. The winning bid, for a guaranteed investment contract, is the highest-yielding bona fide bid (determined net of any broker's fees);
 - B. The winning bid, for an investment other than a guaranteed investment contract, is the lowest-cost bona fide bid (including any broker's fees), which is not greater than the cost of the most efficient portfolio composed entirely of United States Treasury Securities - State and Local Government Series ("SLGS"), available for purchase on the same date as the open market portfolio investments were purchased;
- (10) For a guaranteed investment contract or for investments purchased for a yield-restricted defeasance escrow, the fees paid in connection therewith do not exceed the lesser of \$40,000 or 0.2 percent of the "computational base", or, if more, \$4,000, where "computational base" means (A) for a guaranteed investment contract, the amount reasonably expected, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and (B) for yield-restricted defeasance escrows, the amount of proceeds initially invested in those investments. In the case of a calendar year after 2018, each of the dollar amounts set forth above shall be increased by an amount equal to such dollar amount multiplied by the cost of living

adjustment for such calendar year as set forth in Treasury Regulation Section 1.148-5(e)(2)(iii)(B)(3); and

- (11) We have no reason to believe that any potential provider that submitted a bid, submitted other than a bona fide bid; that is that such provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the issuer or any other person (whether or not in connection with the Notes issue), and that the bid was not submitted solely as a courtesy to the issuer or any other person for purposes of satisfying the requirements of the provisions of the applicable Treasury Regulations at Section 1.148-5(d)(6) thereof.

[NAME OF GUARANTEED

INVESTMENT CONTRACT BROKER]

By

Name: _____
Title: _____

Date: _____, 2018

Schedule F-2

PROVIDER'S CERTIFICATE

[NAME OF PROVIDER] (the "Provider") is entering into an Investment Agreement (the "Investment Agreement") on this [MONTH/DAY/YEAR] with The Trustees of Princeton University (the "Institution") in connection with the issuance of up to \$120,000,000 New Jersey Educational Facilities Authority Princeton University Commercial Paper Notes (the "Notes"). Pursuant to the Investment Agreement, the Provider will accept and invest certain amounts treated as Gross Proceeds of the Notes according to the terms and provisions specified therein. The undersigned, acting on behalf of the Provider, hereby certifies as follows with respect to the Investment Agreement:

1. Based upon the reasonable expectations of the Provider on the date on which the Provider offered to enter into the Investment Agreement, considering the terms thereof, the Investment Agreement provided for a yield which is the same yield which the Provider would have offered to others, including persons other than governmental units or 501(c)(3) organizations, with respect to comparable obligations in transactions in which yield on tax-exempt obligations is not relevant to either party and from sources of funds other than gross proceeds of a tax-exempt issue.

2. Neither the Provider nor any person or entity acting on its behalf has made or will make any payment in connection with the Investment Agreement to the broker, to any party to the Investment Agreement, to any participant in the issuance of the Notes or to any person or entity related to any of them. The Provider, to its knowledge, has no relationship to or economic arrangement with any party or participant in the issuance of the Notes or to any person or entity related to or acting on behalf of any of them as a consequence of which any such other party or participant may benefit from the Provider's role as provider of the Investment Agreement. Other than those amounts set forth in the next succeeding paragraph, there are no brokerage or selling commissions, legal and accounting fees, or other similar fees which have been or will be paid in respect of the Investment Agreement by the New Jersey Educational Facilities Authority, the Institution or the Provider.

3. [FEES]

[NAME OF PROVIDER]

By _____

Name: _____

Title: _____

Date: _____, 2020

Schedule G

PROVIDER'S CERTIFICATE AS TO CERTIFICATE OF DEPOSIT

[NAME OF PROVIDER], the Provider, is providing a certificate of deposit (a "CD") on this [MONTH/DAY/YEAR] for The Trustees of Princeton University (the "Institution") in connection with the issuance by the New Jersey Educational Facilities Authority of up to \$120,000,000 New Jersey Educational Facilities Authority Princeton University Commercial Paper Notes (the "Notes"). The CD will be acquired with the proceeds of the Notes. The undersigned, acting on behalf of the Provider, hereby certifies, as follows:

1. The CD has a fixed rate of interest, a fixed payment schedule and a substantial penalty for early withdrawal.
2. The yield on the CD is not less than the yield on reasonably comparable direct obligations of the United States and the yield that is published or posted by the Provider to be currently available from the Provider on comparable certificates of deposit offered to the public.

[NAME OF PROVIDER]

By _____

Name: _____

Title: _____

Date: _____, 2020

EXHIBIT A

CERTIFICATE OF [J.P. MORGAN SECURITIES INC.]

This Certificate is being delivered by [J.P. Morgan Securities Inc.], as representative of the purchasers (the "Purchaser") in connection with the issuance of up to \$120,000,000 New Jersey Educational Facilities Authority (the "Authority") Princeton University Commercial Paper Notes Series 2018A (Tax-Exempt) (the "Notes"). The Purchaser certifies:

- (i) the records of the Purchaser;
- (ii) verbal information from other underwriters which are bound to the initial public offering terms, which information, by virtue of such contractual obligation, we have no reason to believe is not correct; and
- (iii) verbal information from other dealers which are not part of the underwriting group and as such are not bound by the initial public offering terms and for whom we make no representation as to the accuracy of such information;

all of the Notes have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar Persons or organizations acting in the capacity of underwriters or wholesalers) at prices equal to the par amount thereof as set forth on the cover page of the Commercial Paper Memorandum relating to the Notes (net of accrued interest), and an amount in excess of ten percent of each maturity of the Notes was sold to the public (excluding bond houses, brokers or similar Persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices equal to the par amount of such Notes, as set forth on the cover page of the Commercial Paper Memorandum, dated [____], relating to the Notes. The initial offering price(s) represent the Fair Market Value of the Notes.

Based upon its assessment of prevailing market conditions, the Purchaser does not have any reason to believe that any of the Notes would initially be sold to the public (excluding bond houses, brokers or similar Persons or organizations acting in the capacity of underwriters or wholesalers) at prices other than the par amount of such Notes, as set forth on the cover page of the Commercial Paper Memorandum.

Dated: [____]

[J. P. MORGAN SECURITIES INC.]

By _____

Name: _____
Title: _____

EXHIBIT B

REIMBURSEMENT RESOLUTION

[SEE EXHIBIT B TO TAX REGULATORY AGREEMENT PREPARED AND EXECUTED ON DECEMBER 8,
1997 IN RESPECT OF THE FIRST ISSUE OF NOTES]

EXHIBIT C

SAFE HARBOR MANAGEMENT AND SERVICE CONTRACT GUIDELINES

Part 1.

**SAFE-HARBOR MANAGEMENT CONTRACT GUIDELINES
REV. PROC. 97-13, AS AMENDED AND AMPLIFIED**

General Rule.

A contract between a state or local governmental unit (a “Qualified User”) and a manager or operator which is not a state or local government unit (a “Provider”) for the management of, or services rendered at, or incentive payment in respect of, a tax-exempt bond-financed facility that meets the safe-harbor guidelines of Rev. Proc. 97-13 as summarized below and does not otherwise give the Provider an ownership or leasehold interest in bond-financed property for federal income tax purposes is treated as not creating any private business use under Section 141(b) or 145(a)(2)(B) of the Internal Revenue Code (the “Code”). In addition, if the guidelines are met, the burden to prove that the contract creates impermissible private activity would shift to the Internal Revenue Service (“IRS”) in a tax court proceeding. All contracts must be reviewed on a case-by-case basis.

Rev. Proc. 97-13, as amended by Rev. Proc. 2001-39, and as amplified by Notice 2014-67, may not be used for: (a) contracts which are entered into on or after August 18, 2017, and (b) contracts which are materially modified or extended on and after August 18, 2017 (other than pursuant to a renewal option as defined in § 1.141-1(b) of the Regulations).

General Requirements.

1. **Reasonable Compensation and No Net Profits.** The compensation must be reasonable and no portion of the compensation paid to the Provider may in any event be based on net profits derived from the bond financed facility. However, compensation that is based on a percentage either of gross revenues or of expenses (but not both) is permitted. A Productivity Award does not cause the compensation to be based on a share of net profits. Reimbursement for actual and direct expenses paid by the Provider to unrelated persons is not by itself treated as compensation.

2. **No Penalty if Required to be Cancelable.** Whenever a contract is required to be cancelable as described below, it must be possible to cancel it without penalty imposed on the Qualified User. A “penalty” means: (a) any limitation on the Qualified User’s right to compete with the Provider; (b) any requirement that the Qualified User purchase equipment, goods or services from the Provider; or (c) any requirement that the Qualified User pay liquidated damages for cancellation of the contract. A requirement that the Qualified User reimburse ordinary and necessary expenses of the Provider or a restriction against hiring key personnel of the Provider is not a penalty. A penalty may exist where provisions of another contract between the Provider and Qualified User (e.g., a loan or guarantee) impair the practical ability of the Qualified User to terminate the service contract for example by automatically terminating when the service contract terminates.

3. **No Role or Relationship between Qualified User and Provider.** There must not be any role or relationship between the Qualified User and the Provider that would substantially limit the Qualified User’s ability to exercise its rights under the contract, including cancellation rights. This requirement is considered satisfied if (a) not more than 20% of the voting power of the governing board of the Qualified User is vested in the Provider and its directors, officers, shareholders and employees, (b) overlapping board members do not include the chief executive officers of the service provider or its governing body or the Qualified User or its governing body, and (c) the Qualified User and the Provider are not “related persons” within the meaning of Treasury Regulations §1.150-1(b).

Permitted Contract Term and Compensation Arrangements.

The contract term (which includes Renewal Options) and the compensation arrangements must meet one of the following six requirements:

<u>Contract Maximum Term Limit</u>	<u>Permissible Compensation Arrangements</u>
1. Lesser of 15 years (20 years for public utility property) or 80% of the reasonably expected useful life of the bond-financed property. No cancellation right required.	1. At least 95% of compensation for each annual period must be based on a Periodic Fixed Fee. A one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached is permitted if the award is equal to a single, stated dollar amount.
2. Lesser of ten years (20 years for public utility property) or 80% of the reasonably expected useful life of the bond-financed property. No cancellation right required.	2. At least 80% of compensation for each annual period must be based on a Periodic Fixed Fee. A one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached is permitted if the award is equal to a single, stated dollar amount.
3. Five years. No cancellation right required.	3. All of the compensation for services is based on a stated amount; a Periodic Fixed Fee; a Capitation Fee; a Per-Unit Fee; or a combination of the preceding, except that the compensation for services also may include a percentage of gross revenues, adjusted gross revenues, or expenses of the facility (but not both revenues and expenses). A tiered Productivity Award will be treated as a stated amount or a Periodic Fixed Fee, as appropriate.
4. Five years, cancelable by the Qualified User at the end of three years without penalty.	4. At least 50% of compensation for each annual period must be based on a Periodic Fixed Fee or, alternatively, 100% must be based on a Capitation Fee or any combination of Periodic Fixed Fees and Capitation Fees.
5. Three years, cancelable by the Qualified User at the end of two years without penalty.	5. 100% of compensation may be based on a Per-Unit Fee stated in the contract or otherwise specifically limited by the governmental service recipient or an independent third party (e.g., Medicare reimbursement formulas). Alternatively, 100% of compensation may be based on any combination of Periodic Fixed Fees and Per Unit Fees.
6. Two years, cancelable by the Qualified User at the end of one year without penalty.	6. 100% of compensation may be based on a percentage of the fees charged at the bond financed facility except that, during the start up period of the facility, it may be based on either gross revenues, gross revenues adjusted for bad debt or similar allowances or the expenses of the facility. This compensation arrangement is available only (i) with respect to facilities providing services to third parties (e.g., radiology facilities) or (ii) during an initial start up period during which operations have

<u>Contract Maximum Term Limit</u>	<u>Permissible Compensation Arrangements</u>
	been insufficient to permit a reasonable estimate of annual gross revenues.

Definitions Relevant to Permissible Compensation Arrangements.

1. **Periodic Fixed Fee** is a stated dollar amount for services rendered for a specified period of time. The stated dollar amount may automatically increase according to a specified objective external standard that is not linked to the output or efficiency of a facility, e.g., the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective external standards.

2. **Capitation Fee** is a fixed periodic amount payable for each person for whom services are provided (e.g., an HMO member) as long as the quantity and type of services actually provided vary substantially from person to person. A capitation fee may include a variable component of up to 20% of the total capitation fee designed to protect the Provider against risks such as catastrophic loss.

3. **Per Unit Fee** is a stated amount for each unit of services provided (e.g., medical procedure performed, car parked, passenger mile traveled, ton of waste incinerated, unit of landfill capacity consumed). The stated dollar amount may automatically increase according to a specified objective external standard that is not linked to the output or efficiency of a facility, e.g., the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective external standards.

4. **Productivity Award** is (i) a stated dollar amount of additional compensation based on increases or decreases in gross revenues or reductions in total expenses (but not both) in any annual period during the term of a contract, or (ii) a stated dollar amount, a periodic fixed fee, or a tiered system of stated dollar amounts or periodic fixed fees where the eligibility for the award is based on the quality of the services provided under the management contract rather than increases in revenues or decreases in expenses of the facility and the amount of the productivity award is based solely on the level of performance achieved with respect to the applicable measure.

5. **Renewal Option** is a provision under which the Provider has a legally enforceable right to renew the contract. Thus, for example, a provision under which a contract is automatically renewed for one year periods absent cancellation by either party is not a renewal option (even if it is expected to be renewed).

Revision of Management Contract.

If the compensation arrangements of a management contract are materially revised, the requirements for compensation arrangements are retested as of the date of the material revision and the management contract is treated as one that was newly entered into as of the date of the material revision.

Certain Exceptions.

Certain arrangements generally are not treated as management contracts that are subject to the above rules. These include:

(a) Contracts for services that are solely incidental to the primary governmental function or functions of a bond-financed facility (e.g., contracts for janitorial, office equipment repair, hospital billing or similar services);

(b) The mere granting of admitting privileges by a hospital to a doctor, even if those privileges are conditioned on the provision of de minimis services, if those privileges are available to all qualified physicians in the area, consistent with the size and nature of its facilities;

(c) A contract to provide for the operation of a facility or system of facilities that consists predominantly of public utility property (as defined in Section 168(i)(10) of the Code), if the only compensation is the reimbursement of actual and direct expenses of the Provider and reasonable administrative overhead expenses of the Provider; and

(d) A contract to provide for services, if the only compensation is the reimbursement of the Provider for actual and direct expenses paid by the Provider to unrelated parties.

Part 2.

SAFE-HARBOR MANAGEMENT CONTRACT GUIDELINES REV. PROC. 2017-13

General Rule.

A contract between a state or local governmental unit or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, acting in furtherance of its exempt purposes (each, a “Qualified User”) and a manager or operator which is not a state or local government unit or organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, acting in furtherance of its exempt purposes (a “Provider”) bond-financed facility (the “Managed Property”) that meets the safe-harbor guidelines of Rev. Proc. 2017-13 as summarized below, is treated as not creating any private business use under Section 141(b) of the Internal Revenue Code (the “Code”). In addition, if the guidelines are met, the burden to prove that the contract creates impermissible private activity would shift to the Internal Revenue Service (“IRS”) in a tax court proceeding. All contracts must be reviewed on a case-by-case basis.

Under Rev. Proc. 2017-13, a contract under which the only compensation consists of reimbursements of actual and direct expenses paid by the Provider to “Unrelated Parties” and reasonable related administrative overhead expenses of the Provider does not create private business use. “Unrelated Parties” are persons other than either: (1) a related party (as defined in § 1.150-1(b) of the federal income tax regulations) to the Provider; or (2) a Provider’s employee.

General Financial Requirements.

1. **Reasonable Compensation.** The compensation, including any payments to reimburse actual and direct expenses paid by the Provider and related administrative expenses of the Provider, must be reasonable.

2. **No net profits arrangements.** The compensation paid to the Provider must not include a share of net profits from the operation of the Managed Property.

- Compensation to the Provider will not be treated as including a share of net profits if no element of the compensation takes into account, or is contingent upon, either the Managed Property’s net profits or both the Managed Property’s revenues and expenses for any fiscal period (other than any reimbursements of direct and actual expense paid by the Provider to Unrelated Parties).
- For this purpose, the elements of the compensation are the eligibility for, the amount of, and the timing of the payment of the compensation.
- Incentive compensation will not be treated as providing a share of net profits if the eligibility for the incentive compensation is determined by the Provider’s performance in meeting one or more standards that measure quality of services, performance, or productivity, and the amount and the timing of the payment of the compensation is not based on or contingent on the net profits of the Managed Property.

3. **No Bearing of Net Losses.** The contract must not, in substance, impose upon the Provider the burden of bearing any share of net losses from the operation of the Managed Property.

- An arrangement will not be treated as requiring the Provider to bear a share of net losses if:
 - the determination of the amount of the Provider's compensation and the amount of any expenses to be paid by the Provider (and not reimbursed), separately and collectively, do not take into account either the Managed Property's net losses or both the Managed Property's revenues and expenses for any fiscal period; and
 - the timing of the payment of compensation is not contingent upon the Managed Property's net losses.
- The reduction of a Provider's compensation by a stated dollar amount (or one of multiple stated dollar amounts) for failure to keep the Managed Property's expenses below a specified target (or one of multiple specified targets) will not be treated as bearing a share of net losses as a result of this reduction.

4. **Permissible Certain Types of Compensation.** Compensation in the form of capitation fees, periodic fixed fees and per-unit fees is not treated as providing a share or net profits or requiring the Provider to bear a share or net losses regardless of whether the Service Provider pays expenses with respect to the Managed Property.

- Capitation Fee is a fixed periodic amount for each person for whom the Provider or the Qualified User assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of services actually provided to such persons varies substantially. A capitation fee may include a variable component of up to 20% of the total capitation fee designed to protect the Provider against risk such as risk of catastrophic loss.
- Periodic Fixed Fee is a stated dollar amount for services rendered for a specified period of time. The stated dollar amount may automatically increase according to a specified objective external standard (e.g., Consumer Price Index and similar external indices) that is not linked to the output or efficiency of the Managed Property.
- Per-Unit Fee is a fee based on a unit of services provided specified in contract or otherwise specially determined by an independent third party. The stated dollar amount may automatically increase according to a specified objective external (e.g., Consumer Price Index and similar external indices) standard that is not linked to the output or efficiency of the Managed Property.

5. **Timing of Payment of Compensation.** Deferral due to insufficient net cash flows will not cause the deferred compensation in the form of a capitation fee, periodic fixed fee or per-unit fee to be treated as contingent upon net profits or net losses if the contract includes the following requirements:

- The compensation is payable at least annually;
- The Qualified User is subject to reasonable consequences for late payment, such as reasonable interest charges or late payment fees; and
- The Qualified User will pay the deferred compensation (including interest and late payment fees) no later than the end of five years after the original due date of the payment.

Control by the Qualified User.

The Qualified User must exercise a significant degree of control over the use of the Managed Property.

- Generally, property that is leased, licensed or generally under the management or control of a Provider is treated as used in a private business use.
- This control requirement is met if the contract requires the Qualified User to approve the annual budget of the Managed Property, capital expenditures with respect to the Managed Property, each disposition of property that is part of the Managed Property, rates charged for the use of the Managed Property, and the general nature and type of use of the Managed Property (for example, the type of services).
- For this purpose, for example, a Qualified User may also show approval of capital expenditures for a Managed Property by approving an annual budget for capital expenditures described by functional purpose and specific maximum amounts; and a Qualified User may show approval of dispositions of property that is part of the Managed Property in a similar manner.
- Further, a Qualified User may show approval of rates charged for use of the Managed Property by either expressly approving such rates or approving a reasonable general methodology for setting such rates, or by including in the contract a requirement that the Provider charge rates that are reasonable and customary as specifically determined by an independent third party.

Permitted Terms.

The term of the contract, including all renewal options that may be exercised by the Provider, may not be greater than the lesser of 30 years or 80% of the weighted average reasonably expected economic life of the Managed Property.

- For this purpose, economic life is determined as of the beginning of the term of the contract, and a contract that is materially modified is retested as a new contract as of the date of the material modification.
- Any material modifications to a service contract will cause the term of the contract to be reviewed for purposes of Rev. Proc. 2017-13.
- If more than 25% of the proceeds of any bond issue is used to acquire land, then land is taken into account in the calculation and treated as having a 30-year life.

No Circumstances Substantially Limiting Exercise of Rights.

There must not be any role or relationship between the Qualified User and the Provider that would substantially limit the Qualified User's ability to exercise its rights under the contract, including cancellation rights (the "Unrelated Person Requirement").

- This requirement is considered satisfied if:
 - not more than 20% of the voting power of the governing board of the Qualified User in the aggregate is vested in the directors, officers, partners, members and employees of the Provider,

- neither the chief executive officer or the chairperson (or equivalent executive) of the Provider is a member of the governing board of the Qualified User, and
- the chief executive officer of the Provider (or any person with equivalent management responsibilities) is not the chief executive officer of the Qualified User or any entity that is part of the same “controlled group” as the Qualified User.
- For these purposes, an entity is part of the same “controlled group” as the Qualified User if one entity has either (i) the right or power both to approve and remove, without cause, a controlling portion of the governing board of the other entity, or (ii) the right or power to require the use of funds or assets of the controlled entity for any purpose of the controlling entity.

Risk of Loss of the Managed Property.

The Qualified User must bear the risk of loss upon damage or destruction of the managed property (for example, upon force majeure).

No Inconsistent Tax Position.

The contract must contain language evidencing the agreement by the Provider to not take any tax position that it is inconsistent with being a service provider to the Qualified User with respect to the Managed Property, e.g., the Provider must agree not to claim any depreciation or amortization, investment tax credit, or deduction for any payment as rent with respect to the Managed Property.

Functionally Related and Subordinate Use.

A Provider’s use of the Managed Property that is functionally related and subordinate to performance of its services under a management contract for the Managed Property conforming to the requirements of Rev. Proc. 2017-13 does not result in private business use (for example, use of storage areas to store equipment used to perform activities required under a management contract that meets the requirements of Rev. Proc. 2017-13 does not result in private business use).

Certain Exceptions.

Certain arrangements generally are not treated as management contracts that are subject to the above rules. These include:

- Contracts for services that are solely incidental to the primary governmental function or functions of a bond-financed facility (e.g., contracts for janitorial, office equipment repair, hospital billing or similar services);
- The mere granting of admitting privileges by a hospital to a doctor, even if those privileges are conditioned on the provision of de minimis services, if those privileges are available to all qualified physicians in the area, consistent with the size and nature of its facilities;
- A contract to provide for the operation of a facility or system of facilities that consists predominantly of public utility property (as defined in section 168(i)(10) of the 1986 Code), if the only compensation is the reimbursement of actual and direct expenses of the service provider and reasonable administrative overhead expenses of the service provider; and

- A contract for services, if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties. For this purpose, payments to employees of the Provider are not treated as payments to unrelated parties.

Terms to be Included in Each Management Contract.

Each Management Contract should evidence compliance with each of the requirements set forth above and explicitly include the following:

- Language evidencing control by the Qualified User.
- Language identifying the Managed Property and the parties' estimation of the reasonably expected economic life of the Managed Property at the time the parties enter into the Management Contract.
- Language identifying rates charged for use of the Managed Property or including a reasonable general description of the method used to set the rates, or evidencing that the Provider charges rates that are reasonable and customary as specifically determined by, or negotiated with, an independent third party.
- An explicit provision that all net losses from the Managed Property and the risks of damage, destruction or taking of the Managed Property, other than damage or destruction of the Managed Property resulting from negligence, recklessness or intentional acts of the Provider, are to be borne by the Qualified User.
- Representations of each party that the Unrelated Person Requirement is satisfied.
- Language evidencing the agreement by the Provider to not take any tax position that it is inconsistent with being a service provider to the Qualified User with respect to the Managed Property.

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY DECLARING, FOR PURPOSES OF FEDERAL TAX LAW, ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR PROJECT COSTS FROM PROCEEDS OF REVENUE BONDS ISSUED PURSUANT TO THE NEW JERSEY HIGHER EDUCATION FACILITIES TRUST FUND ACT

Adopted: April 25, 2023

- WHEREAS:** The New Jersey Educational Facilities Authority (the “Authority”) is authorized pursuant to the New Jersey Higher Education Facilities Trust Fund Act, N.J.S.A. 18A:72A-49 et seq. (the “HEFT Act”) to issue bonds (the “HEFT Bonds”) to finance the cost, or a portion of the cost, of the construction, reconstruction, development, extension and improvement of instructional, laboratory, communication, and research facilities (each, a “HEFT Project”) at New Jersey’s public and private institutions of higher education (the “Institutions”); and
- WHEREAS:** Institutions have submitted applications for grant funding for HEFT Projects pursuant to the Higher Education Capital Facilities Programs Joint Solicitation for Grant Applications, Summer 2022 Cycle, issued by the Office of the Secretary of Higher Education (the “Joint Solicitation”); and
- WHEREAS:** Pursuant to the HEFT Act, the Secretary of Higher Education of New Jersey (the “Secretary”) is required to submit to the New Jersey Legislature (the “Legislature”) a certified list of approved HEFT Projects and their respective award amounts; and
- WHEREAS:** The Authority reasonably expects to finance costs of approved HEFT Projects through the issuance, in one or more series, of HEFT Bonds, the interest on which is expected to be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and
- WHEREAS:** The Authority reasonably expects to issue HEFT Bonds in a maximum principal amount not to exceed \$102,030,000 to provide grant funding for costs of HEFT Projects under the Joint Solicitation and approved pursuant to the HEFT Act and other applicable law; and
- WHEREAS:** Pursuant to the HEFT Act, the Authority maintains and administers the Higher Education Facilities Trust Fund (the “HEFT Fund”) to carry out the provisions and purposes of the HEFT Act; and
- WHEREAS:** Proceeds received from the issuance by the Authority of the HEFT Bonds will be deposited in the HEFT Fund; and
- WHEREAS:** Pursuant to and in accordance with the provisions of the HEFT Act, the Authority is authorized to make grants (each, a “HEFT Grant”) to the Institutions from the proceeds of the HEFT Bonds, for the purpose of providing financing for costs of approved HEFT Projects being undertaken by the Institutions; and

WHEREAS: In connection with the issuance of the HEFT Bonds, and with respect to each approved HEFT Project, the Authority reasonably expects to enter into a grant agreement (each, a “HEFT Grant Agreement”) with the respective Institution undertaking such HEFT Project (each such Institution, a “Grantee”), pursuant to which such Grantee will agree to comply with the provisions of the HEFT Act and the applicable provisions of the Code with respect to such HEFT Project; and

WHEREAS: The Authority reasonably expects that, prior to the issuance of the HEFT Bonds, there may be expenditures for approved HEFT Projects that are originally paid from funds other than the proceeds of the HEFT Bonds (“Prior Expenditures”); and

WHEREAS: The Authority reasonably expects that Grantees may request reimbursement from the proceeds of the HEFT Bonds for certain Prior Expenditures; and

WHEREAS: As used herein, “Qualifying Prior Expenditures” shall mean Prior Expenditures that comply with Treasury Regulations Section 1.150-2; and

WHEREAS: The Authority desires to preserve the ability to treat the allocation of proceeds of the HEFT Bonds to the reimbursement of Qualifying Prior Expenditures as a proper expenditure of the proceeds of HEFT Bonds pursuant to the Code and Treasury Regulations promulgated thereunder, including in particular Treasury Regulations Section 1.150-2; and

WHEREAS: In accordance with Treasury Regulations Section 1.150-2, and for the purpose of compliance therewith, the Authority desires to declare its official intent to apply a portion of the proceeds of the HEFT Bonds to reimbursement of Qualifying Prior Expenditures.

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

Section 1. The recitals set forth above are incorporated herein by reference as if set forth at length herein.

Section 2. The Authority reasonably expects to reimburse Qualifying Prior Expenditures with proceeds of the HEFT Bonds.

Section 3. Pursuant to and in accordance with Treasury Regulations Section 1.150-2, the Authority hereby declares its official intent to apply a portion of the proceeds of the HEFT Bonds to reimbursement of Qualifying Prior Expenditures.

Section 4. The maximum principal amount of HEFT Bonds that the Authority expects to issue to finance the HEFT Projects, including amounts, if any, to be used to reimburse Qualifying Prior Expenditures, is \$102,030,000.

Section 5. All Qualifying Prior Expenditures must qualify for reimbursement pursuant to Treasury Regulations Section 1.150-2, which provides that costs to be reimbursed, if originally paid prior to the date of adoption of the declaration of official intent, were either originally paid not more than 60 days prior to such date of adoption or,

if originally paid earlier than that, meet the requirements of Treasury Regulations Section 1.150-2(f). In addition, each Qualifying Prior Expenditure originally paid by a Grantee must be a “capital expenditure” as defined in Treasury Regulations Section 1.150-1(b) or otherwise permitted to be reimbursed pursuant to Treasury Regulations Sections 1.150-2(d)(3) and (f).

- Section 6.** The Authority shall allocate or cause to be allocated proceeds of the HEFT Bonds to the reimbursement of Qualifying Prior Expenditures by making each such reimbursement allocation on the books and records maintained by the Authority with respect to the HEFT Bonds. Each reimbursement allocation shall specifically identify the actual original expenditure to be reimbursed. Each reimbursement allocation shall be made not later than eighteen (18) months after the later of (i) the date on which the original expenditure was paid, or (ii) the date the related HEFT Project was “placed in service” (within the meaning of Treasury Regulations Section 1.150-2) or abandoned; provided, however, that no reimbursement allocation shall be made more than three (3) years after the date that the original expenditure was paid.
- Section 7.** The Authority shall not make any reimbursement allocation that is an “abusive arbitrage device” under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions of the Code or to avoid the restrictions under Sections 142 through 147 of the Code. No proceeds of the HEFT Bonds that are used to reimburse Qualifying Prior Expenditures, and no funds corresponding to such amounts, shall be used, within one (1) year after the reimbursement allocation, in a manner that results in the creation of “replacement proceeds,” including “sinking funds,” “pledged funds,” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations Section 1.148-1) with respect to either the HEFT Bonds or any other issue of debt obligations, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations Section 1.148-1).
- Section 8.** This Resolution is intended to be and is a declaration of intent made pursuant to, and for the purpose of compliance with, Treasury Regulations Section 1.150-2. This Resolution is a declaration of intent only and does not obligate the Authority to reimburse Qualifying Prior Expenditures with the proceeds of the HEFT Bonds.
- Section 9.** This Resolution does not authorize the Authority to issue the HEFT Bonds. The issuance of the HEFT Bonds may only be authorized by subsequent resolution of the Authority adopted in accordance with the HEFT Act and other applicable law.
- Section 10.** Notwithstanding anything herein to the contrary, pursuant to the terms of the Joint Solicitation and applicable State law and policy, the Authority shall not allocate any proceeds of the HEFT Bonds to reimburse any Qualifying Prior Expenditure unless such expenditure is an approved cost of an approved HEFT Project and qualifies for funding from the HEFT Fund, is a capital expenditure, and, except in the discretion of and upon approval by the Secretary, such expenditure was originally paid after the date that the Secretary submitted the certified list of HEFT Projects and award amounts to the Legislature.

Section 11. This Resolution shall take effect in accordance with the provisions of N.J.S.A. 18A:72A-1 et seq.

____ Mr. Hutchinson ____ 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
Louis Rodriguez
Elizabeth Maher Muoio (represented by Ryan Feeney)

NAY: None

ABSTAIN: None

ABSENT: None

Secretary Bridges recused from the vote.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY DECLARING, FOR PURPOSES OF FEDERAL TAX LAW, ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR PROJECT COSTS FROM PROCEEDS OF REVENUE BONDS ISSUED PURSUANT TO THE NEW JERSEY HIGHER EDUCATION CAPITAL IMPROVEMENT FUND ACT

Adopted: April 25, 2023

- WHEREAS:** The New Jersey Educational Facilities Authority (the “Authority”) is authorized pursuant to the New Jersey Higher Education Capital Improvement Fund Act, N.J.S.A. 18A:72A-72 et seq. (the “CIF Act”) to issue bonds (the “CIF Bonds”) to finance the cost, or a portion of the cost, of the renewal, renovation, improvement, expansion, construction, and reconstruction of instructional, laboratory, communication, research, and administrative facilities, or technology infrastructure (each, a “CIF Project”) at New Jersey’s four-year public and private institutions of higher education (the “Institutions”); and
- WHEREAS:** Institutions have submitted applications for grant funding for CIF Projects pursuant to the Higher Education Capital Facilities Programs Joint Solicitation for Grant Applications, Summer 2022 Cycle, issued by the Office of the Secretary of Higher Education (the “Joint Solicitation”); and
- WHEREAS:** Pursuant to the CIF Act, the Secretary of Higher Education of New Jersey (the “Secretary”) is required to submit to the New Jersey Legislature (the “Legislature”) a certified list of approved CIF Projects and their respective award amounts; and
- WHEREAS:** The Authority reasonably expects to finance costs of approved CIF Projects through the issuance, in one or more series, of CIF Bonds, the interest on which is expected to be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and
- WHEREAS:** The Authority reasonably expects to issue CIF Bonds in a maximum principal amount not to exceed \$206,585,000 to provide grant funding for costs of CIF Projects under the Joint Solicitation and approved pursuant to the CIF Act and other applicable law; and
- WHEREAS:** Pursuant to the CIF Act, the Authority maintains and administers the Higher Education Capital Improvement Fund (the “CIF Fund”) to carry out the provisions and purposes of the CIF Act; and
- WHEREAS:** Proceeds received from the issuance by the Authority of the CIF Bonds will be deposited in the CIF Fund; and
- WHEREAS:** Pursuant to and in accordance with the provisions of the CIF Act, the Authority is authorized to make grants (each, a “CIF Grant”) to the Institutions from the proceeds of the CIF Bonds, for the purpose of providing financing for costs of approved CIF Projects being undertaken by the Institutions; and

WHEREAS: In connection with the issuance of the CIF Bonds, and with respect to each approved CIF Project, the Authority reasonably expects to enter into a grant agreement (each, a “CIF Grant Agreement”) with the respective Institution undertaking such CIF Project (each such Institution, a “Grantee”), pursuant to which such Grantee will agree to comply with the provisions of the CIF Act and the applicable provisions of the Code with respect to such CIF Project; and

WHEREAS: In accordance with the CIF Act and pursuant to the respective CIF Grant Agreements, each Grantee will be required to pay one-third, in the case of public institutions of higher education, or one-half, in the case of private institutions of higher education, of the debt service on the CIF Bonds allocable to such Grantee’s respective CIF Project; and

WHEREAS: The Authority reasonably expects that, prior to the issuance of the CIF Bonds, there may be expenditures for approved CIF Projects that are originally paid from funds other than the proceeds of the CIF Bonds (“Prior Expenditures”); and

WHEREAS: The Authority reasonably expects that Grantees may request reimbursement from the proceeds of the CIF Bonds for certain Prior Expenditures; and

WHEREAS: As used herein, “Qualifying Prior Expenditures” shall mean Prior Expenditures that comply with Treasury Regulations Section 1.150-2; and

WHEREAS: The Authority desires to preserve the ability to treat the allocation of proceeds of the CIF Bonds to the reimbursement of Qualifying Prior Expenditures as a proper expenditure of the proceeds of CIF Bonds pursuant to the Code and Treasury Regulations promulgated thereunder, including in particular Treasury Regulations Section 1.150-2; and

WHEREAS: In accordance with Treasury Regulations Section 1.150-2, and for the purpose of compliance therewith, the Authority desires to declare its official intent to apply a portion of the proceeds of the CIF Bonds to reimbursement of Qualifying Prior Expenditures.

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

Section 1. The recitals set forth above are incorporated herein by reference as if set forth at length herein.

Section 2. The Authority reasonably expects to reimburse Qualifying Prior Expenditures with proceeds of the CIF Bonds.

Section 3. Pursuant to and in accordance with Treasury Regulations Section 1.150-2, the Authority hereby declares its official intent to apply a portion of the proceeds of the CIF Bonds to reimbursement of Qualifying Prior Expenditures.

- Section 4.** The maximum principal amount of CIF Bonds that the Authority expects to issue to finance the CIF Projects, including amounts, if any, to be used to reimburse Qualifying Prior Expenditures, is \$206,585,000.
- Section 5.** All Qualifying Prior Expenditures must qualify for reimbursement pursuant to Treasury Regulations Section 1.150-2, which provides that costs to be reimbursed, if originally paid prior to the date of adoption of the declaration of official intent, were either originally paid not more than 60 days prior to such date of adoption or, if originally paid earlier than that, meet the requirements of Treasury Regulations Section 1.150-2(f). In addition, each Qualifying Prior Expenditure originally paid by a Grantee must be a “capital expenditure” as defined in Treasury Regulations Section 1.150-1(b) or otherwise permitted to be reimbursed pursuant to Treasury Regulations Sections 1.150-2(d)(3) and (f).
- Section 6.** The Authority shall allocate or cause to be allocated proceeds of the CIF Bonds to the reimbursement of Qualifying Prior Expenditures by making each such reimbursement allocation on the books and records maintained by the Authority with respect to the CIF Bonds. Each reimbursement allocation shall specifically identify the actual original expenditure to be reimbursed. Each reimbursement allocation shall be made not later than eighteen (18) months after the later of (i) the date on which the original expenditure was paid, or (ii) the date the related CIF Project was “placed in service” (within the meaning of Treasury Regulations Section 1.150-2) or abandoned; provided, however, that no reimbursement allocation shall be made more than three (3) years after the date that the original expenditure was paid.
- Section 7.** The Authority shall not make any reimbursement allocation that is an “abusive arbitrage device” under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions of the Code or to avoid the restrictions under Sections 142 through 147 of the Code. No proceeds of the CIF Bonds that are used to reimburse Qualifying Prior Expenditures, and no funds corresponding to such amounts, shall be used, within one (1) year after the reimbursement allocation, in a manner that results in the creation of “replacement proceeds,” including “sinking funds,” “pledged funds,” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations Section 1.148-1) with respect to either the CIF Bonds or any other issue of debt obligations, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations Section 1.148-1).
- Section 8.** This Resolution is intended to be and is a declaration of intent made pursuant to, and for the purpose of compliance with, Treasury Regulations Section 1.150-2. This Resolution is a declaration of intent only and does not obligate the Authority to reimburse Qualifying Prior Expenditures with the proceeds of the CIF Bonds.
- Section 9.** This Resolution does not authorize the Authority to issue the CIF Bonds. The issuance of the CIF Bonds may only be authorized by subsequent resolution of the Authority adopted in accordance with the CIF Act and other applicable law.

Section 10. Notwithstanding anything herein to the contrary, pursuant to the terms of the Joint Solicitation and applicable State law and policy, the Authority shall not allocate any proceeds of the CIF Bonds to reimburse any Qualifying Prior Expenditure unless such expenditure is an approved cost of an approved CIF Project and qualifies for funding from the CIF Fund, is a capital expenditure, and, except in the discretion of and upon approval by the Secretary, such expenditure was originally paid after the date that the Secretary submitted the certified list of CIF Projects and award amounts to the Legislature.

Section 11. This Resolution shall take effect in accordance with the provisions of N.J.S.A. 18A:72A-1 et seq.

____ Mr. Hutchinson ____ 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
Louis Rodriguez
Elizabeth Maher Muoio (represented by Ryan Feeney)

NAY: None

ABSTAIN: None

ABSENT: None

Secretary Bridges recused from the vote.

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

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES
AUTHORITY DECLARING, FOR PURPOSES OF FEDERAL TAX LAW,
ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR
PROJECT COSTS FROM PROCEEDS OF REVENUE BONDS ISSUED
PURSUANT TO THE NEW JERSEY HIGHER EDUCATION EQUIPMENT
LEASING FUND ACT**

Adopted: April 25, 2023

- WHEREAS:** The New Jersey Educational Facilities Authority (the “Authority”) is authorized pursuant to the New Jersey Higher Education Equipment Leasing Fund Act, N.J.S.A. 18A:72A-40 et seq. (the “ELF Act”) to issue bonds (the “ELF Bonds”) to finance the purchase of higher education equipment (each, an “ELF Project”) for lease to New Jersey’s public and private institutions of higher education (the “Institutions”); and
- WHEREAS:** Institutions have submitted applications for funding for ELF Projects pursuant to the Higher Education Capital Facilities Programs Joint Solicitation for Grant Applications, Summer 2022 Cycle, issued by the Office of the Secretary of Higher Education of New Jersey (the “Joint Solicitation”); and
- WHEREAS:** Pursuant to the ELF Act, the Secretary of Higher Education of New Jersey (the “Secretary”) shall provide a certified list of approved ELF Projects and their respective purchase amounts to the Authority, and the Authority shall submit the proposed form of lease agreement and the certified list of approved ELF Projects and their respective purchase amounts to the Joint Budget Oversight Committee of the New Jersey Legislature (“JBOC”); and
- WHEREAS:** The Authority reasonably expects to finance costs of approved ELF Projects through the issuance, in one or more series, of ELF Bonds, the interest on which is expected to be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and
- WHEREAS:** The Authority reasonably expects to issue ELF Bonds in a maximum principal amount not to exceed \$94,130,000 to finance ELF Projects under the Joint Solicitation and approved pursuant to the ELF Act and other applicable law; and
- WHEREAS:** Pursuant to the ELF Act, the Authority maintains and administers the Higher Education Equipment Leasing Fund (the “ELF Fund”) to carry out the provisions and purposes of the ELF Act; and
- WHEREAS:** Proceeds received from the issuance by the Authority of the ELF Bonds will be deposited in the ELF Fund; and
- WHEREAS:** Pursuant to and in accordance with the provisions of the ELF Act, the Authority is authorized to finance, from the proceeds of the ELF Bonds, approved ELF Projects being undertaken by the Institutions; and

WHEREAS: In connection with the issuance of the ELF Bonds, and with respect to each approved ELF Project, the Authority reasonably expects to enter into a lease agreement (each, an “ELF Lease Agreement”) with the respective Institution undertaking such ELF Project (each such Institution, a “Lessee”), pursuant to which such Lessee will agree to comply with the provisions of the ELF Act and the applicable provisions of the Code with respect to such ELF Project; and

WHEREAS: In accordance with the ELF Act and pursuant to each ELF Lease Agreement, each respective Lessee will be required to pay one-quarter of the debt service on the ELF Bonds allocable to such Lessee’s respective ELF Project; and

WHEREAS: The Authority reasonably expects that, prior to the issuance of the ELF Bonds, there may be expenditures for approved ELF Projects that are originally paid from funds other than the proceeds of the ELF Bonds (“Prior Expenditures”); and

WHEREAS: The Authority reasonably expects that Lessees may request reimbursement from the proceeds of the ELF Bonds for certain Prior Expenditures; and

WHEREAS: As used herein, “Qualifying Prior Expenditures” shall mean Prior Expenditures that comply with Treasury Regulations Section 1.150-2; and

WHEREAS: The Authority desires to preserve the ability to treat the allocation of proceeds of the ELF Bonds to the reimbursement of Qualifying Prior Expenditures as a proper expenditure of the proceeds of ELF Bonds pursuant to the Code and Treasury Regulations promulgated thereunder, including in particular Treasury Regulations Section 1.150-2; and

WHEREAS: In accordance with Treasury Regulations Section 1.150-2, and for the purpose of compliance therewith, the Authority desires to declare its official intent to apply a portion of the proceeds of the ELF Bonds to reimbursement of Qualifying Prior Expenditures.

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

Section 1. The recitals set forth above are incorporated herein by reference as if set forth at length herein.

Section 2. The Authority reasonably expects to reimburse Qualifying Prior Expenditures with proceeds of the ELF Bonds.

Section 3. Pursuant to and in accordance with Treasury Regulations Section 1.150-2, the Authority hereby declares its official intent to apply a portion of the proceeds of the ELF Bonds to reimbursement of Qualifying Prior Expenditures.

Section 4. The maximum principal amount of ELF Bonds that the Authority expects to issue to finance the ELF Projects, including amounts, if any, to be used to reimburse Qualifying Prior Expenditures, is \$94,130,000.

- Section 5.** All Qualifying Prior Expenditures must qualify for reimbursement pursuant to Treasury Regulations Section 1.150-2, which provides that costs to be reimbursed, if originally paid prior to the date of adoption of the declaration of official intent, were either originally paid not more than 60 days prior to such date of adoption or, if originally paid earlier than that, meet the requirements of Treasury Regulations Section 1.150-2(f). In addition, each Qualifying Prior Expenditure originally paid by a Lessee must be a “capital expenditure” as defined in Treasury Regulations Section 1.150-1(b) or otherwise permitted to be reimbursed pursuant to Treasury Regulations Sections 1.150-2(d)(3) and (f).
- Section 6.** The Authority shall allocate or cause to be allocated proceeds of the ELF Bonds to the reimbursement of Qualifying Prior Expenditures by making each such reimbursement allocation on the books and records maintained by the Authority with respect to the ELF Bonds. Each reimbursement allocation shall specifically identify the actual original expenditure to be reimbursed. Each reimbursement allocation shall be made not later than eighteen (18) months after the later of (i) the date on which the original expenditure was paid, or (ii) the date the related ELF Project was “placed in service” (within the meaning of Treasury Regulations Section 1.150-2) or abandoned; provided, however, that no reimbursement allocation shall be made more than three (3) years after the date that the original expenditure was paid.
- Section 7.** The Authority shall not make any reimbursement allocation that is an “abusive arbitrage device” under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions of the Code or to avoid the restrictions under Sections 142 through 147 of the Code. No proceeds of the ELF Bonds that are used to reimburse Qualifying Prior Expenditures, and no funds corresponding to such amounts, shall be used, within one (1) year after the reimbursement allocation, in a manner that results in the creation of “replacement proceeds,” including “sinking funds,” “pledged funds,” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations Section 1.148-1) with respect to either the ELF Bonds or any other issue of debt obligations, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations Section 1.148-1).
- Section 8.** This Resolution is intended to be and is a declaration of intent made pursuant to, and for the purpose of compliance with, Treasury Regulations Section 1.150-2. This Resolution is a declaration of intent only and does not obligate the Authority to reimburse Qualifying Prior Expenditures with the proceeds of the ELF Bonds.
- Section 9.** This Resolution does not authorize the Authority to issue the ELF Bonds. The issuance of the ELF Bonds may only be authorized by subsequent resolution of the Authority adopted in accordance with the ELF Act and other applicable law.
- Section 10.** Notwithstanding anything herein to the contrary, pursuant to the terms of the Joint Solicitation and applicable State law and policy, the Authority shall not allocate any proceeds of the ELF Bonds to reimburse any Qualifying Prior Expenditure unless such expenditure is an approved cost of an approved ELF Project and qualifies for funding from the ELF Fund, is a capital expenditure, and, except in the discretion

of and upon approval by the Secretary, such expenditure was originally paid after the date that the Authority submitted the certified list of ELF Projects and purchase amounts to JBOC.

Section 11. This Resolution shall take effect in accordance with the provisions of N.J.S.A. 18A:72A-1 et seq.

____ Mr. Hutchinson ____ 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
Louis Rodriguez
Elizabeth Maher Muoio (represented by Ryan Feeney)

NAY: None

ABSTAIN: None

ABSENT: None

Secretary Bridges recused from the vote.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY DECLARING, FOR PURPOSES OF FEDERAL TAX LAW, ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR PROJECT COSTS FROM PROCEEDS OF REVENUE BONDS ISSUED PURSUANT TO THE NEW JERSEY HIGHER EDUCATION TECHNOLOGY INFRASTRUCTURE FUND ACT

Adopted: April 25, 2023

- WHEREAS:** The New Jersey Educational Facilities Authority (the “Authority”) is authorized pursuant to the New Jersey Higher Education Technology Infrastructure Fund Act, N.J.S.A. 18A:72A-59 et seq. (the “HETI Act”) to issue bonds (the “HETI Bonds”) to finance the cost, or a portion of the cost, to develop technology infrastructure projects (each, a “HETI Project”) within and among New Jersey’s institutions of higher education (the “Institutions”) in order to provide access effectively and efficiently to information, educational opportunities, and workforce training, or to enhance the connectivity of Institutions to libraries and elementary and secondary schools; and
- WHEREAS:** Institutions have submitted applications for grant funding for HETI Projects pursuant to the Higher Education Capital Facilities Programs Joint Solicitation for Grant Applications, Summer 2022 Cycle, issued by the Office of the Secretary of Higher Education of New Jersey (the “Joint Solicitation”); and
- WHEREAS:** Pursuant to the HETI Act and the regulations promulgated by the Secretary of Higher Education of New Jersey (the “Secretary”) to implement the HETI Act, set forth at N.J.A.C. 9A:13-1.1 to -1.8, the Secretary shall provide a certified list of approved HETI Projects and their respective award amounts to the Authority, and the Authority shall submit, for review and approval, the proposed form of grant agreement and the certified list of approved HETI Projects and their respective award amounts to the Joint Budget Oversight Committee of the New Jersey Legislature (“JBOC”); and
- WHEREAS:** The Authority reasonably expects to finance costs of approved HETI Projects through the issuance, in one or more series, of HETI Bonds, the interest on which is expected to be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and
- WHEREAS:** The Authority reasonably expects to issue HETI Bonds in a maximum principal amount not to exceed \$36,745,000 to provide grant funding for costs of HETI Projects under the Joint Solicitation and approved pursuant to the HETI Act and other applicable law; and
- WHEREAS:** Pursuant to the HETI Act, the Authority maintains and administers the Higher Education Technology Infrastructure Fund (the “HETI Fund”) to carry out the provisions and purposes of the HETI Act; and

WHEREAS: Proceeds received from the issuance by the Authority of the HETI Bonds will be deposited in the HETI Fund; and

WHEREAS: Pursuant to and in accordance with the provisions of the HETI Act, the Authority is authorized to make grants (each, a “HETI Grant”) to the Institutions from the proceeds of the HETI Bonds, for the purpose of providing financing for costs of approved HETI Projects being undertaken by the Institutions; and

WHEREAS: In connection with the issuance of the HETI Bonds, and with respect to each approved HETI Project, the Authority reasonably expects to enter into a grant agreement (each, a “HETI Grant Agreement”) with the respective Institution undertaking such HETI Project (each such Institution, a “Grantee”), pursuant to which such Grantee will agree to comply with the provisions of the HETI Act and the applicable provisions of the Code with respect to such HETI Project; and

WHEREAS: In accordance with the HETI Act and pursuant to the respective HETI Grant Agreements, each Grantee will be required to contribute to the cost of the respective HETI Project an amount equal to at least 100% of the amount of the HETI Grant being received for such HETI Project; and

WHEREAS: The Authority reasonably expects that, prior to the issuance of the HETI Bonds, there may be expenditures for approved HETI Projects that are originally paid from funds other than the proceeds of the HETI Bonds (“Prior Expenditures”); and

WHEREAS: The Authority reasonably expects that Grantees may request reimbursement from the proceeds of the HETI Bonds for certain Prior Expenditures; and

WHEREAS: As used herein, “Qualifying Prior Expenditures” shall mean Prior Expenditures that comply with Treasury Regulations Section 1.150-2; and

WHEREAS: The Authority desires to preserve the ability to treat the allocation of proceeds of the HETI Bonds to the reimbursement of Qualifying Prior Expenditures as a proper expenditure of the proceeds of HETI Bonds pursuant to the Code and Treasury Regulations promulgated thereunder, including in particular Treasury Regulations Section 1.150-2; and

WHEREAS: In accordance with Treasury Regulations Section 1.150-2, and for the purpose of compliance therewith, the Authority desires to declare its official intent to apply a portion of the proceeds of the HETI Bonds to reimbursement of Qualifying Prior Expenditures.

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

Section 1. The recitals set forth above are incorporated herein by reference as if set forth at length herein.

- Section 2.** The Authority reasonably expects to reimburse Qualifying Prior Expenditures with proceeds of the HETI Bonds.
- Section 3.** Pursuant to and in accordance with Treasury Regulations Section 1.150-2, the Authority hereby declares its official intent to apply a portion of the proceeds of the HETI Bonds to reimbursement of Qualifying Prior Expenditures.
- Section 4.** The maximum principal amount of HETI Bonds that the Authority expects to issue to finance the HETI Projects, including amounts, if any, to be used to reimburse Qualifying Prior Expenditures, is \$36,745,000.
- Section 5.** All Qualifying Prior Expenditures must qualify for reimbursement pursuant to Treasury Regulations Section 1.150-2, which provides that costs to be reimbursed, if originally paid prior to the date of adoption of the declaration of official intent, were either originally paid not more than 60 days prior to such date of adoption or, if originally paid earlier than that, meet the requirements of Treasury Regulations Section 1.150-2(f). In addition, each Qualifying Prior Expenditure originally paid by a Grantee must be a “capital expenditure” as defined in Treasury Regulations Section 1.150-1(b) or otherwise permitted to be reimbursed pursuant to Treasury Regulations Sections 1.150-2(d)(3) and (f).
- Section 6.** The Authority shall allocate or cause to be allocated proceeds of the HETI Bonds to the reimbursement of Qualifying Prior Expenditures by making each such reimbursement allocation on the books and records maintained by the Authority with respect to the HETI Bonds. Each reimbursement allocation shall specifically identify the actual original expenditure to be reimbursed. Each reimbursement allocation shall be made not later than eighteen (18) months after the later of (i) the date on which the original expenditure was paid, or (ii) the date the related HETI Project was “placed in service” (within the meaning of Treasury Regulations Section 1.150-2) or abandoned; provided, however, that no reimbursement allocation shall be made more than three (3) years after the date that the original expenditure was paid.
- Section 7.** The Authority shall not make any reimbursement allocation that is an “abusive arbitrage device” under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions of the Code or to avoid the restrictions under Sections 142 through 147 of the Code. No proceeds of the HETI Bonds that are used to reimburse Qualifying Prior Expenditures, and no funds corresponding to such amounts, shall be used, within one (1) year after the reimbursement allocation, in a manner that results in the creation of “replacement proceeds,” including “sinking funds,” “pledged funds,” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations Section 1.148-1) with respect to either the HETI Bonds or any other issue of debt obligations, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations Section 1.148-1).
- Section 8.** This Resolution is intended to be and is a declaration of intent made pursuant to, and for the purpose of compliance with, Treasury Regulations Section 1.150-2. This Resolution is a declaration of intent only and does not obligate the Authority

to reimburse Qualifying Prior Expenditures with the proceeds of the HETI Bonds.

- Section 9.** This Resolution does not authorize the Authority to issue the HETI Bonds. The issuance of the HETI Bonds may only be authorized by subsequent resolution of the Authority adopted in accordance with the HETI Act and other applicable law.
- Section 10.** Notwithstanding anything herein to the contrary, pursuant to the terms of the Joint Solicitation and applicable State law and policy, the Authority shall not allocate any proceeds of the HETI Bonds to reimburse any Qualifying Prior Expenditure unless such expenditure is an approved cost of an approved HETI Project and qualifies for funding from the HETI Fund, is a capital expenditure, and, except in the discretion of and upon approval by the Secretary, such expenditure was originally paid after the date that the Authority submitted the certified list of HETI Projects and award amounts to JBOC.
- Section 11.** This Resolution shall take effect in accordance with the provisions of N.J.S.A. 18A:72A-1 et seq.

____ Mr. Hutchinson ____ 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
Louis Rodriguez
Elizabeth Maher Muoio (represented by Ryan Feeney)

NAY: None

ABSTAIN: None

ABSENT: None

Secretary Bridges recused from the vote.

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



103 College Road East • Princeton, New Jersey 08540
phone 609-987-0880 • fax 609-987-0850 • Sheryl.Stitt@njefa.nj.gov

Sheryl A. Stitt
Acting Executive Director

Date: April 17, 2023

To: Members of the Authority

Issue: Selection of Investment Advisors

Below please find the procurement procedures that were undertaken with respect to the selection of Investment Advisors and staff's recommendations with respect thereto.

Investment Advisory Services

The Authority is seeking to engage one (1) vendor to manage the Authority's Operating Funds and Authority's OPEB Trust Funds.

Authority Operating Funds are monies used to pay Authority expenses and the revenues flowing into this fund represent initial and annual fees the Authority charges its Borrowers and the State of New Jersey in connection with the financings that it undertakes.

Authority Other Post-Employment Benefit ("OPEB") Trust Funds are Authority funds held in a special purpose trust to pay Authority employee retirement benefits, other than pensions, and represent restricted long-term investable assets to fund ongoing retirement benefit obligations.

Additionally, the Authority is seeking to engage three (3) vendors that may be engaged by the Authority and/or the Borrower(s) to provide investment advisory services in connection with existing and future Authority Bond Funds.

On March 24, 2023, the staff of the New Jersey Educational Facilities Authority (the "Authority") distributed a Request for Proposals ("RFP") for Investment Advisory Services to a distribution list of twelve (12) firms, posted the RFP on the Authority's and the State of New Jersey's websites, and advertised in the *Star Ledger* and *The Times*. The Authority received a total of four (4) responses from firms seeking appointment.

The Authority formed an Evaluation Committee in accordance with Paragraph 13 of Executive Order 37 (2006) consisting of the Director of Finance/Controller, Acting Deputy Executive Director, and Assistant Controller. The Evaluation Committee

reviewed the responses on the basis of factors outlined in EO 26 and EO 37. Each metric was weighted and scored on a scale from 1 to 5 (worst to best). The performance metrics and the weight assigned to each metric are identified in the chart below. The responsive firms and their respective scores may be found on the following page:

<u>Performance Metrics</u>	<u>Weighted Values</u>
Cost – Fixed Income	15%
Cost – OPEB	15%
Overall Experience as an Investment Advisor	30%
Ability to provide sub advisor arrangements	5%
Quality of reporting	5%
Experience and familiarity with the work, requirements, and systems of the Authority	5%
Experience with pension style investments	10%
Experience with tax exempt bond funds and institutions of higher education	10%
Quality of response	5%

The firms that submitted responsive proposals and each firm’s score by evaluator, average score and final ranking are identified in the chart below:

<u>Firm</u>	<u>Evaluator #1</u>	<u>Evaluator #2</u>	<u>Evaluator #3</u>	<u>All Evaluators</u>	<u>Final Ranking</u>	<u>Proposed Annual Fee*</u>
Garcia, Hamilton & Associates	3.58	3.98	3.85	3.80	4	EFA Op - \$27,500 EFA OPEB - \$7,750 Bond Fund - \$223,800
Loop Capital	3.65	4.20	4.28	4.04	3	EFA Op - \$16,500 EFA OPEB - \$9,300 Bond Fund - \$199,475
PFM Asset Management	4.70	4.85	4.78	4.78	1	EFA Op - \$9,900 EFA OPEB - \$9,300 Bond Fund - \$134,660
Ramirez	4.25	4.80	4.70	4.53	2	EFA Op - \$17,600 EFA OPEB - \$6,200 Bond Fund - \$113,050

**Proposed annual fee was calculated per the rate schedules provided by the firms in their respective proposals and using the Authority’s current outstanding invested balances by fund type.*

NJEFA Staff recommends the following firm be appointed as the investment advisor for the Authority’s Operating and OPEB Trust Funds:

Recommendation: PFM Asset Management

NJEFA Staff recommends the following firms be appointed as approved Investment Advisor for the Authority's Bond Funds at the discretion of the Authority and/or Borrowers on a per transaction basis:

**Recommendation: PFM Asset Management
Ramirez Asset Management
Loop Capital Asset Management**

The Authority's staff involvement in the procurement processes related to the above referenced professionals was completed as of the 14th day of April 2023.

By: Sheryl Stitt
Sheryl Stitt
Acting Executive Director

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL
FACILITIES AUTHORITY APPROVING THE ENGAGEMENT OF
INVESTMENT ADVISORS**

Adopted: April 25, 2023

- 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 and supplemented (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 in the State of New Jersey (the "State"), 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:** The policies and procedures of the Authority with regard to the selection of professionals and procurement of contracts for service related to the Authority's general and business operations are governed, *inter alia*, and respectively, by Executive Order No. 26 (Whitman) ("EO 26") which took effect on January 1, 1995 and Executive Order No. 37 (Corzine) ("EO 37") which took effect on November 25, 2006; and
- WHEREAS:** The Authority's current contract for investment advisory services will expire on May 27, 2023; and
- WHEREAS:** The staff of the Authority determined that is it advisable to retain investment advisors to provide services as described in the Request for Proposals for Investment Advisory Services (the "RFP", attached hereto as **EXHIBIT A** and incorporated herein by reference), dated March 24, 2023, as amended on March 31, 2023; and
- WHEREAS:** Scope of services for one (1) investment advisor selected shall include: i) managing Authority operating funds ("Authority Operating Funds"), which are monies used to pay Authority expenses, and the revenues flowing into this fund represent initial and annual fees charged by the Authority to its borrowers and the State of New Jersey in connection with the financings it undertakes; and ii) managing Authority funds held in a special purpose trust to pay Authority employee retirement benefits other than pensions ("Authority OPEB Funds") and represent restricted long-term investable assets to fund ongoing retirement benefit obligations; and
- WHEREAS:** Scope of services for up to three (3) investment advisors shall include managing Authority bond funds ("Authority Bond Funds"), which are bond proceeds of the various financing transactions the Authority undertakes on behalf of State public and private colleges and universities and the State. Selection as an Authority Bond Funds investment advisor does not guarantee appointment as an

investment advisor. Actual engagement of a firm will be made by the Authority and/or the borrower, on an as-needed basis, for such purpose; and

WHEREAS: In accordance with EO 26 and EO 37, on March 24, 2023, Authority staff advertised the solicitation by publishing the RFP on the Authority’s website and the State’s website; advertised the solicitation in the *Star Ledger and The Times*; and emailed the RFP to a distribution list maintained by Authority staff of twelve (12) investment advisory services firms; and

WHEREAS: The Authority formed an Evaluation Committee consisting of the Authority’s Director of Finance/Controller, Acting Deputy Executive Director and Assistant Controller in accordance with Paragraph 13 of EO 37; and

WHEREAS: The Authority received a total of four (4) responses to the RFP (“Responses”); and

WHEREAS: The Evaluation Committee reviewed the Responses in accordance with EO 26 and EO 37 and on the basis of factors outlined in the RFP, including qualifications and experience as a municipal investment advisor, experience investing tax-exempt bond proceeds and OPEB funds, price; and

WHEREAS: For the Authority’s Operating Funds and OPEB Funds, the Evaluation Committee recommends the acceptance of the response submitted by PFM Asset Management (“PFM”), which response (“PFM Response”) is attached hereto as **EXHIBIT B** and incorporated herein by reference, and recommends the engagement of PFM Asset Management as the Authority’s investment advisor for its Operating Funds and OPEB Funds (the “Operating and OPEB Funds Investment Advisor”) for a period of twenty-four (24) months, commencing on or about May 28, 2023 and ending on or about May 27, 2025, with two (2) additional and successive periods of twelve (12) months each at the discretion of the Authority, subject to the terms and conditions set forth in this Resolution, the RFP, and the PFM Response unless terminated earlier at the sole discretion of the Authority; and

WHEREAS: For Authority Bond Funds, existing now and in the future, the Evaluation Committee recommends the acceptance of the responses submitted by PFM Asset Management, Ramirez Asset Management, and Loop Capital Asset Management, whose responses are attached hereto as **EXHIBITS B, C, and D**, respectively, and incorporated herein by reference, and recommends the engagement of PFM Asset Management, Ramirez Asset Management, and Loop Capital Asset Management as the Authority’s investment advisors for Authority Bond Funds (“Transaction Investment Advisors”) for a period of twenty-four (24) months, commencing on or about May 28, 2023 and ending on or about May 27, 2025, with two (2) additional and successive periods of twelve (12) months each at the discretion of the Authority, subject to the terms and conditions set forth in this Resolution, the RFP, and the Responses of PFM Asset Management, Ramirez Asset Management, and Loop Capital (the “Transaction Investment Advisor Responses”); and

WHEREAS: The Authority has determined that it would be in the best interests of the Authority to authorize the engagement of PFM Asset Management as the Authority's Operating Funds and OPEB Funds Investment Advisor and the engagement of PFM Asset Management, Ramirez Asset Management, and Loop Capital Asset Management as the Authority's Transaction Investment Advisors for a period of twenty-four (24) months, commencing on or about May 28, 2023 and ending on or about May 27, 2025, with two (2) additional and successive periods of twelve (12) months each at the discretion of the Authority, subject to the terms and conditions set forth in this Resolution, the RFP, the PFM Response, and the Transaction Investment Advisor Responses, unless terminated earlier in the sole discretion of the Authority.

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

SECTION 1. The recitals of this Resolution are incorporated herein by reference as if set forth at length herein. The Authority hereby authorizes the engagement of PFM Asset Management as the Authority's Operating and OPEB Funds Investment Advisor and the engagement of PFM Asset Management, Ramirez Asset Management, and Loop Capital Asset Management as the Authority's Transaction Investment Advisors for a period of twenty-four (24) months, commencing on or about May 28, 2023 and ending on or about May 27, 2025, with two (2) additional and successive periods of twelve (12) months each at the discretion of the Authority, subject to the terms and conditions set forth in this Resolution, the RFP, the PFM Response and the respective Transaction Investment Advisor Responses, unless terminated earlier in the sole discretion of the Authority.

SECTION 2. The Authority hereby authorizes the Executive Director, Deputy Executive Director and Director of Finance, including any of the foregoing authorized officers serving in an interim or acting capacity, to take and do any and all acts and things as may be necessary or desirable in connection with the implementation of this Resolution, including without limitation, executing agreements or amendments of agreements.

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

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

AYE: Joshua Hodes
Ridgeley Hutchinson
Louis Rodriguez
Brian Bridges
Elizabeth Maher Muoio (represented by Ryan Feeney)

NAY: None

ABSTAIN: None

ABSENT: None

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

New Jersey Educational Facilities Authority

REQUEST FOR PROPOSALS

FOR INVESTMENT ADVISORY SERVICES



103 College Road East, 2nd Floor
Princeton, NJ 08540

Date Issued: March 24, 2023

(Amended as to Section 7 to remove "Vendor References": March 31, 2023)

Question & Answer Cut-Off Date: March 29, 2023

Proposals Due: April 6, 2023

Responses to RFP-related Questions and Inquiries and addenda, if any, will be posted on or about March 31, 2023 on the Authority's Website

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

REQUEST FOR PROPOSALS FOR INVESTMENT ADVISORY SERVICES

Date Issued: March 24, 2023

1.0 BACKGROUND OF THE AUTHORITY

The New Jersey Educational Facilities Authority (“NJFEA” or “Authority”), an independent and self-supporting state entity, was created as a public body corporate and politic of the State of New Jersey (the “State”) pursuant to the New Jersey Educational Facilities Authority Law (being Chapter 72A of Title 18A of the New Jersey Statutes, as amended and supplemented), *N.J.S.A. 18A:72A-1 et seq.* (the “Act”), to provide a means for New Jersey public and private colleges and universities of higher education (the “Institutions”) to construct educational facilities through the financial resources of a public authority empowered to sell tax-exempt and taxable bonds, notes and other obligations. NJFEA is New Jersey’s primary issuer of municipal bonds to finance and refinance the construction and development of academic facilities at the Institutions.

The Authority finances and refinances various types of projects for 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; energy and utilities-related projects; and refinancing of existing debt. The Authority also, from time to time, issues State-backed bonds to fund the State of New Jersey’s Higher Education Capital Grant Programs.

The obligations issued by the Authority are special and limited obligations of the Authority and are not a debt or liability of the State or of any political subdivision thereof other than the Authority, and are not a pledge of the faith and credit of the State 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 by the Authority under the transaction documents and amounts on deposit in certain funds established under the transaction documents. The Authority’s State-backed bond programs for higher education provide that debt service will be paid by the State Treasurer pursuant to a contract between the Authority and the State Treasurer, subject to annual appropriation by the New Jersey State Legislature.

This solicitation of responses is being conducted pursuant to State laws, regulations and executive orders, specifically Executive Order No. 26 (Whitman, 1994) (“EO 26”) and Executive Order No. 37 (Corzine, 2006) (“EO 37”), and the policies and procedures of the Authority with regard to the procurement of professional services.

2.0 PURPOSE AND INTENT OF REQUEST FOR PROPOSALS

The Authority desires to create maximum investment management firm flexibility for itself and its Institution clients (the “Borrowers”). To meet this need, the Authority is seeking to achieve the following objectives through this Request for Proposals (“RFP”):

1) Investment Advisor for the Authority’s Operating Funds and OPEB Trust Funds.

The Authority is seeking to engage one (1) vendor to manage the Authority’s Operating Funds (as hereinafter defined) and Authority’s OPEB Trust Funds (as hereinafter defined).

Authority Operating Funds: Operating Funds are monies used to pay Authority expenses and the revenues flowing into this fund represent initial and annual fees the Authority charges its Borrowers and the State of New Jersey in connection with the financings that it undertakes.

Authority Other Post-Employment Benefit (“OPEB”) Trust Funds: Authority funds held in a special purpose trust to pay Authority employee retirement benefits, other than pensions, and represent restricted long-term investable assets to fund ongoing retirement benefit obligations.

2) Transaction Investment Advisor.

The Authority is seeking to engage up to three (3) vendors that may be engaged by the Authority and/or the Borrower(s) to provide investment advisory services in connection with existing and future Authority Bond Funds (as hereinafter defined). Two (2) of the vendors will be in addition to the Authority’s Operating Funds and OPEB Trust Funds vendor. **Flexibility and willingness to engage in subadvisor arrangements, as needed for a transaction, is highly valued by the Authority.**

Vendors selected by the Authority through this RFP as an eligible Transaction Investment Advisor does not guarantee appointment as an investment advisor for such purpose. Actual engagement of a firm will be made on an as-needed basis and at the sole discretion of the Authority and/or the Borrower, neither of which is obligated to use an investment advisor to invest Authority Bond Funds.

This RFP is being distributed to vendors to provide services for a twenty-four (24) month period with two (2) additional successive twelve (12) month periods at the Authority's discretion.

3.0 MINIMUM REQUIREMENTS

A vendor must meet the following minimum requirements:

- 3.1 Firm must be a registered investment advisor in good standing under the Investment Advisers Act of 1940, as amended, and registered to do business in the State of New Jersey.
- 3.2 Firm must have at least 5 years of experience serving as an investment advisor for the proceeds of tax-exempt bonds of: (1) governmental issuers of municipal securities; and (2) institutions of higher education. Key members of the firm serving the Authority must have at least 5 years of experience investing this type of asset class.
- 3.3 Firm must have at least 5 years of experience serving as an investment advisor for long term pension or other retirement benefit trust funds. Key members of firm's investment team serving the Authority must have at least 5 years of experience investing this type of asset class.
- 3.4 Firm-wide assets under management must be at least \$1 billion.

Failure of a vendor to meet minimum requirements will result in immediate rejection of the vendor's proposal.

4.0 SCOPE OF SERVICES

The vendor(s) selected for as investment advisor of the Authority's operating and OPEB Trust funds and as bond transaction investment advisor shall provide some or all of the services identified below at the request of the Authority:

- 4.1 Direct investments, sale and reinvestments of all Authority assets under management as defined in Section 2.0 of the RFP in compliance with the Authority's investment policies and procedures (**Exhibit D**), all applicable bond documents, the Authority's OPEB Trust Funds and related investment policies (**Exhibit E**) for Authority OPEB Trust Funds, and all State laws, regulations, policies and procedures as applicable.
- 4.2 Assure coordination with the trustee, delivery of securities and the availability of funds as needed to pay drawdown requirements applicable to the type of funds or assets.
- 4.3 Place all orders for the purchase, sale, loan or exchange of portfolio securities with brokers or dealers and provide instructions to the custodian for delivery or receipt of cash and/or securities.

- 4.4 Purchase all investments in compliance with the “fair market value” or “safe harbor” rules of the Arbitrage Rebate Regulations, as applicable.
- 4.5 Provide independent confirmation of all securities transactions to the Authority and the applicable Borrower, as appropriate.
- 4.6 Monitor the creditworthiness of all investments under management to remain in compliance with the Authority’s investment policies and bond documents and State laws, regulations, policies and procedures, as applicable.
- 4.7 Continuously monitor investment opportunities and evaluate investments of all assets under management, including monitoring of proceeds of tax-exempt or tax-advantaged bonds, and to the extent necessary, restricting the investment yield on such funds to maintain compliance with applicable U.S. Treasury regulations.
- 4.8 Invest funds to maximize return and in the case of bond proceeds to minimize rebate and maximize compliance with the Arbitrage Rebate Regulations to the extent possible.
- 4.9 Provide the Authority and the Borrower(s) with a monthly report to be delivered on a schedule established by the Authority that includes those items requested by the Authority. Reports may cover, but shall not be limited to, any changes in the account(s), portfolio monthly statement of position, recent performance of the portfolio(s), as well as an analysis of the performance of the portfolio(s) relative to the Authority’s stated benchmark. The performance reports must include “gross of fees” as well as “net of fees”. To the extent possible, the performance reports should include attribution analysis, which compares portfolio returns to that of the benchmark, and attributes under/over performance to duration vs. the benchmark, sector vs. the benchmark and security selection vs. the benchmark. The Authority may request reports on other matters from time to time.
- 4.10 Provide a detailed written review / report to the Authority on an annual basis, or more often as the Authority deems necessary, for each portfolio under management by the Firm, including an analysis of the major changes that have occurred in the investment markets and in the portfolio(s) in particular since the last report, and an analysis of what benefitted or detracted from the period’s return. Firm shall also provide a summary of the key characteristics of the portfolio(s), the current investment strategy and forward outlook for the portfolio(s) and a response to any other related issues as requested by the Authority.
- 4.11 Upon request provide a copy of the firm’s audited financials.
- 4.12 Advise the Authority immediately in writing if any of the following events occur within the firm’s organization:
 - A loss of one or more key people on the management team for the Authority’s

contract.

- A significant change in investment advisory philosophy.
- A new investment advisor representative on the Authority's account.
- A change in ownership or control or business focus of the firm.
- A substantial loss of assets due to client terminations (not market losses), including but not limited to a loss equal to 10% or more of product specific or firm-wide assets.
- Any other event or legal action which could be judged to or deemed to adversely impact to a significant degree the operations, integrity or financial position of the firm.

4.13 Establish subadvisor arrangements under the same terms and conditions as this RFP and subsequent agreement with approved and qualified firms to promote the State of New Jersey's diversity and inclusion initiatives, as needed.

4.14 Upon request, be available to present portfolio performance and overall market activity to the Authority's board during a monthly board meeting and/or for a presentation to Authority constituents. Authority Board meetings are currently conducted online but the ability to meet in person if needed may be required.

Note: Documentation

All bond financing documents, and contractual arrangements will be governed by New Jersey law and the form and substance of any agreements must be satisfactory to both Bond Counsel and the Office of the Attorney General.

5.0 REQUIRED COMPONENTS OF THE VENDOR'S PROPOSAL IN RESPONSE TO THE REQUEST FOR PROPOSALS

Each vendor submitting a proposal must follow the instructions contained in this RFP. Proposals must be in writing, should be completed in the most concise manner possible, and must contain all of the information requested, preferably in the order and format requested. All terms and conditions set forth in this RFP will be deemed to be incorporated by reference in their entirety into any proposal submitted by each vendor.

In responding to this RFP, please address the following areas:

5.1 Please provide the addresses, telephone numbers, and email addresses, for those individuals who will be directly responsible for serving the Authority on a day-to-day basis and the individual who will have the primary responsibility for the engagement. Please also provide brief resumes including relevant experience for those individuals.

5.2 Describe the investment management organization of your firm, its ownership structure, its state/country of incorporation or formation, and the location of the office

from which funds are to be managed.

- 5.3 If your firm can provide subadvisor arrangements, describe your firm's process in evaluating and vetting subadvisors approved for use. Please provide a listing of approved subadvisors.
- 5.4 Please describe any qualifications your firm may have as a minority-owned, veteran-owned, or women-owned firm.
- 5.5 Provide an overview of your firm's history in the Investment / Asset Management business. Describe your firm's qualifications, knowledge and experience in serving as an investment advisor for the proceeds of tax-exempt bonds of: (1) governmental issuers of municipal securities; (2) institutions of higher education; and (3) long-term retirement and OPEB funds. Include the volume of funds currently under management by your firm that have similar characteristics to those defined in Section 2.0 of this RFP.
- 5.6 Outline the steps to be taken to reflect the Authority's investment objectives of safety, liquidity, legality and yield. State how your firm would maximize net earnings for the Authority while minimizing rebate payments for bond fund investment, if possible.
- 5.7 Describe available disbursement options and any advance notification requirements for the disbursement of funds.
- 5.8 Provide samples of investment records and reports provided to clients similar to those described in section 4.9 and 4.10.
- 5.9 Provide samples of all contracts and agreements required to open an investment account with your firm.
- 5.10 Describe any material agreements, relationships, retainers or other employment that your firm or any employee of your firm has with any other investment banking firm, financial advisory firm, law firm, institutions of higher education or 501(c)(3) organization, or other person or entity that may create a conflict of interest or the appearance of a conflict of interest.
- 5.11 Provide proof of your firm's registration as an investment advisor under the Investment Advisers Act of 1940.
- 5.12 **Proposed Fees**
Please provide your proposed compensation based on the amount of assets under management by asset class (Authority Bond Funds, Authority Operating Funds, and Authority OPEB Trust Funds). Please be sure to describe any and all fees that may be incurred by the Authority, including fees for custody arrangements and for the

disbursement of funds and provide a cap for those fees on the attached **EXHIBIT A**. Proposed fees as stated in the completed **EXHIBIT A** shall remain in effect for the duration of the term of the contract. The Authority reserves the right to negotiate final fees with the vendor selected to provide services.

5.13 Litigation

Describe any pending, concluded or threatened litigation and/or investigations, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests of or involving your firm or the owners, principals or employees which might materially affect your ability to serve the Authority. Describe the nature and status of the matter and the resolution, if any.

5.14 Conflicts of Interest

Describe any actual or potential conflicts of interest that might arise if your firm is selected to serve as Investment Advisor to the Authority taking into consideration both the Authority and its college and university clients.

5.15 Required Documents and Forms

In addition to all required components of the Proposal as listed above, all documents and forms listed in the RFP Checklist referenced below must be timely submitted in order for your proposal to be considered responsive to this RFP.

6.0 SUBMISSION OF THE PROPOSAL

Proposals must be limited to **twenty-five (25)** pages, not including materials in the Appendices.

Joint proposals are not permitted.

In order to be considered for selection, your firm must email a PDF copy of your proposal to Brian Sootkoos, Director of Finance/Controller at Brian.Sootkoos@njefa.nj.gov by no later than **3:00 PM EDT on Thursday, April 6, 2023**.

Proposals received after **3:00 PM EDT on Thursday, April 6, 2023** will not be considered.

All inquiries related to this RFP must be received by 3:00 PM EDT on Wednesday, March 29, 2023 and directed in writing via email to:

Brian Sootkoos
Director of Finance/Controller
Email: Brian.Sootkoos@njefa.nj.gov

No vendor submitting a proposal may make any inquiries concerning this RFP, except as expressly set forth herein, to any other NJEFA or Institution employee, Board member, or other state official until final selections have been determined.

If the Authority determines that any answers to such inquiries should be provided to all potential bidders, the answers will be posted on the Authority's website at www.njefa.nj.gov on or about **March 31, 2023**. It is your responsibility to check the Authority's website for any updates. All answers to inquiries or addenda shall be incorporated into and made part of this RFP.

The Authority assumes no responsibility and bears no liability for costs incurred in the preparation and submission of a proposal, or attendance of interviews, if any, in response to this RFP. The Authority assumes no responsibility and bears no liability for the disclosure of any information or material received in connection with this solicitation, whether by negligence or otherwise.

All documents and information submitted in response to this RFP will become property of the Authority and shall be open to inspection by members of the general public once the selection process is complete, in accordance with the "New Jersey Open Public Records Act" ("OPRA") (*N.J.S.A. 47:1A et seq.*), as amended, and including all applicable regulations and policies and applicable case law, including the New Jersey Right-to-Know law. In responding to an OPRA request, any proprietary and/or confidential information in a vendor's proposal will be redacted by the Authority. The vendor may designate specific information as not subject to disclosure pursuant to the exceptions to OPRA found at *N.J.S.A. 47:1A-1.1*, when the vendor has a good faith legal and/or factual basis for such assertion. The Authority reserves the right to make the determination as to what is proprietary or confidential and will advise the vendor accordingly. The Authority will not honor any attempt by a vendor to designate its entire proposal as proprietary, confidential and/or to claim copyright protection for its entire proposal. In the event of any challenge to the vendor's assertion of confidentiality with which the Authority does not concur, the vendor shall be solely responsible for defending its designation.

7.0 SELECTION PROCESS

In accordance with EO 37 the factors used to evaluate responsive proposals shall include, but are not limited to:

- The background, qualifications, skills and experience of the vendor and its staff;
- The vendor's degree of expertise;
- The rates or fees to be charged by the vendor;
- The Authority's prior experience with the vendor;
- The vendor's familiarity with the work, requirements, and systems of the Authority; and,
- The vendor's capacity to meet the requirements listed in the Scope of Services;

All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. Responsive proposals will be reviewed and scored by an evaluation committee pursuant to the grading scale it creates. The highest scored firm in the evaluation process will be recommended to the Authority's Board for selection to serve as the Authority's investment advisor for Authority Operating Funds and OPEB Trust Funds. In addition, the three highest scored firms in the evaluation process, will be recommended to the Authority's Board for selection for eligibility to provide investment advisory services related to Authority Bond Funds. Actual engagement of a firm will be on a per bond transaction basis and at the sole discretion of the Authority and Borrower. The Authority reserves the right to request clarifying information subsequent to the submission of the proposal if necessary.

In making the appointment, strong consideration will be given to the respective price quotations submitted. The Authority reserves the right to establish a fee schedule that is acceptable to the vendor selected and to the Authority and to negotiate fees when appropriate.

The Authority reserves the right to request additional information if necessary or to request an interview with vendor(s) in which the evaluation committee will participate. The Authority also reserves the right to reject any and all submitted proposals with or without cause, and waive any irregularities or informalities in the proposals submitted.

The Authority further reserves the right to make such investigations as it deems necessary as to the qualifications of any and all vendors submitting proposals. In the event that all proposals are rejected, the Authority reserves the right to resolicit proposals.

8.0 ADDITIONAL TERMS AND CONDITIONS

These additional terms and conditions are required by law as indicated herein and apply to all firms and its named subcontractors . The below forms are hyperlinked in the following RFP Checklist and can be downloaded from the Department of the Treasury website at:

<http://www.state.nj.us/treasury/purchase/forms.shtml>.

All statutes, regulations, and Executive Orders can be accessed online by visiting the NJ State Library's website at:

https://www.njstatelib.org/research_library/legal_resources/.

8.1 Equal Employment Requirements and Anti-Discrimination Policy

Vendors and bidders are required to comply with the requirements of *N.J.S.A. 10:5-31 et seq.* and *N.J.A.C. 17:27 et seq.* and the terms set forth in **EXHIBITS B-1 and B-2**.

8.2 Ownership Disclosure Form

The Ownership Disclosure form addresses the requirements of *N.J.S.A. 52:25-24.2*, for any contract or service agreement.

8.3 Form for Disclosure of Investigations and Other Actions Involving Vendor

This form requires that the vendor/bidder list all officers and directors and to disclose certain information regarding the individuals.

8.4 Form for Disclosure of Investment Activities in Iran

Pursuant to *N.J.S.A. 52:32-58*, vendors must certify that neither the bidder, nor any of its parents, subsidiaries, and/or affiliates (as defined in *N.J.S.A. 52:32 – 56(e)(3)*), is listed on the Department of the Treasury’s List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither is involved in any of the investment activities set forth in *N.J.S.A. 52:32 – 56(f)*. If the bidder is unable to so certify, the bidder shall provide a detailed and precise description of such activities.

8.5 Affirmative Action Compliance

N.J.S.A. 10:5-31 to -34 and *N.J.A.C. 17:27.3.1 et seq.* addresses Affirmative Action Compliance. The vendor/bidder and its named sub-vendors/bidders must submit to the Authority one of the following three documents:

- New Jersey Certificate of Employee Information Report
- Federal Letter of Approval Verifying a Federally Approved or Sanctioned Affirmative Action Program (dated within one (1) year of submission)
- Affirmative Action Employee Information Report (AA-302)

8.6 Two-Year Chapter 51 and Executive Order No. 117 Certification and Disclosure of Political Contributions

Pursuant to P.L. 2005, c. 51 (“Chapter 51”) and Executive Order No. 117 (Corzine 2008) (“Executive Order 117”), State departments, agencies and independent authorities, such as the Authority, are precluded from awarding contracts exceeding \$17,500 to vendors who make certain political contributions on and after October 15, 2004, to avoid any appearance that the selection of contracts is based on the contractors’ political contributions. The vendor(s) selected pursuant to this RFP shall be required to maintain compliance with Chapter 51 and Executive Order 117 during the term of its engagement.

If your firm has questions regarding the requirements of P.L. 2005, c. 51/Executive Order 117, please contact Brian Sootkoos, Director of Finance/Controller at 609-987-0880.

8.7 Disclosure Requirement of P.L. 2005, c. 271.

Pursuant to P.L. 2005, c. 271 (“Chapter 271”), at least ten (10) days prior to entering into any agreement or contract with a value over \$17,500 with the Authority, business entities are required to submit a disclosure of certain political contributions.

Vendors are also advised of their responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC) pursuant to *N.J.S.A.* 19:44A-20.13 (P.L. 2005, c. 271, Section 3) if your firm receives contracts with public entities, such as the Authority, in excess of \$50,000 or more in the aggregate in a calendar year. It is the vendor’s responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or www.elec.state.nj.us.

8.8 New Jersey Business Registration

Pursuant to *N.J.S.A.* 52:32-44, the Authority is prohibited from entering into a contract with any entity providing goods or services to the Authority unless the bidder/vendor/contractor has a valid New Jersey Business Registration Certificate (or interim registration) on file with the Division of Revenue and Enterprise Services within the New Jersey Department of the Treasury.

Pursuant to *N.J.S.A.* 54:49-4.1, a business organization that fails to provide a copy of a business registration as required, or that provides false business registration information, shall be liable for a penalty of \$25 for each day of violation, not to exceed \$50,000, for each proof of business registration not properly provided under a contract with a contracting agency.

To verify the registration status of your business and obtain a Business Registration Certificate visit the Division of Revenue website at:

https://www1.state.nj.us/TYTR_BRC/jsp/BRCLoginJsp.jsp.

If your firm is not already registered with the New Jersey Division of Revenue, the form should be completed online at the Division of Revenue website at:

[State of NJ - Department of the Treasury - Division of Revenue Business Registration Certificate](#)

8.9 Source Disclosure

In accordance with Executive Order 129 (McGreevey 2004) and *N.J.S.A.* 52:34-13.2 (P.L. 2005, c.92), all services performed pursuant to this RFP shall be performed within the United States.

8.10 New Jersey Conflicts of Interest Law

The New Jersey Conflicts of Interest Law, *N.J.S.A. 52:13D-12 et seq.* and Executive Order 189 (Kean, 1988), prohibit certain actions by persons or entities which provide goods or services to any State Agency.

8.11 Obligation to Maintain Records

The firm shall maintain all records for products and/or services delivered against the contract for a period of five (5) years from the date of final payment under the RFP unless otherwise specified in the RFP. Such records shall be made available to the Authority for audit and review upon request.

8.12 Set-off for State Taxes

Pursuant to *N.J.S.A. 54:49-19 et seq.* (P.L. 1995, c159), and notwithstanding the provision of any other law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off so much of that payment as shall be necessary to satisfy the indebtedness. The amount set-off shall not allow for the deduction of any expense or other deduction which might be attributable to the taxpayer, partner, or shareholder subject to set-off under this Act.

The Director of the Division of Taxation shall give notice of the set-off to the taxpayer, partner or shareholder and provide an opportunity for a hearing within thirty (30) days of such notice under the procedures for protests established under *N.J.S.A. 54:49-19*. No request for conference, protest, or subsequent appeal to the Tax Court from any protest shall stay the collection of the indebtedness.

8.13 New Jersey State W-9

No firm shall be paid unless a New Jersey State W-9 has been completed and is on file with the Authority.

8.14 State of New Jersey SBE/MBE/WBE Certification

Potential Small Business Vendors wishing to participate in the NJ State Set-Aside program may register their company with the New Jersey Division of Revenue and Enterprise Services, Small Business Enterprise Unit at:

<https://www.njportal.com/DOR/SBERegistry/>

Firms that wish to become certified as a Minority and/or Women Business Enterprise may apply at:

[Uniform Certification Service \(njportal.com\)](https://www.njportal.com/UniformCertificationService)

8.15 NJStart Vendor Registration

It is recommended that all vendors register with NJStart at:

www.njstart.gov

NJStart provides access to such information as the status of a vendor's Chapter 51 Certification, Business Registration, Ownership Disclosure, AA/EEOC Compliance and other required forms.

8.16 Diane B. Allen Equal Pay Act

Vendors and bidders are advised that pursuant to the Diane B. Allen Equal Pay Act, L. 2018, c. 9, any State Contractor providing services within the meaning of that Act is required to file the report required therein, with the New Jersey Department of Labor and Workforce Development. Information about the Act and the reporting requirement is available at:

<https://nj.gov/labor/equalpay/equalpay.html>

8.17 Local, State and Federal Laws

The vendor must comply with all local, State and federal laws, rules and regulations applicable to this contract and to the services performed hereunder. All contractual arrangements shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of New Jersey.

8.18 Certification of Non-Involvement in Prohibited Activities in Russia or Belarus Pursuant to P.L. 2022, c.3

Vendor has complied with the requirements of *N.J.S.A. 52:32-60.1* and has filed a certification with NJEFA that it is not identified on the list of persons "engaged in prohibited activities in Russia or Belarus." Firms must submit a completed Certification of Non-Involvement in Prohibited Activities in Russia or Belarus with their bid.

To obtain the Certification of Non-Involvement in Prohibited Activities in Russia or Belarus form, firms should access:

<https://www.nj.gov/treasury/administration/pdf/DisclosureofProhibitedActivitesinRussiaBelarus.pdf>

Firms can review the list of entities identified by the State as engaging in prohibited activities under N.J.S.A. 53:32-60.1(e) at: <https://www.nj.gov/treasury/administration/pdf/RussiaBelarusEntityList.pdf>

9.0 RFP CHECKLIST

The following RFP Checklist is to be executed by an authorized signer of your firm, and it is recommended that all required forms and documents listed therein be included and submitted with your proposal as contract award or authorization to the successful bidder is contingent upon receipt.

RFP CHECKLIST – It is recommended that all applicable and required forms and documents below be submitted simultaneously with the written proposal.		CHECK BOX IF INCLUDED
PROPOSAL	1 Your written proposal in response to this Request for Proposals. <i>Please Note:</i> Written proposals that do not address all items listed in Section 5.0 above, “Required Components of the Proposal”, will not be evaluated and will be rejected as non-responsive.	<input type="checkbox"/>
	EXHIBITS	
	2 EXHIBIT A - Fee Proposal to NJEFA	<input type="checkbox"/>
	3 EXHIBIT B-1 - Mandatory Equal Employment Opportunity Language – <i>Please sign to indicate acceptance and acknowledgment.</i>	<input type="checkbox"/>
	4 EXHIBIT B-2 –State Policy Prohibiting Discrimination in the Workplace EXHIBIT B-3 – Vendor’s Signed Acknowledgment of Receipt	<input type="checkbox"/>
	5 EXHIBIT C – Certification of No Change (If applicable. See 9b below.)	<input type="checkbox"/>
DIVISION OF PURCHASE & PROPERTY FORMS	6 Ownership Disclosure Form	<input type="checkbox"/>
	7 Disclosure of Investigations and Other Actions Involving Vendor	<input type="checkbox"/>
	8 Disclosure of Investment Activities in Iran	<input type="checkbox"/>
	9 Affirmative Action Compliance (submit one of the following)	
	a. New Jersey Certificate of Employee Information Report	<input type="checkbox"/>
	b. Federal Letter of Approval Verifying a Federally Approved or Sanctioned Affirmative Action Program (dated within one (1) year of submission of Proposal)	<input type="checkbox"/>
	c. Affirmative Action Employee Information Report (AA-302)	<input type="checkbox"/>
	10 Disclosure of Political Contributions (submit one of the following) a. Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions b. Certification of No Change and Proof of Two-Year Approval (See EXHIBIT C for the Certification. Only for vendors who have previously submitted the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form.)	<input type="checkbox"/>
	11 Chapter 271 Vendor Certification and Political Disclosure Form	<input type="checkbox"/>
	12 Proof of New Jersey Business Registration	<input type="checkbox"/>
	13 Source Disclosure Form	<input type="checkbox"/>
	14 Small, Minority and/or Women-Owned Business Enterprise Certification or Documentation (if applicable)	<input type="checkbox"/>
	15 Certification of Non-Involvement in Prohibited Activities in Russia or Belarus Pursuant to P.L. 2022, c.3.	<input type="checkbox"/>

I hereby agree to the Additional Terms and Conditions set forth in Section 8.0 above and understand that all applicable and required documents and forms listed in this RFP Checklist must be provided to the Authority prior to contract award or authorization.

Firm Name: _____

Submitted By: _____

Signature: _____

Title: _____

Date: _____



April 6, 2023

New Jersey Educational Facilities Authority

Proposal for Investment Advisory Services

**NOT FDIC INSURED :
NO BANK GUARANTEE :
MAY LOSE VALUE**

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Investment Professional Use
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quotation to the general public

PFM Asset
Management LLC

200 Princeton South Corporate
Center, Suite 270A
Ewing, NJ 08628

609.452.0263
pfmam.com

New Jersey Educational Facilities Authority

April 6, 2023

Proposal for Investment Advisory Services

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200 Princeton South Corporate Center
Suite 270A
Ewing, NJ 08628

PFM Asset Management LLC
609.452.0263 | pfmam.com

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About PFM Asset Management

PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.

For more information regarding PFMAM's services or entities, please visit www.pfmam.com

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Important Confidential Disclaimer

This proposal includes data that shall not be disclosed outside the government and shall not be duplicated, used, or disclosed-in whole or in part for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this offeror as a result of, or in connection with, the submission of this data, the government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the government's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained on pages clearly marked as such. This data is submitted with the expectation that it will be treated as confidential commercial or financial information.

Brian Sootkoos, Director of Finance/Controller
New Jersey Educational Facilities Authority
103 College Road East, 2nd Floor
Princeton, NJ 08540

RE: Request for Proposal for Investment Advisory Services

Dear Mr. Sootkoos:

PFM Asset Management LLC (“PFMAM”) appreciates the opportunity to submit our proposal to continue to provide investment advisory services to the New Jersey Educational Facilities Authority (“NJFEA” or the “Authority”) for its operating funds, bond funds and other post-employment benefits (“OPEB”) Trust funds.

Having worked with the Authority since 2016, we believe we have provided many beneficial services including reviewing and developing multiple investment policies for the Authority’s operating and bond funds and OPEB funds; developing and executing a comprehensive investment program, including customized investment strategies reflective of the unique needs of each type of fund; providing customized reporting; and helping the Authority and a borrower implement a new comprehensive investment advisor engagement solution to incorporate a minority/women-owned business enterprise (“M/WBE”) firm to help the borrower in its larger diversity, equity and inclusion (“DEI”) efforts. In addition, our local presence allows us to quickly respond to NJFEA’s requests and remain “on call” as needed by the Authority.

We understand the Authority is seeking subadvisors to provide investment advisory services for existing and future Authority bond funds. Long before M/WBE participation was a requirement for many clients, we included or made good faith efforts to include M/WBE firms in our investment solutions for clients at their request. We have experience implementing a similar M/WBE subadvisor program with Princeton University,¹ and we would be happy to assist NJFEA implement a similar program across any or all borrowing institutions.

In addition, we believe our longstanding relationship and understanding of the NJFEA will help us to continue to seamlessly implement strategies customized to the Authority’s various types of funds. Other benefits to the NJFEA include:

- ▶ **Bond Proceeds Expertise.** PFMAM’s professionals have more than 40 years of experience managing bond proceeds for public-sector investors, including many higher education institutions, from which we have gained a deep understanding of the specific challenges, both investment- and construction-related, facing debt issuers. As of December 31, 2022, PFMAM managed more than

¹ **CONFIDENTIAL AND PROPRIETARY INFORMATION.** Use or disclosure of data contained on this page is subject to the restriction on the back of the table of contents. This example is based on factual information from investment advisory services provided by PFMAM. It is provided for general information purposes only as it is not intended to provide specific advice or any specific recommendations. The results of individual clients will vary materially depending upon various factors including, but not limited to, the size and structure of each portfolio, permitted investments, prevailing market conditions, and other events or circumstances beyond your control or the control of PFMAM. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in these examples is not an offer to purchase or sell any securities.



\$136.7 billion in discretionary fixed income assets, of which more than \$14.5 billion were bond proceeds. While each bond issue is unique, all share some attributes, requiring an investment manager with specialized expertise. PFMAM continues to offer the Authority a team of professionals experienced in both bond proceeds investing and the technical aspects of federal arbitrage rebate regulations, helping us to produce a seamlessly-integrated investment platform.

- ▶ **Experience Managing OPEB Trusts.** Our professionals have provided comprehensive retiree benefit solutions to public employers of all types and sizes since 1992² and specifically to OPEB Trusts since 2007. Nationwide, we provide discretionary investment advisory and plan administration consulting services to 200 entities with 300 OPEB and pension plans, totaling \$21.4 billion in assets.³ Our presence in the public retirement space gives us unique insight into the needs and challenges specific to entities like the Authority.
- ▶ **Customized Approach.** PFMAM understands that each client's investment needs are unique. We have been fully committed to designing and implementing a comprehensive investment solution to meet each of the investment goals and preferences of the Authority's portfolios. Our approach will continue to be collaborative in nature and tailor-made in practice, which will allow us to continue to implement a solution built around the investment objectives, liquidity requirements, cash flow needs, investment policy parameters and other specific requirements of the Authority's operating funds, bond funds and OPEB Trust funds. Our customized portfolios include both high quality fixed income securities and multi-asset class assets and will comply with both NJEFA's permitted investments as well as arbitrage rebate regulations, as applicable, to seek to help the Authority meet its goals and objectives.
- ▶ **Depth of Resources.** PFMAM's main strength is our extensive capabilities in managing fixed income assets and providing discretionary multi-asset class services to public-sector clients. We employ more than 270 personnel³ dedicated to all aspects of investing public funds, including a local support team in Ewing, New Jersey. The professionals that will continue to lead this engagement bring a broad range of knowledge and expertise to NJEFA that is needed to develop and implement a successful program for the Authority's operating funds, bond funds and OPEB Trust funds. Given our depth of experience, we are able to offer the Authority a full service, turn-key investment advisory program that meets each of the components listed in the Authority's Scope of Services.
- ▶ **Commitment to Diversity and M/WBE Managers.** PFMAM has supported and included emerging and M/WBE firms in our investment activities. We have partnered with M/WBEs at the city, county, and state level, and we maintain and update a database on M/WBE firms. In addition to the M/WBE solution we mention above, our proposal further details our M/WBE initiatives in our response to question 5.4 of the proposal.

PFMAM meets or exceeds the Authority's minimum qualifications in RFP Section 3.0 Minimum Requirements. Additionally, we are flexible and willing to engage in any subadvisor arrangements the Authority chooses to manage its funds.

² Public retirement plan services provided by Spagnola-Cosack, Inc. prior to acquisition by PFMAM.

³ Totals as of December 31, 2022.



We believe that our experience providing investment management services to similar entities like the Authority, developing customized investment strategies and delivering on our long-standing tradition of excellent client service makes PFMAM well suited to continue to help NJEFA meet its long-term engagement goals.

Should you have any questions regarding this proposal or our services, please feel free to contact Samantha Myers at 640.226.7032 or by email at myerss@pfmam.com.

Sincerely,



Martin Hammond Jr.
Managing Director
PFM Asset Management LLC



Samantha Myers
Senior Managing Consultant
PFM Asset Management LLC





I. Technical Proposal



I. Technical Proposal

5.1 Please provide the addresses, telephone numbers, and email addresses, for those individuals who will be directly responsible for serving the Authority on a day-to-day basis and the individual who will have the primary responsibility for the engagement. Please also provide brief resumes including relevant experience for those individuals.

PFM Asset Management LLC
200 Princeton South Corporate Center
Suite 270A
Ewing, NJ 08628
pfmam.com

Person Responsible for the Engagement

Marty Hammond, Jr., Managing Director
609.452.0263 (office)
hammondm@pfmam.com

Day-to-Day Engagement Manager

Samantha Myers
Senior Managing Consultant
609.452.0263 (office)
640.226.7032 (cell)
myerss@pfmam.com

Zachary O’Grady
Senior Managing Consultant
609.452.0263 (office)
ogradyz@pfmam.com

Portfolio Strategy




Jack Wilhelm

Gray Lepley




OPEB Trust Funds

Tyler Braun, CFA

On the following page, we provide brief biographies for the Authority’s engagement team. We provide resumes further detailing our team member’s experience and qualifications in Appendix A.

Team Member, Title and Role with NJEFA	Brief Resume
 <p>Samantha Myers <i>Senior Managing Consultant</i></p> <p>Role with NJEFA: Primary Contact and Day-to-Day Engagement Manager</p>	<p>10 Years with PFMAM 10 Years of Experience</p> <p>Sam will continue to serve as the Authority’s primary contact and will be responsible for providing day-to-day services to meet the Authority’s objectives.</p> <p>Sam works in PFMAM’s Ewing, New Jersey office where she provides investment advisory services to public sector clients throughout the firm’s Northeast region. Her responsibilities include modeling cash flows, reviewing and developing investment policies, evaluating investment performance, and assisting clients with developing and implementing investment strategies.</p> <p>Prior to joining the Ewing office, Sam completed the firm’s 20-month rotational program, which included four months spent in the firm’s Accounting, Marketing, Client Services, Portfolio Strategy and Multi-Asset Class Management groups. This experience has allowed her to help the firm’s institutional clients with their overall investment needs.</p>
 <p>Marty Hammond, Jr. <i>Managing Director</i></p> <p>Role with NJEFA: Engagement Oversight</p>	<p>17 Years with PFM 17 Years of Experience</p> <p>Marty will continue to oversee the services provided to help ensure the NJEFA has the resources needed to meet their long-term goals.</p> <p>Marty is a managing director in the Ewing, New Jersey office where his responsibilities include developing, implementing and reporting on customized and prudent investment strategies for PFMAM’s clients. He also conducts investment performance analyses, investment policy development, cash flow modeling and portfolio optimization for these clients.</p> <p>He is a member of the Government Finance Officers Association (“GFOA”) of New Jersey.</p>
 <p>Zachary O’Grady <i>Senior Managing Consultant</i></p> <p>Role with NJEFA: Engagement Support</p>	<p>8 Years with PFMAM 8 Years of Experience</p> <p>Zach will continue to work with Sam to provide day-to-day engagement support as needed.</p> <p>Zach is located in PFMAM’s Ewing, New Jersey office where he markets PFMAM’s investment advisory services to clients in the Northeast. He works with clients to develop customized investment portfolios tailored to their specific goals and objectives. Zach’s responsibilities also include performance analysis, cash flow analysis, market research and creating client presentations.</p> <p>Prior to joining the Ewing office in 2017, Zach was a client service representative in the Harrisburg, Pennsylvania office. His responsibilities included onboarding and new client administration and serving as a resource to local governments throughout the Northeast.</p>



Team Member, Title and Role with NJEFA	Brief Resume
 <p>Gray Lepley <i>Portfolio Strategist</i></p> <p>Role with NJEFA: Portfolio Strategist</p>	<p>8 Years with PFMAM 8 Years of Experience</p> <p>Gray will continue to work collaboratively with the engagement team and Jack Wilhelm to develop customized investment strategies for the Authority's various funds.</p> <p>As a member of PSG, Gray provides support for client engagements across the country, regularly presenting market and strategy updates. She also speaks at industry conferences and client seminars, presenting strategy and investment considerations for fixed-income portfolios. In addition, she provides technical and analytical support including performance analysis and economic research.</p> <p>Gray is a member of the firm's Reserve Fund Committee. She is active in the recruiting process and also conducts training sessions on fixed income portfolio investment strategies, bond proceeds and structured investments for new hires.</p>
 <p>Jack Wilhelm <i>Director</i></p> <p>Role with NJEFA: Portfolio Strategist</p>	<p>14 Years with PFMAM 16 Years of Experience</p> <p>Jack serves as a director in PFMAM's Portfolio Strategies Group ("PSG"). He analyzes and develops investment strategies for current clients and prospects, supports investment advisory efforts nationwide, assists in the creation of customized portfolios designed to meet specific cash flow needs and provides general analytical support to the firm's trading desk.</p> <p>Jack joined the firm as an investment analyst providing technical, analytical and marketing support for local government investment pools ("LGIPs") and individual portfolio clients in the Northeast. His primary responsibilities included investment performance analysis, cash flow modeling, banking analysis, portfolio structuring and providing economic summaries and research.</p>
 <p>Tyler Braun, CFA <i>Director</i></p> <p>Role with NJEFA: OPEB Trust Funds</p>	<p>15 Years with PFMAM 18 Years of Experience</p> <p>Tyler is a member of PFMAM's multi-asset class team and will continue to manage the Authority's OPEB Trust funds.</p> <p>Since joining PFMAM's Multi-Asset Class practice in 2008, Tyler has been responsible for conducting portfolio management/trading activities for client portfolios under the direction of the Multi-Asset Class Investment Committee for the firm's multi-asset class discretionary management services. He is also responsible for conducting portfolio reviews and asset-liability analysis for current and prospective institutional clients and assists in a variety of other investment research and client service efforts.</p>



5.2 Describe the investment management organization of your firm, its ownership structure, its state/country of incorporation or formation, and the location of the office from which funds are to be managed.

PFMAM is headquartered in Harrisburg, Pennsylvania, and is a Securities and Exchange Commission (“SEC”)-registered investment adviser. Our headquarters houses our fixed income investment and operations functions, along with legal, risk, compliance, marketing and client support. Our multi-asset class practice is located in our Philadelphia, Pennsylvania office.

In December 2021, PFMAM became a direct, wholly-owned subsidiary of U.S. Bancorp Asset Management (“USBAM”), which is a direct, wholly-owned subsidiary of U.S. Bank National Association (“U.S. Bank”). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. As part of U.S. Bank, we believe one of the primary benefits to our clients is an elevation of our technology and infrastructure to a level we believe is necessary for today’s business continuity and security needs.

Locations

Our client service team will continue to serve the Authority from our Ewing, New Jersey office, with support from our Harrisburg, Pennsylvania and Philadelphia, Pennsylvania offices.

5.3 If your firm can provide subadvisor arrangements, describe your firm’s process in evaluating and vetting subadvisors approved for use. Please provide a listing of approved subadvisors.

PFMAM has developed several partnerships with emerging M/WBE businesses for the investment management of client’s funds. We engage with independent M/WBE fixed income investment firms in two capacities: short-term fixed income co-advisors or subcontractors and multi-asset class management (“MACM”) sub-advisors. Manager selection and approval is performed differently for each type of service; however, diligence is shared across the firm.

Our team is dedicated to identifying and selecting subadvisors by employing a comprehensive due diligence process. The process begins with an initial screen of the firm. The initial screen is followed by a qualitative and quantitative review of the firm, including areas like the firm’s background, the investment team, investment process, historical performance and other related quantitative factors. Our team then conducts calls or meetings with the team for review. Once a firm has been selected, the ongoing monitoring includes periodic check ins to understand any firm developments and annually review audited financials and ADV Parts 1, 2A and 2B. In addition, our Compliance Manual provides detailed guidelines on the due diligence process for engaging co-advisors and sub-contractors to perform investment advisory services for our clients. Prior to executing any agreement, PFMAM performs a due diligence review for any co-advisor or sub-consultant we are engaging, and we confirm they have the required SEC registrations, and other required licenses, insurances and approvals, as necessary, to perform the work.

We choose subadvisors based on the expertise and services they offer our clients, and therefore do not have a general list of approved subadvisors.

Our due diligence process was instrumental in helping the NJEFA and Princeton University (the “University”) implement a subadvisor engagement for the management of the University’s 2021 bond issue through the Authority, the largest transaction in NJEFA history.⁴ PFMAM worked closely with the

⁴ **CONFIDENTIAL AND PROPRIETARY INFORMATION.** Use or disclosure of data contained on this page is subject to the restriction on the back of the table of contents. This example is based on factual information from investment advisory services provided by PFMAM. It is provided for general information purposes only as it is not intended to provide specific advice or any specific recommendations. The results of individual clients will vary materially depending upon various factors including, but not limited to,



Authority and University to explain our evaluation process, provide differentiators between various diverse firms, and assist in the ultimate selection of a subadvisor. Once the subadvisor was selected, we worked collaboratively with the selected firm to deliver a cohesive strategy and integrated a seamless communication and implementation process for both the Authority and University. As a result of the success of this engagement, the University chose to use this approach for the 2022 bond issue through the NJEFA.

5.4 Please describe any qualifications your firm may have as a minority-owned, veteran-owned, or women-owned firm.

PFMAM is not a minority-owned, veteran-owned, or women-owned firm; however, we have long supported the promotion of M/WBE brokers and managers.

Our resources allow us to provide uniquely tailored solutions to our clients and an unmatched level of support to the mission and goals of our clients. PFMAM has a long history of commitment to diversity equity, and inclusion efforts. We have long supported the use of M/WBE firms in our investment activities, as described in our previous response. This includes using certified brokers in our portfolio management operations, partnering with M/WBE firms to manage fixed income portfolios, and advising on multiple opportunity fund programs designed to elevate M/WBE managers by giving them opportunities to manage institutional assets across a variety of asset classes.

Access to Diverse Brokers in a Competitive Market

PFMAM's trading volume per day averaged around \$3.0 billion in 2022. This activity includes trades executed on behalf of the NJEFA. We currently have more than 60 broker-dealers on our approved list, of which more than 10 are certified as either a minority-owned ("MBE"), women-owned ("WBE"), veteran-owned ("VBE") or service-disabled veteran-owned broker-dealers ("SDVBE"). Our use of multiple electronic trading systems allows us to maximize pricing efficiency and our competitive bidding seeks the best prices. This has enabled us to execute transactions with diverse firms across the fixed income sectors that we utilize for our portfolios. Last year, PFMAM executed over \$12 billion in trades using these diverse firms across all sectors through September.

5.5 Provide an overview of your firm's history in the Investment / Asset Management business. Describe your firm's qualifications, knowledge and experience in serving as an investment advisor for the proceeds of tax-exempt bonds of: (1) governmental issuers of municipal securities; (2) institutions of higher education; and (3) long-term retirement and OPEB funds. Include the volume of funds currently under management by your firm that have similar characteristics to those defined in Section 2.0 of this RFP.

Firm Overview

For more than 40 years, PFMAM has helped state authorities and higher education institutions develop effective discretionary investment management programs. As of December 31, 2022, we managed or advised on \$202.4 billion in total assets, including \$153.6 billion in discretionary AUM. Of the discretionary amount, we managed \$136.7 billion in fixed income and \$16.9 billion in outsourced chief investment officer ("OCIO") AUM. We currently manage \$68.8 billion in operating funds and bond proceeds and \$3.9 billion in OPEB Trust funds.

the size and structure of each portfolio, permitted investments, prevailing market conditions, and other events or circumstances beyond your control or the control of PFMAM. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in these examples is not an offer to purchase or sell any securities.



PFMAM has extensive experience providing investment management services and advice to institutional investors, with approximately 90% of our clients being in the public and non-profit sector. We believe all of our clients receive our best investment ideas from dedicated professionals who have deep and varied experiences as portfolios managers, investment officers and investment advisors. We will continue to collaborate with the Authority and its borrowers to develop and implement customized investment strategies based on our disciplined investment approach.

As a discretionary investment advisor, our philosophy for managing assets is simple. We create customized investment solutions to meet the distinct needs of individual clients using a broad array of strategies including short-term cash management, intermediate term high-grade fixed income, and an open architecture universe of long-term and specialty fixed income and equity funds/managers. By creating comprehensive, customized investment programs for clients, our clients benefit from a coordinated interplay between different pools of assets and an optimization of asset allocation. The coordination of the entire investment solution makes the strategy more understandable and helps to achieve three key goals of providing liquidity, optimizing investments for capital projects and building a source of future assets for sustaining the client's primary purpose.

Firm History

PFMAM's predecessor firm was founded in 1978 to provide independent financial advisory services to the public sector and began providing investment advisory services to tax-exempt clients in 1980. PFMAM was created in 2001 as the legal entity through which we continued to provide investment advisory services. In 2003, our legacy firm acquired Spagnola-Cosack, Inc., a multi-asset class investment consulting firm co-founded in 1992 by Managing Director John Spagnola, which expanded our service offering to provide independent investment services to OPEB Trusts, among other multi-asset class portfolios. As mentioned, in December 2021, PFMAM became a direct, wholly-owned subsidiary of USBAM, which is a direct, wholly-owned subsidiary of U.S. Bank.

Experience with Similar Clients and Client Types

PFMAM has committed substantial resources to serving the unique needs of higher education and public institutions. Since 1989, we have provided investment and consulting services to public entities in the State of New Jersey, and we currently serve our clients from PFMAM's Ewing office. We understand the special requirements, policies, and goals of public entities, and we have the depth of technical and professional resources to assist organizations like the Authority.

We provide investment advisory services to 71 higher education institutions nationwide, totaling \$6.5 billion in discretionary assets.⁵ Of that \$6.5 billion, \$1.3 billion is in discretionary OCIO mandates for 27 higher education clients. In New Jersey, we manage \$960 million for higher education clients and state agencies. When advising higher education institutions, we view investments within the larger context of each client's situation—a holistic approach based upon our understanding of the client's specific goals and objectives, and types of funds both sides of the balance sheet.

⁵ Totals as of December 31, 2022.



Long-Term Retirement and OPEB Trust Experience

PFMAM is focused on primarily providing services to institutional public entities, including public education entities like the Authority. Since 2007, with the adoption of Governmental Accounting Standards Board (“GASB”) Statements 43 and 45, we have been at the forefront providing solutions for governmental entities to address their OPEB needs and have helped cities, counties and special districts manage assets with a goal of safeguarding OPEB benefits.

We have provided comprehensive retiree benefit solutions to public employers of all types and sizes for more than 20 years, specifically OPEB Trusts since 2007. Our services encompass everything from benefit and trust design to funding analysis to establishing investment and governance policies that are tailored to each client’s unique situation.

Our staff includes professionals who focus on public retirement plans and consult with the GASB staff periodically as they promulgate new accounting rules. Our professionals regularly meet and confer with actuaries and auditors to support the setting of discount rates, the compiling of capital market assumptions (“CMAs”) and the documentation of information for financial statements. We strive to be industry thought leaders in the area of retiree benefits challenges.

Experience with New Jersey Educational Facilities Authority

During our nearly seven-year engagement with the NJEFA, we have worked with Authority staff and each borrowing institution to develop and implement investment strategies customized to each specific bond issue. After review, and approval from the borrowing college/university and structuring of the initial portfolios, PFMAM actively monitors each portfolio. On multiple occasions, in collaboration with the respective borrower, we have been able to restructure and direct the reinvestment of funds as draw schedules changed—the reinvesting of these funds resulted in increased earnings over the life of the project. In addition, PFMAM distributes a monthly individual portfolio monitor report to the Authority and the college/university that tracks actual spending as compared to projected spending, as well as other portfolio summary statistics.

When our scope of services was expanded beyond bond proceeds to include the management of the Authority’s operating funds and OPEB Trust funds, PFMAM worked collaboratively with Authority staff to develop customized investment strategies for each of the Authority’s funds. For the Authority’s operating funds, we identified a portion of the balance that could be invested in a short duration, diversified fixed income portfolio. For the Authority’s OPEB Trust funds, the funds were historically invested in short-term government securities. We helped to develop a comprehensive investment policy for these funds and transitioned this portfolio into a diversified multi-asset class portfolio, which better aligned the strategy with the purpose and use of these funds.

In addition to developing and implementing customized investment strategies, we worked with NJEFA to review and enhance its Investment Policy that governs the bond proceeds and operating funds. The Authority’s Policy now allows the Authority and its borrowers access to a broader range of high-quality fixed income investments, which we believe best fit the strategic and liquidity needs of each portfolio.



Client References

Even though the RFP does not request references, we believe client testimonials are an excellent way to demonstrate the quality of services we provide our clients. We encourage the Authority to contact the following references to learn more about the high level of client services and investment advisory services we provide our clients.⁶

Client Name	Contact Information
New Jersey Institute of Technology	Brian Kirkpatrick , Associate Vice President for Accounting and Treasury Management 973.596.3427 brian.j.kirkpatrick@njit.edu
Princeton University	Tim Graf , Associate Vice President for Treasury Services 609.258.2581 tgraf@princeton.edu
Stevens Institute of Technology	Louis Mayer , Chief Financial Officer, Vice President for Finance and Treasurer 201.216.8761 lmayer1@stevens.edu

5.6 Outline the steps to be taken to reflect the Authority's investment objectives of safety, liquidity, legality and yield. State how your firm would maximize net earnings for the Authority while minimizing rebate payments for bond fund investment, if possible.

PFMAM will continue to work closely with the NJEFA and its borrowers to maintain portfolios that simultaneously meet all of the Authority's specific policy requirements, with the goal of ensuring a very high degree of safety, liquidity, legality and yield.

Safety

PFMAM seeks to meet the Authority's objective of safety by committing to:

- ▶ Limit investments to securities of high quality for the Authority's operating funds and bond proceeds;
- ▶ Match investments in maturity to the projected draw schedule and build in a liquidity cushion for the Authority's operating funds and bond proceeds, to avoid liquidating securities earlier than needed and at potential losses;
- ▶ Monitor changes in the draw schedule (as provided by its borrowers) and rebalance the portfolios as draw schedule information changes;
- ▶ Monitor the credit quality of all holdings for the operating funds and bond proceeds on a daily basis;
- ▶ Regularly review the Authority's operating funds and bond proceed accounts to help ensure that funds are deposited and transferred in accordance with the Authority's policies; and
- ▶ Reconcile the Authority's accounts with its trustee/custodial bank statements.

⁶ Representative clients as of December 31, 2022 were selected based on client type and other nonperformance-related criteria. This list does not represent an endorsement of PFMAM or its services. A full client list is available upon request.



Liquidity

We will seek to meet the Authority's objective of liquidity by committing to the following:

- ▶ Maintain open lines of communication with the Authority and the individual colleges/universities;
- ▶ Help ensure that bond proceeds funds are being managed to up-to-date project draw expectations;
- ▶ Communicate on at least a monthly basis to discuss the bond proceeds' portfolios liquidity position;
- ▶ Structure each portfolio with adequate liquidity and in line with projections from the start;
- ▶ Allocate a portion of each of the funds to a high-quality liquidity fund to provide daily liquidity and income;
- ▶ Allocate funds to high quality securities, such as short-term commercial paper, high-quality corporate bonds, negotiable certificates of deposit, U.S. Treasuries, and federal agencies that can be easily liquidated in the event of unanticipated portfolio spend-down or expenditure;
- ▶ Upon significant changes in cash flows, PFMAM will restructure the bond proceeds portfolio;
 - ▶ If spending accelerates, shorten maturities to improve liquidity; and
 - ▶ If spending slows, lengthen maturities to capture higher yields and reduce excess liquidity.

Legality

PFMAM will continue to structure each portfolio in high-quality securities in accordance with permitted investments established within the Authority's policy guidelines and bond resolutions. PFMAM's portfolio managers, traders and investment consultants, all of whom are familiar with the details of relevant investment regulations, will evaluate securities selected for purchase, and, on an ongoing basis, review each portfolio for compliance with permitted investments and policy guidelines.

We use Bloomberg Asset and Investment Manager ("Bloomberg AIM") to house, monitor, and automate investment policy compliance. During the account onboarding process, every client's investment policy is reviewed and investment restrictions of any applicable bond resolution, are entered into Bloomberg AIM and independently verified by PFMAM's Compliance Group. All trades are processed through Bloomberg AIM, which applies client investment policy guidelines and limits to pending trades and verifies compliance. Compliance is also verified on a post-trade basis after trade execution. At the end of each day, every one of our firm's managed portfolios is run through an additional compliance check. All exceptions are reported to and addressed by PFMAM's Compliance Group. In addition, post-trade compliance is also confirmed by the following procedures:

- ▶ Portfolio managers and traders review daily holdings reports for each portfolio.
- ▶ All trading activity is regularly reviewed by the chief investment officer.
- ▶ Monthly client reports can be used to affirm compliance with client guidelines.
- ▶ Investment mandates are monitored through weekly internal portfolio reports that show detailed holdings, sector allocations, and key performance drivers, such as duration. Performance of all accounts is calculated and reviewed weekly relative to market benchmarks; attribution trends are noted and analyzed.

Adherence to investment guidelines is a hallmark of our firm's performance history.



Yield

Our ultimate goal is to develop and manage a customized investment strategy that optimizes retainable earnings, meets all safety and liquidity requirements, and limits unnecessary out-of-pocket costs. We seek to achieve these objectives in the following ways:

- ▶ Review the Authority's account holdings on a regular basis for opportunities to enhance the earnings in the portfolio. All trades would be made within the confines of safety, liquidity, and legality and would take into consideration current and anticipated market conditions, as well as the relevant details of each bond issue and strategy established for the Authority's operating funds.
- ▶ Regularly evaluate the Authority's overall investment objectives for its operating funds and bond proceeds, the arbitrage rebate status of the bonds and the effect that a purchase or sale would have on the portfolio's overall yield.
- ▶ Given the current market environment, managing credit risk, market risk, and liquidity in bond proceeds and short duration operating fund portfolios is important. PFMAM takes a customized and dynamic approach to managing such risks that centers on the Authority's reasonably expected cash flow needs, risk tolerances, and our institutional knowledge of the bid/ask spreads and market value sensitivities of various investment options.
- ▶ The Authority's permitted investments for bond proceeds and operating funds provide adequate opportunities for diversification and enhanced yield, but they also present potential pitfalls regarding credit and liquidity risk. We believe that a sophisticated investment advisor is critical to developing a customized investment strategy that appropriately manages such risks. As a leading manager of public funds with our own internal Credit Risk Management Committee, PFMAM is perfectly suited for such a role.
- ▶ PFMAM only purchases securities from issuers that are approved by PFMAM's Taxable Credit Committee. Additionally, diversification among issuers and across maturity ranges is of utmost importance for the Authority.
- ▶ PFMAM's active portfolio management approach and close collaboration with the Authority and college/university provides the necessary flexibility to structure and rebalance portfolios as liquidity needs and market conditions change. As we have done with the Authority and its constituent borrowers since 2016, PFMAM will work extensively with the Authority and its constituent borrowers throughout the life of the project to ensure the maturity distribution of the portfolio is in line with expected future project fund expenditures, with the ultimate goal of enhancing investment earnings while seeking to ensure adequate risk management practices are followed.

5.7 Describe available disbursement options and any advance notification requirements for the disbursement of funds.

PFMAM believes that our current process for fund disbursement has been working seamlessly for the Authority, its borrowers and trustees. Our portfolios have included a liquidity buffer to help ensure that funds are available to meet unplanned liquidity needs. Should the Authority or its borrower need additional funds, the diversified portfolios are invested in high quality liquid securities, which allows for quick and seamless disbursement of funds with minimal lead time or notification from the Authority. Since the inception of our relationship with NJEFA, there were only a few times where we needed to liquidate securities prior to maturity for additional liquidity.



5.8 Provide samples of investment records and reports provided to clients similar to those described in section 4.9 and 4.10.

We currently provide a comprehensive suite of customized reports for the NJEFA's operating, bond and OPEB Trust funds, as further described below. We provide sample reports in Appendix B.

The table on the following page describes the various reports our professionals prepare for the NJEFA to make sure that the Authority and its borrowers are always informed about the state of its investment portfolios, as well as ongoing market events.

Report	Frequency	Brief Description of Report Format and Content
Operating Funds and Bond Funds Reports		
Daily Holdings	<i>Daily</i>	Holdings report showing securities, par, cost, duration, purchase yields, and discounts as of the prior business day.
Month-to-Date Transactions	<i>Daily</i>	Description of any security transactions month-to-date as of the prior business day.
Portfolio Holdings and Activity Report	<i>Monthly</i>	This report includes a detailed description of all securities in the portfolio; a summary of realized and unrealized earnings for the month; and a report of all purchases, sales, maturities, interest deposits, and withdrawals for each separate account. It also contains information required by GASB 31 and provides month-end credit quality ratings to comply with the Credit Risk Disclosure requirement and duration by investment type to facilitate compliance with the Interest Rate Disclosure requirement of GASB 40.
Fixed Income Performance Reports (for portfolios managed to a total return strategy)	<i>Quarterly</i>	Quarterly reports typically include: (1) an aggregate portfolio sector, maturity, and credit-quality distribution; (2) an aggregate view of performance portfolios by investment strategy; (3) a portfolio strategy recap and market outlook, including recommended changes to strategy; (4) individual portfolio sector, maturity, and credit quality distribution; (5) performance statistics compared to a market benchmark; and (6) a high level economic and investment-sector performance synopsis. We customize the quarterly report to meet the client's specific requirements.
Individual Portfolio Monitor Report (for bond proceeds)	<i>Monthly</i>	Monthly report provided to the Authority and the college/university to track actual spending as compared to projected spending, as well as other portfolio summary statistics.
OPEB Trust Funds Reports		
Daily Holdings	<i>Daily</i>	Holdings report showing securities, par, cost, duration, purchase yields, and discounts as of the prior business day.
Month-to-Date Transactions	<i>Daily</i>	Description of any security transactions month-to-date as of the prior business day.
Portfolio Holdings and Activity Report	<i>Monthly</i>	This report includes a detailed description of all securities in the portfolio; a summary of realized and unrealized earnings for the month; and a report of all purchases, sales, maturities, interest deposits, and withdrawals for each separate account. It also contains information required by GASB 31 and provides month-end credit quality ratings to comply with the



Report	Frequency	Brief Description of Report Format and Content
		Credit Risk Disclosure requirement and duration by investment type to facilitate compliance with the Interest Rate Disclosure requirement of GASB 40.
MMST Performance Report	<i>Quarterly</i>	Contains a variety of exhibits, including the portfolio's performance and attribution data versus a customized benchmark, a comparison versus a peer group of other similar sized portfolios, and analysis of constituent managers versus appropriate benchmarks and money manager universes, as well as a review of the economy, financial markets and our investment strategy.
Manager Alert	<i>As Needed</i>	Describes any changes we are recommending within the portfolio, including the rationale for the change and impact.
Capital Market Assumptions	<i>Annually</i>	Describes our assumptions for intermediate- and long-term returns across a wide range of asset classes.
Educational Reports		
Market Commentaries	<i>Monthly and Quarterly</i>	Provides a timely overview of current events impacting the financial markets.
PFMAM Perspectives	<i>Published Regularly</i>	Thought Leadership white papers describing our current thoughts on developments in the financial markets, and how they relate to our clients' portfolios.
PFMAM InvestEd	<i>Published Regularly</i>	Educational series of short, informational papers that cover topics relevant to institutional investors.
Special Reports	<i>As Needed</i>	Announces important market events, such as Federal Open Market Committee announcements and rating agency downgrades.

PFMAM's Online Portal: Connect

PFMAM offers online reporting for client holdings through Connect, our internet reporting site that is available 24/7. Connect houses most of our available reports and offers daily access to portfolio holdings and transactions, as well as the ability to review and print complete portfolio details. Additionally, transactions can be queried and downloaded from Connect in a comma-separated values ("CSV") format or in Microsoft Excel format so that the Authority can easily upload this information to its own accounting systems if desired. We built Connect from the ground up as our next generation client portal as part of a multi-year effort, investing in technology to improve our client service.

5.9 Provide samples of all contracts and agreements required to open an investment account with your firm.

We include our sample agreement in Appendix C.

5.10 Describe any material agreements, relationships, retainers or other employment that your firm or any employee of your firm has with any other investment banking firm, financial advisory firm, law firm, institutions of higher education or 501(c)(3) organization, or other person or entity that may create a conflict of interest or the appearance of a conflict of interest.

In December 2021, PFM Asset Management LLC became a direct, wholly-owned subsidiary of USBAM, which is a direct, wholly-owned subsidiary of U.S. Bank. U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. By virtue of its ownership structure under U.S. Bancorp, PFMAM is affiliated with other



U.S. Bancorp entities, including U.S. Bancorp Investments, Inc. The U.S. Bank Annual Report, which is available upon request, includes in-depth information on all affiliations and subsidiaries of U.S. Bank.

To the best of our knowledge, PFMAM does not have any additional relationships or arrangements with any of the other types of entities listed in this section that may create a conflict of interest or cause the appearance of a conflict during the term of the contract. Additionally, we do not share client information for confidentiality reasons. Should a potential conflict arise, we will disclose it and how we intend to mitigate it.

PFMAM avoids conflicts of interest, the appearance of conflicts and other activities in accordance with its Code of Ethics and Business Conduct and the Conflicts of Interest Policies. The policies provide that employees must at all times be cognizant of duties of loyalty owed, and any competing duty or interest that could compromise performance of that duty. Employees must also identify and disclose any actual, potential, or perceived personal conflicts of interest to PFMAM. We maintain a platform for reporting conflicts of interest and a hotline to ask questions or report possible violations of the Code of Ethics.

5.11 Provide proof of your firm’s registration as an investment advisor under the Investment Advisers Act of 1940.

We include our Form ADV Parts 2A and 2B, which confirms our registration with the SEC under the Investment Advisers Act of 1940 in Appendix D.

5.12 Proposed Fees

Please provide your proposed compensation based on the amount of assets under management by asset class (Authority Bond Funds, Authority Operating Funds, and Authority OPEB Trust Funds). Please be sure to describe any and all fees that may be incurred by the Authority, including fees for custody arrangements and for the disbursement of funds and provide a cap for those fees on the attached EXHIBIT A. Proposed fees as stated in the completed EXHIBIT A shall remain in effect for the duration of the term of the contract. The Authority reserves the right to negotiate final fees with the vendor selected to provide services.

PFMAM charges fees commensurate with our scope of services, the complexity of work being performed and the value delivered. We believe that our asset-based structure is a competitive, unbiased, cost-effective approach to meeting the NJEFA’s investment needs. PFMAM’s fees are assessed based upon AUM, which we believe provides a competitive, unbiased, and incentive-aligned approach to collaborating with the Authority. Fees are charged monthly in arrears based on the daily net AUM on an amortized cost basis, including accrued interest, for the month. This fee represents the only revenue PFMAM will receive for this engagement, and it includes all of the services described in our proposal and all travel and other out-of-pocket expenses. As such, we propose two different fee structures; one for bond funds and operating funds, the other for OPEB Trust funds.

Bond Funds and Operating Funds Fee Schedule	
First \$50 million	9 basis points (0.09%)
Next \$50 million	7 basis points (0.07%)
Next \$100 million	6 basis points (0.06%)
Next \$100 million	5 basis points (0.05%)
Above \$300 million	4 basis points (0.04%)



OPEB Trust Funds Fee Schedule	
First \$25 million	30 basis points (0.30%)
Next \$75 million	15 basis points (0.15%)
Next \$150 million	10 basis points (0.10%)
Next \$250 million	5 basis points (0.05%)
Above \$500 million	2 basis points (0.02%)

The minimum annual fee is \$40,000, to be applied in equal monthly installments. For purposes of calculating the minimum annual fee, the Authority's total net AUM will be used, including the Authority's operating, OPEB Trust and bond funds.

Custody Services

PFMAM does not provide custodial or safekeeping services. In line with industry best practice, we believe independent investment advisors should use a separate custody service provider to avoid conflicts of interest, maintain transparency in terms of service arrangements, and provide safekeeping of AUM. As such, we do not directly provide trust and custody services.

We provide Exhibit A - Fee Proposal to NJEFA in Section II, Required Forms.

Important Custodian Services Disclaimer

PFM Asset Management LLC ("PFMAM") is an indirect subsidiary of U.S. Bank National Association (U.S. Bank). U.S. Bank's Global Corporate Trust Services ("GCTS") division offers its custody services to governmental entities, such as the NJEFA. Were the Authority to consider engaging PFMAM for investment advisory services and GCTS for custody services, both PFMAM and GCTS have firewalls and protections in place to safeguard client assets, consistent with guidance and best practices developed by the Government Finance Officers Association ("GFOA"). PFMAM and GCTS have separate senior management teams, operations, and compliance policies and procedures. As such, appropriate information barriers relating to data exist to facilitate fully independent and segregated oversight of client assets as custodian, consistent with GFOA recommendations.

PFMAM and GCTS are subject to different regulatory regimes. PFMAM is registered as an investment adviser with, and is regulated by, the U.S. Securities and Exchange Commission ("SEC"). GCTS, as a division of U.S. Bank, is regulated primarily by the Office of the Comptroller of the Currency ("OCC"). As a registered investment adviser, PFMAM is required to comply with SEC Rule 206(4)-2 (the Custody Rule), which addresses the use by an investment advisory client of the investment advisor's affiliated custodian. The Custody Rule provides additional protections to PFMAM's investment advisory clients who custody assets with GCTS by requiring compliance with requirements designed to provide appropriate safekeeping protections. We believe the firewalls and protections afforded by the separate operating structures of PFMAM and GCTS, together with PFMAM's efforts to comply with the Custody Rule, provide the appropriate GFOA-recommended safekeeping protections.

5.13 Litigation

Describe any pending, concluded or threatened litigation and/or investigations, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests of or involving your firm or the owners, principals or employees which might materially affect your ability to serve the Authority. Describe the nature and status of the matter and the resolution, if any.

There is no pending, concluded, or threatened litigation and/or subpoenas or other information requests of or involving PFM Asset Management LLC or its principals or employees which might materially affect PFMAM's ability to serve the Authority.

PFM Asset Management LLC is a wholly owned subsidiary of USBAM. USBAM is a wholly-owned subsidiary of U.S. Bank, a wholly-owned subsidiary of U.S. Bancorp. At any given time, including the present, U.S. Bancorp and its subsidiaries are involved in disputes and litigation which normally occur in banking and financial company operations and which often involve claims for money damages or injunctive relief. These pending cases are generally not considered unusual in number or amount, and



based on past experiences in similar litigation, should not have a material adverse effect on the financial position of U.S. Bancorp and its subsidiaries nor impact the delivery of services to the Authority. As a practice, the company does not comment on litigation unless pending litigation is significant. Furthermore, like other major financial institutions, the company has been and is subject to various regulatory activities and investigations relating to certain aspects of its operations. Federal law prohibits the company from disclosing confidential supervisory information from its regulators (e.g., SEC, Office of the Comptroller of the Currency, Federal Reserve Board, Consumer Financial Protection Bureau) without permission, which may include communication relating to examination of records, reports, and supervisory findings. For additional public information about U.S. Bancorp and its subsidiaries, including any material litigation, investigation, or regulatory activity please refer to the most recent annual report of U.S. Bancorp and our 10-K and 10-Q filings.

5.14 Conflicts of Interest

Describe any actual or potential conflicts of interest that might arise if your firm is selected to serve as Investment Advisor to the Authority taking into consideration both the Authority and its college and university clients.

To the best of PFM Asset Management LLC's knowledge and belief, there are no actual or potential conflicts of interest that PFMAM anticipates may arise if PFMAM is selected to serve as Investment Advisor to the Authority.

PFMAM is a wholly-owned subsidiary of USBAM. USBAM is a wholly-owned subsidiary of U.S. Bank, a wholly-owned subsidiary of U.S. Bancorp. To the best of our knowledge, PFMAM does not have any additional relationships or arrangements with any of the other types of entities listed in this section that may create a conflict of interest or cause the appearance of a conflict during the term of the contract. Additionally, we do not share client information for confidentiality reasons. We will disclose a conflict in the event one arises.

PFMAM avoids conflicts of interest, the appearance of conflicts and other activities in accordance with its Code of Ethics and Business Conduct and the Conflicts of Interest Policies. The policies provide that employees must at all times be cognizant of duties of loyalty owed, and any competing duty or interest that could compromise performance of that duty. Employees must also identify and disclose any actual, potential, or perceived personal conflicts of interest to PFMAM. PFMAM maintains a platform for reporting conflicts of interest and a hotline to ask questions or report possible violations of the Code of Ethics.

5.15 Required Documents and Forms

In addition to all required components of the Proposal as listed above, all documents and forms listed in the RFP Checklist referenced below must be timely submitted in order for your proposal to be considered responsive to this RFP.

We include all required documents and forms in Section II, Required Forms.





NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

PROPOSAL FOR INVESTMENT ADVISORY SERVICES

RAMIREZ ASSET MANAGEMENT, INC.

61 BROADWAY, 29TH FLOOR
NEW YORK, NY 10006
TEL: 212-248-0531
FAX: 212-378-7140
CLIENTSERVICE@RAMIREZAM.COM



RAMIREZ ASSET MANAGEMENT
PROPOSAL FOR INVESTMENT ADVISORY SERVICES

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- B. MINORITY BUSINESS ENTERPRISE CERTIFICATIONS
- C. SAMPLE REPORTS
- D. SEC REGISTRATION
- E. SAMPLE INVESTMENT MANAGEMENT AGREEMENT

EXHIBITS _____

- II. EXHIBIT A – FEE PROPOSAL
- III. EXHIBIT B.1 – MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE
- IV. EXHIBIT B.2 – STATE POLICY PROHIBITING DISCRIMINATION IN THE WORKPLACE
- EXHIBIT B.3 – VENDOR’S SIGNED ACKNOWLEDGEMENT OF RECEIPT
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- VI. OWNERSHIP DISCLOSURE FORM
- VII. DISCLOSURE OF INVESTIGATIONS AND OTHER ACTIONS INVOLVING VENDOR
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- XV. CERTIFICATION OF NON-INVOLVEMENT IN PROHIBITED ACTIVITIES IN RUSSIA OR BELARUS PURSUANT TO P.L. 2022 C.3.

RFP CHECKLIST – It is recommended that all applicable and required forms and documents below be submitted simultaneously with the written proposal.		CHECK BOX IF INCLUDED	
PROPOSAL	1	Your written proposal in response to this Request for Proposals. <i>Please Note:</i> Written proposals that do not address all items listed in Section 5.0 above, “Required Components of the Proposal”, will not be evaluated and will be rejected as non-responsive.	<input checked="" type="checkbox"/>
	EXHIBITS	2	EXHIBIT A - Fee Proposal to NJEFA
3		EXHIBIT B-1 - Mandatory Equal Employment Opportunity Language – <i>Please sign to indicate acceptance and acknowledgment.</i>	<input checked="" type="checkbox"/>
4		EXHIBIT B-2 –State Policy Prohibiting Discrimination in the Workplace EXHIBIT B-3 – Vendor’s Signed Acknowledgment of Receipt	<input checked="" type="checkbox"/>
5		EXHIBIT C – Certification of No Change (If applicable. See 9b below.)	<input checked="" type="checkbox"/>
DIVISION OF PURCHASE & PROPERTY FORMS	6	Ownership Disclosure Form	<input checked="" type="checkbox"/>
	7	Disclosure of Investigations and Other Actions Involving Vendor	<input checked="" type="checkbox"/>
	8	Disclosure of Investment Activities in Iran	<input checked="" type="checkbox"/>
	9	Affirmative Action Compliance (submit one of the following)	
		a. New Jersey Certificate of Employee Information Report	<input checked="" type="checkbox"/>
		b. Federal Letter of Approval Verifying a Federally Approved or Sanctioned Affirmative Action Program (dated within one (1) year of submission of Proposal)	<input checked="" type="checkbox"/>
		c. Affirmative Action Employee Information Report (AA-302)	<input checked="" type="checkbox"/>
	10	Disclosure of Political Contributions (submit one of the following) a. Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions b. Certification of No Change and Proof of Two-Year Approval (See EXHIBIT C for the Certification. Only for vendors who have previously submitted the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form.)	<input checked="" type="checkbox"/>
	11	Chapter 271 Vendor Certification and Political Disclosure Form	<input checked="" type="checkbox"/>
	12	Proof of New Jersey Business Registration	<input checked="" type="checkbox"/>
	13	Source Disclosure Form	<input checked="" type="checkbox"/>
14	Small, Minority and/or Women-Owned Business Enterprise Certification or Documentation (if applicable)	<input checked="" type="checkbox"/>	
15	Certification of Non-Involvement in Prohibited Activities in Russia or Belarus Pursuant to P.L. 2022, c.3.	<input checked="" type="checkbox"/>	

I hereby agree to the Additional Terms and Conditions set forth in Section 8.0 above and understand that all applicable and required documents and forms listed in this RFP Checklist must be provided to the Authority prior to contract award or authorization.

Firm Name: Ramirez Asset Management

Submitted By: Sam Ramirez Jr.

Signature: 

Title: President and Chief Executive Officer

Date: April 5, 2023

5.0 REQUIRED COMPONENTS OF THE VENDOR'S PROPOSAL IN RESPONSE TO THE REQUEST FOR PROPOSALS

5.1 Please provide the addresses, telephone numbers, and email addresses, for those individuals who will be directly responsible for serving the Authority on a day-to-day basis and the individual who will have the primary responsibility for the engagement. Please also provide brief resumes including relevant experience for those individuals.

RAM manages its investment portfolios utilizing a collaborative, team-based approach. RAM's Investment, Client Service, and Operations Teams work collectively to provide the highest level of investment management services to our clients. RAM believes this approach, which is utilized across all client types, is to the benefit of each of its clients. The teams and key personnel that would be responsible for the management of the New Jersey Educational Facilities Authority ("NJEFA" or "the Authority") assets are detailed below.

RAM's sector specialist portfolio managers lead the Investment Team with support from a group of dedicated credit research analysts. Working collaboratively, portfolio managers and analysts are able to apply their investment expertise of individual sectors to each client portfolio.

The Client Service Team would be responsible for facilitating all client requests and ensuring access and open communication with all Firm personnel. James Haddon, Head of Marketing and Client Service, would serve as the NJEFA's primary point of contact to facilitate all requests, ensure access, and open communication with all personnel. Mr. Haddon joined RAM in 2015 as Head of Client Service and Marketing and has over 40 years of experience in the financial services industry. Mr. Haddon is supported by a team of five client service professionals who assist in fulfilling all requests.

RAM's Operations and Reporting Teams will work on the NJEFA's behalf to monitor portfolio trading activity and communication with custodial banks to ensure all holdings and activity are correct and current. The Operations Team will provide reconciliation reports and all other supplemental report requests. In conjunction with the Client Service Team they will ensure all monthly and quarterly performance reports are delivered promptly and accurately. Lastly, RAM's Chief Compliance Officer ("CCO") will attest to the Firm's compliance with NJEFA's Investment Policy with all reports via the Certificate of Compliance.

Key Personnel – New Jersey Educational Facilities Authority

Name	Title	Responsibility	Total Experience	Tenure at RAM
Samuel Ramirez Jr.	President and CEO	Portfolio Manager, Municipals	30	22
Louis Sarno	Managing Director	Portfolio Manager, Securitized Product	32	13
Helen Yee, CFA	Senior Vice President	Portfolio Manager, Corporate Credit	30	13
Alex Bud, CFA	Senior Vice President	Asst. Portfolio Manager, Municipals	23	7
Janet Henry, CFA	Senior Vice President	Corporate Credit Analyst	42	9
Satyam Mallick, CFA	Vice President	Corporate Credit Analyst	20	2
Brett Rodger	Associate	Corporate Credit Analyst	6	6
Clyde Lane	Vice President	Municipal Credit Analyst	12	2
Zach Grob	Vice President	Securitized Product Analyst	3	3
Mary Willis	Associate	Fixed Income Trader	7	1
Ira Isaguirre	Senior Vice President	Chief Risk Officer	17	12
Peter Sigismondi	Chief Compliance Officer	Head of Compliance	32	11
Cheryl Fustinoni	Head of Operations	Head of Operations	17	2
James Haddon	Managing Director	Head of Client Service and Marketing	41	8
Michael Finck	Vice President	Client Service and Marketing	13	7

Mr. Haddon will manage all communication requests, including liquidity and distribution needs, portfolio inquiries and ad-hoc requests. In addition, he will coordinate the scheduling of all meetings and calls and will ensure the Authority's receipt of all required reports and notifications for the duration of the relationship. In the event Mr. Haddon is unavailable, Michael Finck, will back up Mr. Haddon to handle any requests and communications from the Authority. Mr. Haddon and the full Client Service Team can be reached at the below details. Detailed biographies all key personnel are attached as Exhibit A.

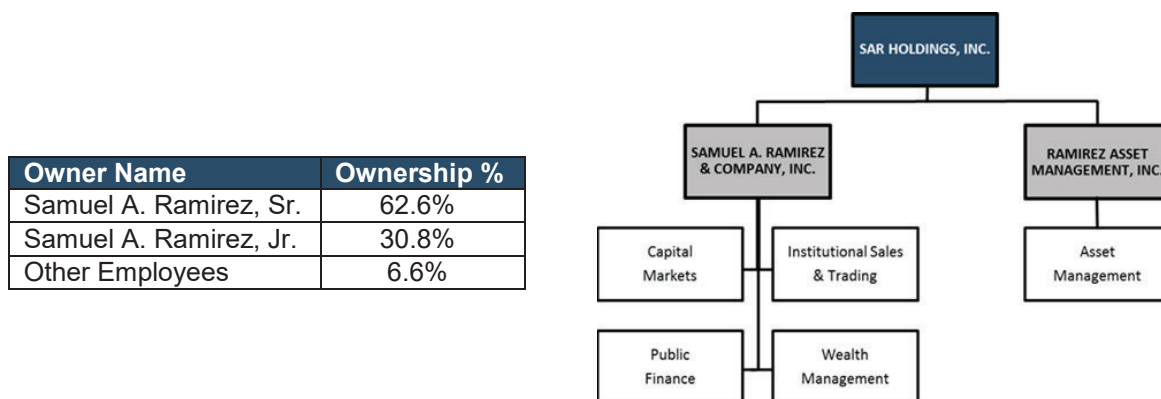
<i>Firm</i>	
Name:	Ramirez Asset Management
<i>Client Service Key Contact</i>	
Name:	James Haddon
Title:	Head of Client Service and Marketing
Telephone Number:	212-248-0531
Email Address:	clientservice@ramirezam.com
Address:	61 Broadway, Floor 29 New York, NY 10006

5.2 Describe the investment management organization of your firm, its ownership structure, its state/country of incorporation or formation, and the location of the office from which funds are to be managed.

RAM, founded in 2002, is a registered investment advisor within the SAR Holdings, Inc. ("SAR") group of financial services companies. RAM provides total return asset management and investment advisory services to institutional investors. RAM specializes in the management of fixed income securities and offers customized investment programs to each of its clients. Utilizing a credit-focused approach, RAM makes meaningful allocations to relative value opportunities within the corporate, municipal, and securitized sectors. RAM's full investment strategy offerings include: Cash, Enhanced Cash, Short Duration, Intermediate Core, Intermediate, Core, Strategic Core and Long Duration. As of March 31, 2023, RAM managed \$8.6 billion in assets under management ("AUM") on behalf of 66 clients. RAM has a diverse client base including many state and local authorities, public and corporate pension funds, higher education institutions, and endowments and foundations.

RAM is a wholly-owned subsidiary of SAR, which is 100% active employee-owned and an affiliate of Samuel A. Ramirez & Co. ("Ramirez & Co."). Ramirez & Co., founded in 1971, is one of the oldest and largest minority-owned investment banks in the country. Messrs. Samuel A. Ramirez and Samuel A. Ramirez, Jr. own approximately 94% of SAR, with the remaining balance owned by employees of the organization, none of which is greater than 5%. RAM operates autonomously and avoids any conflicts by maintaining strict physical separation and information barriers between itself and its affiliated broker-dealer, Ramirez & Co. The Firm also maintains a policy that strictly prohibits RAM from trading securities with Ramirez & Co. The below chart details the organizational structure of SAR.

SAR Holdings, Inc. Organizational Structure



RAM is incorporated in the State of New York with offices in New York, Chicago, Illinois and San Juan, Puerto Rico. RAM will perform the services associated with the NJEFA mandate from its New York City headquarters.

5.3 If your firm can provide subadvisor arrangements, describe your firm’s process in evaluating and vetting subadvisors approved for use. Please provide a listing of approved subadvisors.

RAM has a long track-record of successfully managing client assets via sub-advisory relationships with other investment management firms. To date, for these arrangements, RAM has served as the hired sub-advisor. In total, RAM has 6 sub-advisory relationships which accounts for \$1.8 billion of the Firm’s current assets. RAM has undergone and passed a significant due diligence process with each of these firms. RAM thoroughly understands the responsibilities of the both the sub-advisor and lead-advisor in jointly managing the client’s portfolio. RAM has learned that the evaluation process and ongoing communication between the two parties are critical to managing a successful portfolio.

One of RAM’s largest sub-advisory relationships is with PFM Asset Management (“PFMAM”), the incumbent investment manager overseeing the Authority’s Operating Funds and OPEB Trust Funds. RAM’s relationship with PFMAM began in 2016 and has grown to currently include 5 unique clients, 29 portfolios and \$450+ million in assets managed by RAM. Most recently RAM added Princeton University as a sub-advisory client via PFMAM. For this specific client, RAM and PFMAM jointly manage bond proceed-related funds issued through the NJEFA.

As detailed throughout this proposal, RAM has the experience and capabilities to perform the investment advisory duties outlined in the Scope of Service as a direct, standalone manager. However, RAM is aware of the benefits that come along with utilizing sub-advisory relationships, including the inclusion of emerging and diverse-owned firms, enhanced experience and manager skill-sets, and more robust client service.

Should RAM incorporate sub-advisors in this mandate, the Firm would utilize its current Vendor Due Diligence Policy to evaluate and vet eligible investment managers. This policy recognizes the critical importance of performing an assessment of all outside third parties to be considered for engagement by the firm and includes a due diligence questionnaire and required documentation. RAM’s due diligence includes review of the following: AITEC-AIMA Vendor Due Diligence Questionnaire, Shared Assessments Standardized Information Gathering (SIG) Questionnaire, and SSAE-16/SOC-1 reports, as well as firm specific policies such as cybersecurity, disaster recovery, and other such policies. Lastly, RAM will collect background information on all key employees, a risk assessment to ensure proper cybersecurity policies and procedures are in place and safeguards over firm data and networks are satisfactory.

5.4 Please describe any qualifications your firm may have as a minority-owned, veteran-owned, or women-owned firm.

RAM is a certified minority-owned business enterprise (“MBE”), with 93.4% of ownership held by minorities. RAM is nationally certified by the National Minority Supplier Development Council. In addition, RAM has received certifications from the following entities. A copy of RAM’s MBE certifications can be found attached in Exhibit B.

1. **New York & New Jersey Minority Supplier Development Council (NY/NJ MSDC)**
2. Chicago Minority Supplier Development Council (Chicago NMSDC)
3. Illinois Department of Central Management Service - Minority Business Enterprises
4. New York State Department of Economic Development – Division of Minority and Women’s Business Development (DMWBD)
5. The Port Authority of NY & NJ
6. City of Philadelphia

In addition to the above, RAM has submitted its application for the State of New Jersey SBE/MBE/WBE Certification and approval is currently pending. For reference, RAM’s application confirmation number is 303404142819.

5.5 Provide an overview of your firm’s history in the Investment / Asset Management business. Describe your firm’s qualifications, knowledge and experience in serving as an investment advisor for the proceeds of tax-exempt bonds of: (1) governmental issuers of municipal securities; (2) institutions of higher education; and (3) long-term retirement and OPEB funds. Include the volume of funds currently under management by your firm that have similar characteristics to those defined in Section 2.0 of this RFP.

As previously detailed, since 2002, RAM has provided total return asset management and investment advisory services to institutional investors. RAM specializes in the management of fixed income securities and offers customized investment programs to each of its clients. As of March 31, 2023, RAM managed \$8.6 billion in AUM on behalf of 66 clients. RAM has a diverse client base including many state and local governments, public benefit corporations and local authorities. In addition, our client include public pension plans, insurance companies, endowments and foundations, corporations and Taft-Harley plans. RAM’s full investment strategy offerings include: Cash, Enhanced Cash, Short Duration, Intermediate Core, Intermediate, Core, Strategic Core and Long Duration.

Investment Strategy	Assets (\$MM)
Ramirez Cash Strategies	\$1,189
Ramirez Short Duration Strategies	\$2,332
Ramirez Stable Value Strategy	\$560
Ramirez Intermediate Strategy ¹	\$870
Ramirez Strategic Intermediate Strategy	\$65
Ramirez Core Strategy	\$1,030
Ramirez Strategic Core Strategy	\$1,286
Ramirez Long Duration and LDI Strategies	\$1,182
Total Assets²	\$8,623

(1) Includes multiple intermediate duration mandates

(2) Total assets includes allocation to Equity sector and custom mandates

Since its inception, RAM’s investment philosophy has been to seek active relative value credit opportunities to add incremental yield and total return. We allow experienced portfolio managers to make meaningful allocations to relative value anomalies that they identify. RAM’s greatest strength is implementing a consistent, disciplined, and repeatable investment process, which leverages the expertise of our investment professionals in sector allocation, subsector, and security selection. RAM offers clients enhanced alpha

opportunities and the potential for lower return correlation versus more traditional institutional fixed income managers offering benchmark-like exposures. RAM derives the majority of portfolio alpha by having variances in sector and subsector allocation relative to the benchmark.

RAM's investment portfolios are actively managed using a blend of top-down macroeconomic analysis and bottom-up issuer level research. When forming the firm's macro- and microeconomic opinions, the Investment Committee, assesses both qualitative and quantitative factors. Incorporating both top-down and bottom-up factors into the investment process ensures that the appropriate quantitative market indicators and metrics as well as the extensive experience of the firm's investment professionals is utilized when determining the optimal sectors / subsection positioning and security selection. RAM's portfolio construction process has been in place and remained unchanged since the firms founding.

The RAM investment team is led by four portfolio managers whose average tenure of expertise is 29 years. They are sector specialists within the U.S. Corporate Credit; Securitized Product - Agency Mortgage Backed Securities ("MBS"), Asset Backed Securities ("ABS"), Commercial Mortgage Backed Securities ("CMBS"); and Taxable and Tax-Exempt Municipal sectors. Our team of portfolio managers are supported by a centralized team of fixed income credit and research analysts who are sector specialists. RAM ensures redundancy within the portfolio management process as each portfolio manager is supported by an experienced analyst. The overall team structure promotes collaboration between the four portfolio managers.

Ramirez Asset Management – Investment Team

Name	Title	Role at Firm
Samuel Ramirez, Jr.	President & CEO	Portfolio Manager, Municipal Credit
Louis Sarno	Managing Director	Portfolio Manager, Securitized Product
Helen Yee, CFA	Senior Vice President	Portfolio Manager, Corporate Credit
Alex Bud, CFA	Senior Vice President	Asst. Portfolio Manager, Municipal Credit
Janet Henry, CFA	Senior Vice President	Corporate Credit Analyst
Satyam Mallick, CFA	Vice President	Corporate Credit Analyst
Clyde Lane	Vice President	Municipal Credit Analyst
Brett Rodger	Associate	Corporate Credit Analyst
Zach Grob	Vice President	Securitized and ESG Analyst
Mary Willis	Associate	Corporate Credit Trader

RAM has a long history of managing proceeds of tax-exempt bonds for entities which are similar in nature, scope and size to that of the NJEFA, the table below details RAM's current clients. RAM has built each of these clients a customized investment program designed to preserve principal, ensure liquidity needs are met, and deliver a competitive yield. Similar to the unique investment guidelines and restrictions for each of the Authority's funds, RAM has tailored its client's investment programs around their specific guidelines.

RAM's experience and qualification with each government issues, higher education, and long-term retirement and OPEB funds are detailed below.

Governmental Issuers of Municipal Securities

RAM has been providing investment management services to governmental issuers of municipal securities, including states, state-level authorities, cities, counties, public elective and power utilities and higher education authorities since the firm's inception. As of March 31, 2023, RAM manages **\$3.4 billion on behalf of clients that issue municipal securities**. The services provided to these clients is similar in scope to the investment management services requested in this Request for Proposal. RAM has a long track-record of managing fixed income portfolios tailored to meet the needs of our municipal bond-issuing clients. On

behalf of these clients, RAM manages these portfolios with a focus on maintaining the safety of principal, meeting liquidity needs, and achieving a reasonable market yield.

Client	State	Inception	Assets (\$M)
Confidential Client 1	IL	8/26/2014	\$528.9
Confidential Client 2	IL	5/28/2013	\$423.3
Confidential Client 3	NY	5/23/2022	\$345.6
Confidential Client 4	PA	7/8/2016	\$316.8
Confidential Client 5	IL	2/1/2011	\$302.9
Confidential Client 6	IL	2/1/2011	\$156.1
Confidential Client 7	NY	2/12/2016	\$132.9
Princeton University	NJ	7/1/2021	\$122.1
Confidential Client 8	IL	12/1/2013	\$111.1
Confidential Client 9	NY	2/27/2020	\$110.5
Confidential Client 10	PA	1/30/2018	\$100.5
Confidential Client 11	CA	10/1/2021	\$95.7
Confidential Client 12	IL	5/8/2020	\$92.9
Confidential Client 13	MO	7/8/2014	\$89.5
Confidential Client 14	MD	11/30/2017	\$74.7
Confidential Client 15	CA	2/1/2017	\$71.2
Confidential Client 16	IL	12/11/2019	\$69.4
Confidential Client 17	NY	11/12/2022	\$66.5
Confidential Client 18	OH	8/26/2015	\$64.7
Confidential Client 19	CT	6/1/2019	\$52.3
Confidential Client 20	IL	10/26/2018	\$47.0
Confidential Client 21	PA	10/26/2022	\$24.3
Confidential Client 22	IL	8/26/2014	\$17.4
Confidential Client 23	IL	2/5/2022	\$5.8
Total Assets			\$3,422.3

Higher Education

The following table provides RAM's notable higher education engagements as examples of RAM's capabilities to plan and to execute a comprehensive investment program for various higher education entities. As of March 31, 2023, RAM manages **\$774 million on behalf of higher education clients**. These engagements quantify RAM's success in managing higher education client assets from shorter duration (0 – 3 years) to Core (0-30 year) investment strategies. Included on this list is our current relationship with Princeton University, where RAM is responsible for managing a portfolio of bond proceed assets that were issued via the NJEFA.

Client	State	Inception	Assets (\$M)
Confidential Client 1	IL	5/28/2013	\$423.3
Confidential Client 2	WI	11/10/2022	\$195.9
Princeton University	NJ	7/1/2021	\$122.1
Confidential Client 3	DC	6/10/2021	\$21.2
Confidential Client 4	FL	1/31/2022	\$6.6
Confidential Client 5	MD	1/6/2021	\$4.5
Total Assets			\$773.6

Long-term retirement and OPEB funds

As an institutional fixed income investment manager, RAM has a long track-record of managing longer-term retirement assets on behalf of its clients. As of March 31, 2023, RAM manages **\$4+ billion in retirement assets**. These clients include 8 of the 100 largest public pension systems in the country and several Fortune 100 corporations. As a result of the diversity of the client base, and their varying investment objectives and risk profiles, these clients are invested in a number of different investment products, including: Cash and Short Duration, Core and Strategic Core, Stable Value, and Long Duration / Liability Driving Investing strategies. In addition, within its retirement clients RAM manages one Other Post-Employment Benefits account, which is highlighted below.

Client	State	Inception	Assets (\$M)
Confidential Client 1	MI	07/07/21	\$582.08
Confidential Client 2	IL	08/26/14	\$528.93
Confidential Client 3	IL	05/28/13	\$423.28
Confidential Client 4	ID	07/29/20	\$352.45
Confidential Client 5	NY	05/23/22	\$345.62
Confidential Client 6	IL	02/01/11	\$302.95
Confidential Client 7	IL	02/01/11	\$156.15
Confidential Client 8	IL	11/22/21	\$111.05
Confidential Client 9	NY	02/27/20	\$110.54
Confidential Client 10	MI	03/03/14	\$109.34
Confidential Client 11	PA	01/30/18	\$100.48
Confidential Client 12	NJ	06/01/11	\$94.09
Confidential Client 13	MD	11/30/17	\$74.65
Confidential Client 14	CA	02/01/17	\$71.24
Confidential Client 15	IL	12/11/19	\$69.37
Confidential Client 16	NJ	06/01/11	\$67.65
Confidential Client 17	PA	12/02/20	\$67.65
Confidential Client 18	CT	01/05/21	\$52.33
Confidential Client 19	IL	05/08/20	\$47.10
Confidential Client 20	IL	10/26/18	\$47.04
Confidential Client 21	IL	04/17/17	\$45.80
Confidential Client 22	VA	03/15/22	\$44.49
Confidential Client 23	NY	11/12/22	\$35.81
Confidential Client 24	NY	11/30/20	\$31.12
Confidential Client 25	NY	11/12/22	\$30.69
Confidential Client 26	NJ	12/01/14	\$25.66
Confidential Client 27	NY	11/05/20	\$25.45
Confidential Client 28	PA	10/26/22	\$24.32
Confidential Client 29	IL	01/07/21	\$17.35
Confidential Client 30	NY	11/05/20	\$10.26
Confidential Client 31	IL	02/05/22	\$5.85
Total Assets			\$4,010.8

As shown above, RAM has significant experience planning and implementing investment programs for clients like the NJEFA with similar characteristics as outlined in Section 2.0 of this RFP. RAM has a successful track record of building customized investment programs suited to each client's investment needs and risk profile. Described below are three of RAM's current clients with similar characteristics and objectives as the NJEFA, including the portfolio managed on behalf of Princeton University.

Client: New Jersey Educational Facilities Authority (Princeton University)

As of March 31, 2022 RAM currently manages \$122 million in bond proceeds-related funds on behalf of Princeton University. Since 2021, RAM manages a \$73 million portfolio following the issuance of a tax-exempt facilities bond and in 2022 a \$46 million taxable bond proceed account was added. RAM is responsible for investing bond proceeds within the NJEFA's investment policy guidelines and structuring a portfolio to meet the liquidity needs of Princeton University. RAM works with PFMAM, the lead-advisor, to collaboratively ensure the university's liquidity needs are met and the portfolios are structured to produce attractive yields within the given risk parameters. RAM and PFMAM jointly produce the required reports and meet regularly with Princeton University staff.

As of March 31, 2023, the tax-exempt portfolio consists of 10% U.S. Treasuries, 30% in Corporates, 29% in CP, 3% in ABS and 28% in municipal issuers. The University's portfolio is highly rated Aa2/AA+, producing a higher yield than the benchmark, while maintaining a neutral duration positioning relative to the ICE BofA 3-month U.S. Treasury Note Index.

As of March 31, 2023, the taxable portfolio consists of 16% U.S. Treasuries, 10% in Agencies, 4% in Corporates, 45% in CP, 3% in ABS and 22% in municipal issuers. The University's portfolio is highly rated Aa1/AA-, producing a higher yield than the benchmark, while maintaining a defensive duration positioning relative to the ICE BofA 3-month U.S. Treasury Note Index.

Client: The Hugh L. Carey Battery Park City Authority ("BPCA" or "the Authority")

In February 2016, RAM began working with the BPCA, following a public RFP process which at the direction of the Authority included a 30% M/WBE requirement. RAM was hired to be a sub-advisor to PFM Asset Management to manage approximately \$100 million of the Authority's \$500 million operating, debt service, and reserve fund portfolios. RAM is tasked with managing 22 debt service and reserve account portfolios while ensuring the preservation of capital, providing monthly or semiannual liquidity and maximizing investment returns. RAM's investment strategies must conform to very conservative New York State Public Authorities policy constraints for acceptable non-U.S. Government eligible investments that are limited to high-quality commercial paper ("CP"), minimum A-rated New York State-only municipal issuers, or AAA-rated non-New York State general obligation bonds.

Prior to RAM's involvement, the BPCA portfolios were invested in 85% U.S. Treasuries with the remaining 15% allocated to U.S. Agency debentures. This investment strategy provided no appreciable yield advantage relative to the duration-matched index. While no major changes were made to the existing BPCA investment policy, RAM's expertise allowed the Authority to realize sector diversification into underutilized, but highly rated asset classes. The RAM Investment Team opportunistically diversified into eligible CP and taxable municipal securities. As of December 31, 2017, due to client direction and flow of funds the BPCA accounts almost exclusively of U.S. Treasuries and U.S. Agency debentures. The BPCA assets remain highly rated (Aaa/AA+), while matching the yield of the benchmark, and maintaining slightly defensive duration almost equal to the benchmark ICE BofA 90-Day U.S. Treasury Bill Index.

Client: The City of Philadelphia, Office of the City Treasurer ("the City")

In July 2016, RAM was hired by the City after an RFP process to manage a short-term investment portfolios. Initial funding was \$46 million in operating capital funded via airport rental car usage fees; RAM is currently managing \$353 million in operating capital and reserve funds for the City of Philadelphia (Philadelphia Airport and Philadelphia Gas Works) RAM is tasked with preserving principal, maximizing return, while providing liquidity, for regular asset drawdowns to fund capital expenditures. City investment guidelines have a maximum maturity of 2 years. RAM investment strategies must conform with the City's conservative investment policy constraints which , for non-U.S. Government guaranteed eligible investments, include

utilization of high-quality Aa2/AA rated Corporates, A1+/P1 commercial paper, or minimum Aa3/AA- rated Commonwealth of Pennsylvania-only municipal issuers.

Prior to RAM's involvement, the City's portfolios were invested through another asset management firm. After hiring RAM the City made no changes to its existing investment policy, RAM's expertise again allowed the City to achieve broad sector diversification through the 0 through 2 year maturities constraint.

The RAM Investment Team opportunistically diversified into eligible U.S. Agencies, corporate and municipal securities. As of March 31, 2023, the Philadelphia Airport portfolio consists of 45% U.S. Treasuries, 20% U.S. Agencies, 20% Corporates, 13% in CP, and 2% in PA municipal issuers. The City's portfolio is highly rated Aaa/AA+, matching the yield of the benchmark, while maintaining a defensive duration positioning relative to the ICE BofA 1-Year U.S. Treasury Note Index.

As of March 31, 2023, the Philadelphia Gas Works portfolio consists of 35% U.S. Treasuries, 32% Agencies, 4% in Corporates, 23% in CP, and 6% in PA municipal issuers. The City's portfolio is highly rated Aa2/AA+, matching the yield of the benchmark, while maintaining a defensive duration positioning relative to the ICE BofA 1-Year U.S. Treasury Note Index.

5.6 Outline the steps to be taken to reflect the Authority's investment objectives of safety, liquidity, legality and yield. State how your firm would maximize net earnings for the Authority while minimizing rebate payments for bond fund investment, if possible.

RAM's investment philosophy for shorter-term duration investment mandate is based on the priority of safety, preservation of capital, providing required liquidity and then increase portfolio yield. Our investment process will strictly follow the investment management requirements of NJEFA's investment funds. Our investment approach will not seek any significant variation in duration or credit quality in our assigned benchmark. Within these guidelines and utilizing strict risk controls RAM will seek to generate yield through permitted sector allocation and security selection.

Foundation of Approach to Short Duration Investing



Based on the above framework and the NJEFA's Investment Policy, RAM will seek active relative value credit opportunities to add incremental yield and total return. We allow experienced portfolio managers to make meaningful allocations to relative value anomalies that they identify. We are disciplined in adhering to overall benchmark duration, term and credit quality risk framework. However, we are not risk constrained by credit segmentation within the benchmark. We believe utilizing credit expertise in sector rotation and security selection, in a risk-controlled framework will produce consistent risk-adjusted returns over time. This philosophy is the foundation of each of our investment strategies and has remained unchanged since the firm's inception. The firm's investment approach seeks to add value by:

- Closely regulating relative duration and term structure positioning
- Combining quantitative and qualitative factors into a bottom-up/ top-down processes
- Embedding risk management throughout the process, with a focus on limiting downside risk

RAM's overriding objective is to achieve consistent excess returns above a stated benchmark through successive market cycles. As such, RAM believes an investment strategy, which is centered on sector allocation, and security selection provides the highest probability to achieve consistent alpha. It is our view that a strategy, which attempts to anticipate interest rates, will exhibit higher levels of volatility relative to a

benchmark and will result in inconsistent relative performance. While RAM will express a bias for the directionality of interest rates, we keep overall portfolio effective duration within fairly narrow bands relative to the benchmark, typically +/- 25% for short-term portfolios. A critical component of our risk management process is the maintenance of term structure positioning relative to the benchmark within fairly narrow ranges utilizing key rate durations ("KRD") as our preferred measure. Typical ranges are similar to those of overall duration with term structure positioning closely monitored and expressed on a relative basis compared to benchmark measures.

RAM derives the majority of portfolio alpha by having variances in sector and subsector allocation relative to the benchmark. Central to our objective is our ability to find higher alpha opportunities within the domestic investment grade universe. After periodic review of our investment process, this research has found that such a philosophy is the most efficient way to consistently add alpha throughout various market cycles, regardless of the directionality of interest rates or risk premiums. This strategy maximizes the various skill sets of our portfolio managers and analysts as specialists within individual sectors, which translates into outperformance relative to the benchmark.

Further, RAM's Investment Team led by portfolio managers Samuel Ramirez, Jr., Alex Bud, CFA, Louis Sarno, and Helen Yee, CFA, fully understand the NJEFA's investment objectives and investment policy guidelines and will manage all investment portfolios in accordance with those objectives and guidelines. The Investment Team plans to preserve the principal of the portfolios by utilizing high quality securities permitted by the Authority's investment guidelines and mitigating potential credit risk thorough extensive fundamental bottom-up research. As with all of its shorter duration portfolios, RAM intends to meet the NJEFA's liquidity requirements by strategically laddering two year maximum maturity securities to sync maturity dates with scheduled liquidity events. Further, RAM will hold the requisite allocation of highly liquid government securities to meet potential immediate liquidity needs. The impact of potential trading activity on duration and projected liquidity is assessed on a pre-trade basis utilizing the BondEdge Next Generation bond analytic platform.

Lastly, RAM will maximize portfolio returns, within the context of the objectives and investment parameters, through issuer diversification, sector allocation, and sub-sector rotation. RAM plans to enhance yield generation and exceed the assigned benchmark by incorporating underutilized asset classes, while maintaining a duration-controlled approach.

For investment portfolios funded from bonds proceeds, RAM is knowledgeable of federal tax laws defining potential rebate payments. We will work with the appropriate Bond and Tax Counsel to determine the permitted yield on a bond proceeds investment portfolio. We will still seek to maximize the investment yield of a bonds proceeds and ensure the required rebate yield information is tracked and maintained.

5.7 Describe available disbursement options and any advance notification requirements for the disbursement of funds.

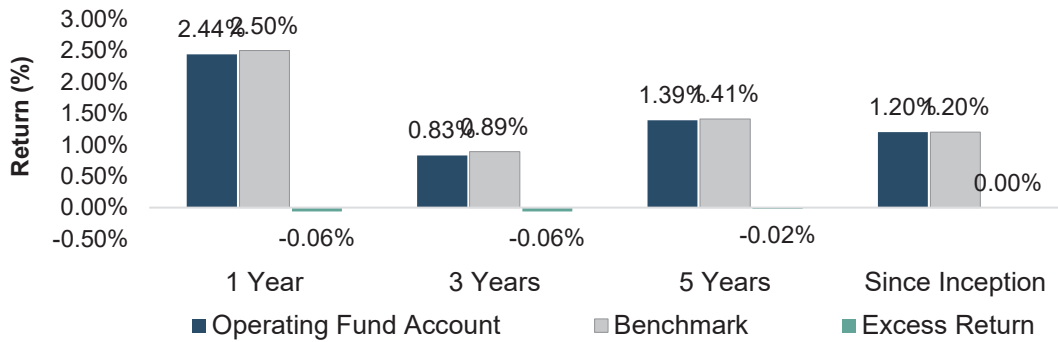
RAM can provide liquidity on an ad-hoc or on a scheduled basis as required by our client's unique cash management needs. Given a fixed liquidity schedule, i.e., a known drawdown schedule, RAM will structure a client portfolio to meet draws with maturing bond proceeds while optimizing the portfolio's potential total return. At the direction of the client, RAM can ensure cash/money market proceeds are available on draw dates, or can identify securities for in-kind transfers, if needed. For ad-hoc liquidity requests, RAM generally requests 48-hours advance notice for partial liquidations, and 5-days advance notice for complete liquidation requests. Same-day liquidity can be raised if notification is communicated to RAM by 11:00AM EST to ensure sufficient time for the custodian/trustee institution to settle and transfer cash proceeds. RAM does not provide custodian services, and cannot move cash/assets directly; all client transfers are instructed by client directive only and carried out by custody.

5.8 Provide samples of investment records and reports provided to clients similar to those described in section 4.9 and 4.10.

As detailed above, RAM has significant experience planning and implementing investment programs for clients similar to those described in sections 4.9 and 4.10. RAM has a successful track-record of building customized investment programs suited to each client’s investment needs and risk profile. For reference, below please find performance track-records and sample risk metrics for each a currently managed RAM portfolio which most closely resembles the objectives of the Authority’s Operating Funds and Other Post-Employment Benefit (OPEB) Trust Funds.

Authority’s Operating Funds

Historical Performance for Operating Fund Portfolio

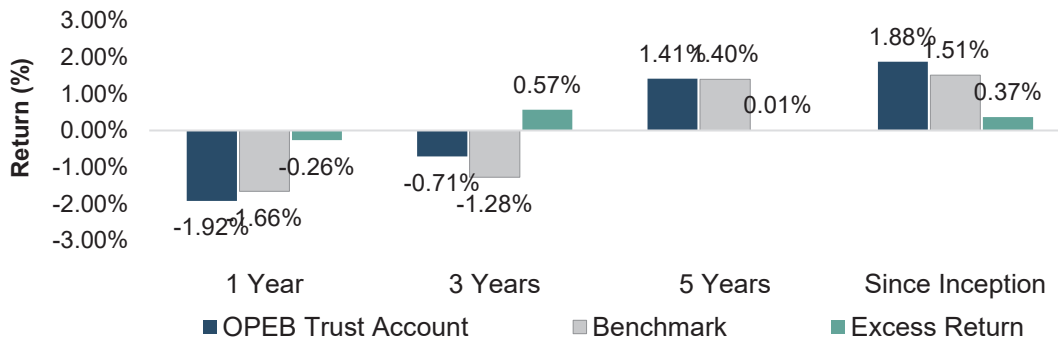


	YTM	YTW	Eff Dur	Quality	Coupon	Maturity (Yrs)
OPERATING FUND PORTFOLIO	4.673	4.673	0.595	Aaa	2.717	0.619
ICE 3 MO TBILL	4.896	4.896	0.241	Aaa	0.000	0.249
DIFFERENCE	-0.223	-0.223	0.353		2.717	0.370

Note: Performance and Risk Characteristics as of 03/31/2023 for a current client portfolio that exhibits a similar profile to the NJEFA Operating Fund as outlined in Investment Policy and RFP.

OPEB Trust Funds

Historical Performance for OPEB Trust Portfolio



	YTM	YTW	Eff Dur	Quality	Coupon	Maturity (Yrs)
OPEB TRUST PORTFOLIO	4.628	4.620	3.646	Aa2	3.518	5.315
B E INTERM G/C INDEX	4.286	4.285	3.859	Aa2	2.475	4.300
DIFFERENCE	0.341	0.335	-0.213		1.044	1.015

Note: Performance and Risk Characteristics as of 03/31/2023 for a current client portfolio that exhibits a similar profile to the NJEFA OPEB Fund as outlined in Investment Policy and RFP.

5.9 Provide samples of all contracts and agreements required to open an investment account with your firm.

Samples of all contracts and agreements required to open an investment account with RAM can be found attached as Exhibit D.

5.10 Describe any material agreements, relationships, retainers or other employment that your firm or any employee of your firm has with any other investment banking firm, financial advisory firm, law firm, institutions of higher education or 501(c)(3) organization, or other person or entity that may create a conflict of interest or the appearance of a conflict of interest.

RAM and its broker-dealer affiliate, Ramirez & Co., are wholly owned subsidiaries of parent company, SAR Holdings Inc. Ramirez & Co is a FINRA and MSRB member broker-dealer and is engaged in a broad range of securities activities, which includes the underwriting of municipal securities. As such, Ramirez & Co. has served various roles as an underwriter of municipal securities for the Authority and several current university clients. In addition, RAM has provided discretionary fixed income investment management services on a sub-advisory basis to the Authority and to Princeton University under a sub-advisory contract with PFMAM. RAM does not believe that the relationship of our affiliate with the Authority or any RAM relationships pose a conflict of interest for RAM serving as a direct Investment Advisor to the Authority.

5.11 Provide proof of your firm's registration as an investment advisor under the Investment Advisers Act of 1940.

RAM is a registered investment advisor regulated by the SEC under the Investment Advisers Act of 1940 and has undergone regulatory routine examinations. Please find a copy of the Firm's SEC registration attached as Exhibit D.

5.12 Proposed Fees

Please provide your proposed compensation based on the amount of assets under management by asset class (Authority Bond Funds, Authority Operating Funds, and Authority OPEB Trust Funds). Please be sure to describe any and all fees that may be incurred by the Authority, including fees for custody arrangements and for the disbursement of funds and provide a cap for those fees on the attached

EXHIBIT A.

Proposed fees as stated in the completed EXHIBIT A shall remain in effect for the duration of the term of the contract. The Authority reserves the right to negotiate final fees with the vendor selected to provide services.

RAM is proposing an all-in tiered fee structure for the management of each Bond Fund assets, Operating Fund assets, and OPEB Trust assets. These fee structures includes all investment management services set forth in the proposal. For these services, RAM is including a \$10,000 minimum annual fee to be charged in the event the total assets under management calculated at the below schedules does not exceed that billable total. RAM does not provide custodial bank services, but works with the custodial bank of each clients choosing, which is a separate fee arrangement.

RAM's proposed fee schedules are for an actively managed portfolio in which total fees charged are determined by portfolio's market value. RAM is willing to negotiate its proposed fee schedule with the Authority once final mandate details are determined.

Bond Proceed Fee Schedule		Operating Fund Fee Schedule		OPEB Fund Fee Schedule	
	Annual Fee		Annual Fee		Annual Fee
First \$200M	7 basis points (0.07%)	First \$200M	16 basis points (0.16%)	First \$75M	20 basis points (0.20%)
Balance	5 basis points (0.05%)	Balance	14 basis points (0.14%)	Balance	19 basis points (0.19%)

5.13 Litigation

Describe any pending, concluded or threatened litigation and/or investigations, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests of or involving your firm or the owners, principals or employees which might materially affect your ability to serve the Authority. Describe the nature and status of the matter and the resolution, if any.

RAM has not had any pending, concluded or threatened litigation and/or investigations, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests involving the firm or any employee.

5.14 Conflicts of Interest

Describe any actual or potential conflicts of interest that might arise if your firm is selected to serve as Investment Advisor to the Authority taking into consideration both the Authority and its college and university clients.

RAM does not believe there are any existing conflicts of interest or potential conflicts of interest if selected to serve as Investment Advisor to the Authority and its university clients. As described above in question #5.10, RAM's affiliate has an investment banking relationship with the Authority. Information barriers have been established between RAM and its affiliate and both entities operate separately with restricted card key access to each separate office, separate system entitlements are in place for each based on job

responsibilities, and a prohibition on the trading of fixed income securities has been implemented between the two entities. If we are selected as an Investment Advisor to the Authority and a potential conflict of interest or the appearance of a conflict of interest should arise, as a fiduciary to the Authority, RAM will disclose the nature of the potential conflict to the Authority and if necessary, the steps we are taking to mitigate this potential conflict.

5.15 Required Documents and Forms

In addition to all required components of the Proposal as listed above, all documents and forms listed in the RFP Checklist referenced below must be timely submitted in order for your proposal to be considered responsive to this RFP.

Please find the requested documents and forms listed in the RFP Checklist enclosed in this proposal. The specific location of each is referenced in the Table of Contents.

RAM Biographies – Key Account Personnel

Biographies

Samuel A. Ramirez Jr.

President & CEO

Portfolio Manager - Municipals

Mr. Samuel A. Ramirez Jr. joined Ramirez & Co. as a managing director and fixed income specialist in July of 1992. During his over 30 year career at the firm, Mr. Ramirez, has led the development and growth of the Firm's core divisions: institutional sales and trading, public finance, corporate banking, advisory, wealth management and institutional asset management. He has extensive industry knowledge and experience in managing financial businesses through various market cycles and conditions. His investment management experience includes a range of asset classes across the capital markets including municipal, corporate, mortgage, and government bonds, as well as TIPs and equities. In 2002, Mr. Ramirez established Ramirez Asset Management (RAM), an affiliated SEC registered RIA, which is focused on fixed income asset management for institutional public and private pension funds, corporations and state and local governments. He presently serves at a Senior Managing Director in Ramirez & Co. and President and CEO of RAM.

Sam has completed Executive MBA studies at the Tuck School of Business at Dartmouth College. Prior to Dartmouth, he earned a bachelor's degree in Economics from the University of Vermont. Sam holds his Series 7, 24, 63 and 65 licenses. He is actively involved in New York-based business and civic organizations, including the Municipal Bond Club, Municipal Forum, the Museum of the City of New York, and several charities including the Catholic Big Sisters and Big Brothers, Little Sisters of the Assumption and Pegasus. Mr. Ramirez serves on the board of SIFMA and USPA Global Licensing and is a frequent keynote and industry expert speaker at events around the country.

Louis A. Sarno

Managing Director

Portfolio Manager – Securitized Product

Mr. Louis A. Sarno is a Managing Director and Portfolio Manager of Ramirez Asset Management, focusing on institutional fixed income strategies. Mr. Sarno joined Ramirez in March 2010 and possesses over 32 years of institutional fixed income experience. From 2007 to 2010 he worked as the Chief Investment Officer of the Amalgamated Bank's Institutional Trust & Custody department where he oversaw investments in excess of \$11 billion. In that capacity, Mr. Sarno oversaw all investment offerings which consisted of fixed income, equities, and alternatives. From 1998 to 2007, Mr. Sarno was the Director of Fixed Income, with overall management responsibility for fixed income products and strategies which ranged from Cash out to Core. Mr. Sarno was a fixed income Portfolio Manager from 1992 to 1998 focused on Short and Intermediate duration fixed income portfolios.

Prior to joining Amalgamated Bank, Mr. Sarno served as a bond fund analyst at Bankers Trust Company. Mr. Sarno is a graduate of Fordham University with a B.A. in Economics and History.



Biographies

Helen Yee, CFA

Senior Vice President

Portfolio Manager – Corporate Credit

Ms. Helen Yee joined Ramirez Asset Management in 2010 as a Senior Vice President and Portfolio Manager after 12 years managing fixed income portfolios at Amalgamated Bank. In 2007, she was promoted to Director of Fixed Income, overseeing strategy, day-to-day portfolio management, and risk analysis. Previously Ms. Yee was a fixed income portfolio analyst at Fiduciary Trust and J. & W. Seligman. Ms. Yee obtained an M.B.A. in finance from the New York University Stern School of Business and a B.A. in Economics from Oberlin College. A member of the CFA Institute, Ms. Yee is a CFA charter holder.

Janet S. Henry, CFA

Senior Vice President

Credit Analyst – Corporate Credit

Ms. Janet S. Henry is a Senior Vice President whose primary responsibilities include the fundamental research and valuation analysis of fixed income corporate credit. She has 40 years of investment experience. Prior to joining RAM in 2013, Ms. Henry was a senior credit analyst at Holland Capital Management for 13 years. Ms. Henry was a founding partner with Heartland Trading Group, a Commodity Trading Advisor. Previously she was with Aon Corporation, where she was a Senior Portfolio Manager in the asset management division and researched and managed \$2 billion of domestic corporate bonds and structured mortgage backed securities in fixed income portfolios. She earned an M.B.A. from the University of Chicago Booth School of Business and a B.A. in history from DePauw University. Ms. Henry received the Chartered Financial Analyst designation in 1989. Ms. Henry is a member of the CFA Society of Chicago and the CFA Institute.

Satyam Mallick, CFA

Credit Analyst – Corporate Credit

Ms. Satyam Mallick joined Ramirez Asset Management in September 2020 as Vice President and Corporate Credit Analyst. Ms. Mallick has over 22 years of experience as an investment professional having covered a variety of asset classes and industries. In addition, Ms. Mallick has covered the financial markets from different perspectives having worked on the sell-side, buy-side and at a rating agency. Prior to Ramirez Asset Management, Ms. Mallick spent 10 years on the sell-side at Susquehanna International Group (SIG) where she was the Head of Investment Grade Credit Strategy. Prior to SIG, she spent 7 years on the buy-side at Utendahl Capital Management as a Principal focusing on U.S. Investment Grade Credit Research. Ms. Mallick was an Assistant Vice President covering over 15 investor-owned utilities across the US at Duff and Phelps Credit Rating Company (now a part of Fitch). Ms. Mallick started her career in fixed income research as a Municipal Analyst at Nuveen in Chicago. She holds an M.B.A from Michigan State University and a B.A in Economics from Rutgers University. Ms. Mallick also holds a Charter Financial Analyst (CFA) designation.

Brett Rodger

Credit Analyst – Corporates

Mr. Brett Rodger is a Corporate Credit Analyst at Ramirez Asset Management. He has been with RAM since joining as intern in 2016 in the Operations and Client Reporting departments. He is a graduate of Rhodes University with a Bachelor of Commerce (Honors) in Financial Management.



Biographies

Alex Bud, CFA

Senior Vice President

Credit Analyst – Municipals

Alex Bud joined Ramirez Asset Management in April 2016 as a Senior Vice President and Municipal Credit Analyst. Mr. Bud possesses over 21 years of industry experience and 14 years of investment experience. From 2010 to 2016, he worked as a Portfolio Manager at FMS Wertmanagement Service GmbH responsible for the firm's \$6 billion US & Canadian Municipal bonds portfolio. From 2007 to 2010, Mr. Bud was a fixed income trader at Depfa Bank trading municipal tender option bond and interest rate derivatives. From 2004 to 2007, he was a risk manager at AIA LLC overseeing the day to day market risk for multiple Equities and Fixed Income portfolios. Prior to AIA LLC, he developed risk management application at UBS AG's Prime Brokerage division. Mr. Bud obtained a B.S. in Computer System Engineering from Rensselaer Polytechnic Institute and he is a CFA charter holder.

Clyde Lane

Credit Analyst - Municipals

Clyde Lane joined Ramirez Asset Management in September 2020 as a taxable municipal credit analyst. Prior to joining RAM, Mr. Lane spent 5 years with Wilmington Trust, providing municipal credit analysis as part of Wilmington Trust's Municipal Fixed Income team. In addition to research for new issues and purchases, Mr. Lane provided ongoing credit surveillance of current exposures within the municipal market, with a concentration in New England and the Upper Midwest regions. Prior to joining Wilmington Trust in 2016, Mr. Lane spent 6 years with Kelly Capital Management, a registered investment advisory firm in the Philadelphia region, as an equity research analyst. Mr. Lane holds an M.S. in finance, an MBA, and a bachelor's degree from the University of Delaware. He is a member of the Municipal Analysts' Group of New York, and a member of the CFA Society New York.

Zach Grob

Securitized Analyst

Mr. Zach Grob initially joined Ramirez Asset Management (RAM) from 2014-2015 and returned in May, 2020 on a part-time basis while completing his MBA. Mr. Grob will be a full-time employee in June 2021 after graduation. Since May 2020, Mr. Zach Grob serves as RAM's securitized product analyst supporting portfolio manager, Louis Sarno. Zach also assumes the responsibilities of ESG analyst, focused on developing RAM's approach and integration of ESG in its investment process. In this role, he works closely with the portfolio managers and credit analysts to develop the ESG approach to their respective sector credit analysis. He is also charged with enabling and collaborating on the overall firm workflow through the utilization and building of different platforms. During his prior employment at RAM, Mr. Grob worked in the Operations and Marketing departments. Prior to rejoining RAM in 2020, Zach spent 4 years with the Army's 75th Ranger Regiment holding team leader and operations manager roles. As a result of his work overseas with the 75th Ranger Regiment Zach is classified as a disabled combat veteran. He will graduate in May 2021 with his MBA from Fordham University's Gabelli School of Business with concentrations in Finance and Information Systems. Mr. Grob also holds a BA in Political Science from the University of Connecticut.

Mary Willis

Fixed Income Trader

Mary Willis joined Ramirez Asset Management in early 2022 as a designated Trader. Prior to Joining RAM, Mary was a fixed income trader for 2 years at Hancock Whitney Asset Management. Ms. Willis spent her early career as an analyst at Johnson Rice and Co. and ThirtyNorth Investments. Mary holds a B.A. in History with Honors from Georgetown University and a M.S. in Energy Finance from Tulane University. Mary is also a Level I CFA candidate.



Biographies

Ira I. Isaguirre **Chief Risk Officer**

Mr. Ira I. Isaguirre is Chief Risk Officer of Ramirez Asset Management Portfolio Management Group and has over seventeen years of industry experience. Prior to joining RAM in 2010, he was an Assistant Vice President at Amalgamated Bank responsible for the analytical and statistical review of clients' cash flow sufficiency, investment performance, attribution and risk management for the bank's equity and fixed income products. He was also responsible for maintaining the bank's GIPS® compliance. Mr. Isaguirre graduated magna cum laude from the City College of New York with a BA and MA in Economics.z

Peter Sigismondi **Chief Compliance Officer**

Peter Sigismondi joined RAM in October 2011 and has served as the firm's Chief Compliance Officer ("CCO") since July 2012. He brings over 30 years of industry experience serving in compliance, regulatory and supervisory roles. Prior to joining RAM, he served as a compliance officer for Goldman Sachs from 2000 to 2011 and a supervisor of examiners for FINRA (formerly NASD) from 1996 to 2000. He holds an MBA in Finance from Seton Hall University Stillman School of Business and a BA in Economics and English from Rutgers University. He is a member of the National Society of Compliance Professionals and SIFMA, and has obtained numerous industry licenses (i.e., Series 4, 7, 9, 10, 14, 24, 53, 57, 63, and 99).

James F. Haddon **Managing Director** **Head of Client Service & Marketing**

Mr. Jim Haddon has over 41 years' experience in the asset management and investment banking business. At RAM he is responsible for marketing RAM's fixed income products and services to pension funds, state and local governments and corporations. In addition he provides client service for select accounts. Mr. Haddon reports directly to Sam Ramirez Jr. and also focuses on developing marketing strategies to grow RAM's assets management business. Prior to RAM, Mr. Haddon was employed for 5 years at PFM Asset Management where he was a Managing Director responsible for National Account marketing. Prior to PFM Asset Management he worked at Citigroup in various asset fundraising and investment banking roles. He earned a bachelor's degree in economics from Wesleyan University and an MBA from Stanford University and holds his Series 7, 53 and 63 licenses from the Financial Industry Regulatory Authority (FINRA).

Michael Finck **Vice President** **Client Service & Marketing**

Michael Finck joined Ramirez Asset Management in 2016 and is a member of its Client Service and Marketing team. At RAM, he is responsible for managing client relationships, marketing the firm's fixed income products, and developing new business opportunities. Prior to joining RAM, Mike was a research specialist covering the municipal primary markets at ICE Data Services. Mike holds a B.S. in Finance from Seton Hall University.



Biographies

Cheryl Fustinoni
Head of Operations

Cheryl Fustinoni joined RAM in March 2021 as Head of Operations of Ramirez Asset Management with over sixteen years of industry experience. Prior to joining RAM in 2021, Mrs. Fustinoni was Head of Operations at Matarin Capital, and was responsible for all of their middle and back office functions, including maintaining the accounting system, processing of trades, and reporting to clients. Prior to Matarin, Cheryl was a senior operations associate at Lake Partners, an alternative mutual fund. Mrs. Fustinoni graduated from the University of North Texas with a BBA and has graduate work at Pace University.



New Jersey Educational Facilities Authority

April 6, 2023

Response to Request for Proposal for Investment Advisory Services
RFP #032323

Loop Capital Asset Management
1001 Brickell Bay Drive, Suite 2100
Miami, FL 33131

Primary Contact:

Richard Deary
Senior Vice President
T: 305-925-5775
E: richard.deary@loopcapital.com





Loop Capital Asset Management – TCH, LLC

1001 Brickell Bay Drive, Suite 2100
Miami, FL, 33131
T 305-379-2100

New Jersey Educational Facilities Authority (NJEFA)

Re: Request for Proposals for Investment Advisory Services

Greetings,

Loop Capital Asset Management – TCH, LLC (LCAM) welcomes the opportunity to respond to this important request for proposals for Investment Advisory Services for the New Jersey Educational Facilities Authority (NJEFA). Please find our submission enclosed for your consideration.

LCAM has many long-standing institutional fixed income asset management relationships with public entities and some of the largest and most discerning public entities in the country. Our current and former clients consist of institutions of higher education, public entities and pension & retirement plans. We have managed short and intermediate duration assets successfully for over a decade across multiple market environments.

We use a team-based approach to manage our strategies; our portfolio management team averages over 18 years of industry experience and 14 years of tenure with our team. A robust and long-standing investment process and a highly diverse investment team support these portfolio managers.

We work with these clients to craft and revise policies and guidelines to suit their objectives and needs. We work closely with these plans around liquidity planning, reporting needs and account compliance. We tailor client solutions to their individual needs, which is why we do not utilize model portfolios. We have successfully managed accounts with different goals and partner with clients to understand the specifics of each account. We build client portfolios specific to their customized guidelines and needs.

Loop Capital Asset Management LLC is owned 100% by Loop Capital LLC, one of the largest privately held diverse financial services firms in the United States. We believe our diverse investment team fosters the inclusion of a broader array of ideas, ultimately benefitting our client through attractive returns and top-tier client service.

Our affiliate, Loop Capital Markets has served as an underwriter for the NJEFA on its 2022 Ramapo College of New Jersey (Co-Manager) and Princeton University (Co-Senior Manager) issues, totaling \$381.35 million.

We are excited to commit the personnel, intellectual capital and resources of the firm to execute this mandate.

I, Adam Phillips, attest to being authorized to issue this proposal on behalf of Loop Capital Asset Management. Should you require any clarification regarding our response, please contact me at (305) 379-2100 or via email: Adam.Phillips@Loopcapital.com. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Adam Phillips".

Adam Phillips
Managing Director

RFP CHECKLIST – It is recommended that all applicable and required forms and documents below be submitted simultaneously with the written proposal.		CHECK BOX IF INCLUDED	
PROPOSAL	1	Your written proposal in response to this Request for Proposals. <i>Please Note:</i> Written proposals that do not address all items listed in Section 5.0 above, “Required Components of the Proposal”, will not be evaluated and will be rejected as non-responsive.	<input checked="" type="checkbox"/>
	2	EXHIBIT A - Fee Proposal to NJEFA	<input checked="" type="checkbox"/>
EXHIBITS	3	EXHIBIT B-1 - Mandatory Equal Employment Opportunity Language – <i>Please sign to indicate acceptance and acknowledgment.</i>	<input checked="" type="checkbox"/>
	4	EXHIBIT B-2 –State Policy Prohibiting Discrimination in the Workplace EXHIBIT B-3 – Vendor’s Signed Acknowledgment of Receipt	<input checked="" type="checkbox"/>
	5	EXHIBIT C – Certification of No Change (If applicable. See 9b below.)	<input type="checkbox"/>
DIVISION OF PURCHASE & PROPERTY FORMS	6	Ownership Disclosure Form	<input checked="" type="checkbox"/>
	7	Disclosure of Investigations and Other Actions Involving Vendor	<input checked="" type="checkbox"/>
	8	Disclosure of Investment Activities in Iran	<input checked="" type="checkbox"/>
	9	Affirmative Action Compliance (submit one of the following)	
		a. New Jersey Certificate of Employee Information Report	<input type="checkbox"/>
		b. Federal Letter of Approval Verifying a Federally Approved or Sanctioned Affirmative Action Program (dated within one (1) year of submission of Proposal)	<input type="checkbox"/>
		c. Affirmative Action Employee Information Report (AA-302)	<input checked="" type="checkbox"/>
	10	Disclosure of Political Contributions (submit one of the following) a. Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions b. Certification of No Change and Proof of Two-Year Approval (See EXHIBIT C for the Certification. Only for vendors who have previously submitted the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form.)	<input checked="" type="checkbox"/>
	11	Chapter 271 Vendor Certification and Political Disclosure Form	<input checked="" type="checkbox"/>
	12	Proof of New Jersey Business Registration	<input checked="" type="checkbox"/>
13	Source Disclosure Form	<input checked="" type="checkbox"/>	
14	Small, Minority and/or Women-Owned Business Enterprise Certification or Documentation (if applicable)	<input checked="" type="checkbox"/>	
15	Certification of Non-Involvement in Prohibited Activities in Russia or Belarus Pursuant to P.L. 2022, c.3.	<input checked="" type="checkbox"/>	

I hereby agree to the Additional Terms and Conditions set forth in Section 8.0 above and understand that all applicable and required documents and forms listed in this RFP Checklist must be provided to the Authority prior to contract award or authorization.

Firm Name: Loop Capital Asset Management

Submitted By: Adam Phillips

Signature: 

Title: Managing Director

Date: April 6, 2023



5.0 REQUIRED COMPONENTS OF THE VENDOR'S PROPOSAL IN RESPONSE TO THE REQUEST FOR PROPOSALS

- 5.1 Please provide the addresses, telephone numbers, and email addresses, for those individuals who will be directly responsible for serving the Authority on a day-to-day basis and the individual who will have the primary responsibility for the engagement. Please also provide brief resumes including relevant experience for those individuals.**

Loop Capital Asset Management -TCH, LLC (LCAM) employs a team-based approach across all our fixed income products. We have an integrated approach to research, trading and portfolio management in conjunction with our extensive quantitative valuation tools that distinguish our fixed income process.

LCAM's office is located in Miami, FL with employees from the portfolio management, research, trading, marketing, compliance and operations departments. The investment management team and client service team to service and manage the funds of this request for proposal are located at this office:

Loop Capital Asset Management – TCH, LLC
1001 Brickell Bay Drive
Suite 2100
Miami, FL 33131
305-379-2100

Please see the attached “LCAM Biographies” document for biographies of our full investment team.

Along with the team approach, we will have designated team members assigned to the Authority on a day-to-day basis:

George Liu, Senior Vice President (Primary Client Service - Engagement)
George.Liu@loopcapital.com
305-379-2100 (main office)

Frank Reda, Managing Director (Primary Portfolio Manager)
Frank.Red@loopcapital.com
305-379-2100 (main office)



The full investment team is comprised of the following individuals:

Name	Title	Responsibility	Industry start	Year joined firm & Asset Class	Degree
Scott Kimball, CFA	Managing Director	Chief Investment Officer Portfolio Management Management Committee Member	2002	2007	BBA MBA
Adam Phillips, CFA	Managing Director	Business Strategy Management Committee Member	2004	2014	BA
Frank Reda, CMT	Managing Director	Portfolio Management Head of Fixed Income Trading Management Committee Member	2000	2001	BS MS
Peter Heine	Managing Director	Portfolio Management	1993	2022	BS
Ronald Salinas, CFA	Senior Vice President	Portfolio Management Head of Fixed Income Research	2003	2004	BBA MBA
Timothy Alt, CFA, CMT	Senior Vice President	Portfolio Management	2005	2019	BA
George Onisiforou	Senior Vice President	Portfolio Management	1992	2022	BBA MS
Maurice Chevalier, CFA	Vice President	Portfolio Management	2013	2022	MS
George Liu	Senior Vice President	Product Specialist	2008	2015	BS
Jackson Smith	Senior Vice President	Product Specialist	2012	2022	BBA MBA
Michael Kravitz	Assistant Vice President	Product Specialist	1999	2022	BS MBA
Adam Eccles	Vice President, Trader	Trading	2004	2019	BS
John Scott, CFA	Vice President	Trading	1991	2022	BA
Julie Kwock	Vice President, Research Analyst	Credit Analysis: consumer products, food & beverage, retail, restaurants, tobacco, and lodging sectors	2006	2006	BS MS MBA
Andre Villarreal, CFA	Vice President, Research Analyst	Credit Analysis: securitized, homebuilders, building materials, and REITs debt	2010	2015	BBA
Joseph Magazine	Vice President, Research Analyst	Credit Analysis: U.S. and global banking, brokerage, asset managers, insurance, and specialty finance	2006	2016	BS
Jenna Young, CFA	Vice President, Research Analyst	Credit Analysis: healthcare, health insurance, pharma, and chemical sectors	2014	2017	BS MBA
Steven Schneider, CFA	Vice President, Research Analyst	Credit Analysis: energy, airlines, gaming, and cruising	2000	2017	BS
Josu Elejabarrieta	Vice President, Research Analyst	Credit Analysis: media, telecommunications, and tech - electronics / software	2003	2019	BS MS
Daniesha Dawes	Associate, Research Analyst	Credit Analysis: industrials integrated energy, transportation, financials - exchanges / financial services	2009	2020	BS MBA
Khalfani King	Associate, Research Analyst	Credit Analysis: aerospace & defense, machinery, diversified manufacturing, utilities, and environmental	2018	2021	BBA
Nicholas Vivonetto	Associate, Research Analyst	Credit Analysis: autos, paper/packaging, tech - hardware, and securitized	2017	2021	BS MS



5.2 Describe the investment management organization of your firm, its ownership structure, its state/country of incorporation or formation, and the location of the office from which funds are to be managed.

Loop Capital Asset Management – TCH, LLC (LCAM) is an employee and minority owned registered investment advisor originally founded and registered with the Securities and Exchange Commission (SEC) in 1985. LCAM is wholly owned by Loop Capital, LLC. LCAM is registered in the state of Delaware as a limited liability company.

LCAM's office is located in Miami, FL with employees from the portfolio management, research, trading, marketing, compliance and operations departments. The investment management team and client service team to service and manage the funds of this request for proposal are located at this office:

Loop Capital Asset Management
1001 Brickell Bay Drive
Suite 2100
Miami, FL 33131

Our parent company, Loop Capital, is based in Chicago, Illinois.

Loop Capital LLC
111 West Jackson Blvd
Suite 1901
Chicago, IL 60604

Our affiliates with the Loop Capital organization include:

- Loop Capital Markets, LLC
- Loop Capital Financial Consulting Services, LLC
- Loop Capital Investment Management, LLC
- Loop Capital Real Estate Ventures, LLC
- Loop Capital Financial Products I LLC
- MJE-Loop Capital Partners LLC (JLC Infrastructure)

Affiliates will not have a role in the investment process related to our clients. Loop Capital provides infrastructure resources and support, including compliance, technology and human resource support, which allows our team to focus on fixed income asset management.

We do not utilize the services of our broker-dealer affiliate in the management of our mandates.

5.3 If your firm can provide subadvisor arrangements, describe your firm's process in evaluating and vetting subadvisors approved for use. Please provide a listing of approved subadvisors.

We do not offer subadvisor investment management services at this time.



5.4 Please describe any qualifications your firm may have as a minority-owned, veteran- owned, or women-owned firm.

LCAM is a minority owned business enterprise and a Minority Business Entity (MBE) registered investment advisor.

Please see attached “Loop Capital MBE Certifications” document for our MBE certification.

5.5 Provide an overview of your firm’s history in the Investment / Asset Management business. Describe your firm’s qualifications, knowledge and experience in serving as an investment advisor for the proceeds of tax-exempt bonds of: (1) governmental issuers of municipal securities; (2) institutions of higher education; and (3) long-term retirement and OPEB funds. Include the volume of funds currently under management by your firm that have similar characteristics to those defined in Section 2.0 of this RFP.

LCAM has been managing institutional fixed income accounts for public entities for over 30 years, including extensive experience with institutions of higher education, public entities and pension & retirement plans. Public sector clients comprise the largest segment of our business by client type and are a key focus of our business.

As of December 31st, 2022, LCAM manages \$8.3 billion in assets under management across 12 fixed income strategies ranging from short duration to multi-sector fixed income strategies. LCAM manages 10 accounts totalling to \$877 million for state or municipal government entities (excluding public institutions of higher education), 17 accounts totalling to \$564 million for institutions of higher education and 21 accounts totalling to \$3.7 billion for pension and retirement plans as of December 31st, 2022.

The following is a representative partial list of relevant current active clients grouped by type:

Governmental issuers of municipal securities

- City of Naperville
- Village of Winnetka

Institutions of higher education

- Indiana University
- Texas Southern University Endowment
- The University of Alabama System
- University of Houston System Endowment
- Florida International University
- Miami-Dade College

Pension and retirement plans

- Florida State Board of Administration
- Illinois Municipal Retirement Fund



- Teachers' Retirement System of the State of Illinois
- New York City Police Retirement System

Many of these accounts include restrictive custom guidelines and/or specific accounting needs. Several of these accounts require custom reporting to align to their specific Investment Policy Statement requirements.

Noteworthy former clients include the below as it relates to experience managing bond proceeds from public entities and long-term retirement and OPEB funds.

- 1) A municipally owned public utility bond proceed account of \$300 million, managed from 2018-2021.
- 2) A municipally owned public utility OPEB fund of \$8 million, managed from 2014-2020

5.6 Outline the steps to be taken to reflect the Authority's investment objectives of safety, liquidity, legality and yield. State how your firm would maximize net earnings for the Authority while minimizing rebate payments for bond fund investment, if possible.

We have a long history of working collaboratively with public sector clients on implementing investment portfolios to meet their objectives, including work with staff and consultants to review guidelines as objectives and plan needs change over time. For the Authority's investment objectives of safety, liquidity and yield, the process begins with developing a strong understanding of the guidelines and objectives of the Authority's funds and implementing the fixed income strategy that would best fit the requirements. LCAM would seek to maximize net earnings for the Authority through our investment process which seeks to deliver alpha from a balanced set of sources. Overseeing this, LCAM's Risk Management and Client Compliance processes would seek to monitor and control investment risk as well ensure compliance of the investment of the Authority's funds.

Our fixed income strategies are designed to offer clients fixed income exposure with limited sensitivity to interest rates. The strategies we propose for this request for proposal are highly liquid and invests in short and intermediate maturity securities within the US Governments and Agencies, corporate bonds, mortgage and asset backed securities sectors. We seek to outperform benchmark returns through our active portfolio decisions. Our focused portfolios will typically hold between 100-250 securities depending on the size of the account, while maintaining duration within a narrow range of benchmark duration. LCAM strategies are tailored to each clients' investment goals and objectives.

Investment Philosophy & Process

We believe fixed income markets are systematically inefficient and the most effective way to capture those inefficiencies is by leveraging a diversified set of alpha sources. We believe market timing is not feasible; by focusing on fundamentals and longer-run economic trends rather than shorter-term data and market sentiment, we have been able to outperform over market cycles.



We strive to deliver alpha from a balanced set of sources, combining top-down and bottom-up approaches to investment management. Over full market cycles, we expect to deliver alpha from yield curve, sector & quality selection and security selection. Within each of these components, we aim to capture market inefficiencies created from the mispricing of risk. This diversified approach seeks to limit the reliance on any one factor to drive portfolio returns.

Our disciplined research process and nimble team structure allow us to consider a broad decision-making opportunity set. We seek not only to identify the optimal allocation among yield curve segments, sectors and issuers, but to consider the granularity of the term structure and capital structure spectrum of each individual issuer. Our ability to take advantage of operating in physical bond securities markets increases alpha generating opportunities for our clients. Portfolios are constructed within a narrow duration band relative to their benchmark indices, which minimizes market timing and emphasizes attractive sector and security selection opportunities. Our management of yield curve positioning is designed to add further value by focusing on what we believe are the most attractive portions of the yield curve.

Our investment process seeks to identify securities which are valued too cheaply with respect to one or more fundamental factors. In the case of a corporate bond, the spread or yield available for a given security(s) may reach a level we view as unjustifiable based on the issuers underlying creditworthiness. In other cases, a more seasoned security (“off the run”) may reach a valuation which is disconnected from those which were more recently issued (“on the run”), and we may earn additional spread by owning either security. We may also view the shape of an issuer’s spread curve to not appropriately reflect credit risk over time, creating opportunities in specific maturity buckets.

Risk Management

Risk management at LCAM is defined as the culture and process of the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, assessing, treating, monitoring and communicating risks that will direct us toward the effective management of potential opportunities and adverse effects. Risk management wraps our process, with daily monitoring ensuring guideline compliance and automated tools and systems are used to generate regular reports to ensure the investment team is aware of portfolio and security risk.

Investment risk is analyzed by the investment team. This management is a key component of the investment process and reflects a daily assessment of risk factors, scenario analysis, and process fidelity analysis through the comparison of ex-ante tracking error with ex-post return attribution. The management team assesses quarterly risk processes and procedures relating to best practices in portfolio management, credit risk assessment and trading.

We define risk in two ways: 1) absolute loss and 2) sustained underperformance relative to benchmark. We use a variety of parameters, incorporated in our risk system such as ex-ante tracking error, VAR, and market risk measures in an effort to ascertain individual risk factors and capture risk holistically.



Investment risk is a key component of the investment process. Our systems conduct a daily assessment of risk factors, scenario analysis, and process fidelity analysis. The team reviews the results and conducts comparisons of ex-ante tracking error with ex-post return attribution as appropriate. The management team assesses quarterly risk processes and procedures relating to best practices in portfolio management, credit risk assessment and trading.

See below examples of our portfolio controlling tools used to analyze multiple aspects of portfolio and market risk:

Ex-ante Tracking Error analysis:

Holdings	Tracking Error/Volatility		VaR		Scenarios		Perf
Primary	Factors	Risk Bets	Trends	Exposures			
	vs (HUC4)	ICE Bd	by Market Sector	in USD			
	Unit	Returns (%)					
	Port	Bmrk	+/-				
	% Wgt	% Wgt	% Wgt	Total Ri	Factor	Non-Fact	Contrib
ATEGIC IN	100.0	100.00	0.00	1.33	1.26	0.42	100.00
/22	0.57	0.20	0.38	0.01	0.01	0.01	-0.19
15/24	0.58	0.17	0.41	0.01	0.01	0.01	-0.05
1/01/22	0.90	0.17	0.73	0.00	0.00	0.00	-0.09
/15/26	0.54	0.15	0.39	0.02	0.01	0.01	-0.15
04/15/28	1.08	0.14	0.94	0.06	0.05	0.04	-0.22
% 06/30/27	0.85	0.14	0.71	0.03	0.03	0.02	0.24
05/15/24	0.70	0.13	0.57	0.02	0.01	0.01	-0.04
2/01/22	0.86	0.13	0.73	0.01	0.00	0.00	-0.07
11/01/25	0.80	0.11	0.68	0.04	0.02	0.03	-0.30
11/20/25	0.59	0.10	0.49	0.02	0.01	0.01	0.01

Scenario analysis:

DM Summary (Policy) BE Sector (Policy) BE Quality (Policy) BE Parallel Simulation									
Valuation Basis: Type: <u>Yield</u> Horiz Mos: Reinv Rate: Up (+): Dn (-): Increments:									
Market Value: Instantaneous-Maturity: 12 Reinv Rate: 0.236 Up (+): 150 Dn (-): 150 Increments: 50									
	Yield Chg (bps)	Total Return	Income Return	Price Return	Ending YTW	Ending Avg Life	Ending Eff Dur	Ending Conv	Mkt Val (USD 000)
-150	10.873	2.887	7.986	2.034	5.006	0.104	1,189,585		
-100	8.392	3.035	5.356	2.488	5.080	-0.004	1,162,957		
-50	5.863	3.170	2.692	2.945	5.209	-0.030	1,135,825		
0	3.292	3.292	0.000	3.405	5.376	-0.019	1,108,240		
50	0.690	3.402	-2.712	3.868	5.496	0.062	1,080,328		
100	-1.897	3.498	-5.395	4.333	5.560	0.143	1,052,569		
150	-4.415	3.584	-7.999	4.800	5.570	0.177	1,025,553		

Risk systems:

- ICE BondEdge: third-party portfolio management, risk management and attribution system
- Bloomberg PORT: decompose risk, analyze positioning and simulate investment strategies
- Bloomberg AIM: third-party order management and pre-trade compliance system

Client Compliance

The team responsible for ensuring that all portfolio guidelines are followed is LCAM's Senior Vice President of Compliance and Client Compliance Analyst. No outside firms are used to compliance monitoring and testing. The process includes pre- and post-trade compliance along with formal monthly compliance reviews of every portfolio.

The firm's policies and procedures for adhering to client investment guidelines are as follows:

- Account Set Up – Prior to initial investment, the Client Compliance Analyst sets up all client guidelines across compliance and portfolio management systems. All system exceptions are captured on a compliance audit report. The portfolio management team reviews and attests to guidelines before trading can commence. Guidelines are formally reviewed across systems on an annual basis, or when a change is made by the client.
- Pre-Trade Compliance - Prior to making a trading decision for a client account, the Portfolio Manager will complete a pre-trade review using the ICE BondEdge portfolio management system. The pre-trade process includes running 'what if' modules to assess the impact of a given trade on the overall portfolio. As an additional measure,



our order management system, Bloomberg AIM, will notify traders if an allocation would violate any client guidelines. Warnings and violations are flagged and must be approved by the Client Compliance Analyst. A daily compliance report is generated from Bloomberg AIM for the Client Compliance Analyst to review.

- Post-trade Compliance – Post-trade compliance is completed by the Client Compliance Analyst using ICE BondEdge. Any failures are immediately handled following our escalations process. Semi-monthly portfolio management meetings are held during which accounts are discussed and reviewed for compliance with guidelines and risk management.
- Quarterly Compliance Review – Although daily monitoring occurs, all clients are formally reviewed monthly for compliance with account restrictions. Compliance reports are prepared at a client’s request on a quarterly basis.

5.7 Describe available disbursement options and any advance notification requirements for the disbursement of funds.

Disbursement (redemptions) typically require 3 business days of notice for commingled private funds while separately managed accounts can support same day outflows.

5.8 Provide samples of investment records and reports provided to clients similar to those described in section 4.9 and 4.10.

We deliver reporting to clients on a monthly and/or quarterly basis at their choice via email by our Operations Department. These reports typically include summaries of performance, market commentary, and other information that the client requests that best facilitates their understanding of performance and progress towards mutually agreed goals.

Report sections may include, but are not limited to:

- Performance of the account
- Market commentary
- Key Portfolio Characteristics (e.g. duration, quality, yield)
- Portfolio Appraisal (only for separately managed accounts)
- Purchase and Sales (only for separately managed accounts)

Customized reporting is available as part of this process. Depending on the complexity of the customization, requests can be implemented within one to two months.

Additionally, servicing our clients includes account updates, in-depth market discussion and analysis, ad hoc topical reports, conference calls, and telephone updates. We produce monthly market updates and quarterly commentaries, which are made available to all clients.

Please see attached “LCAM Sample Quarterly Report” document.



5.9 Provide samples of all contracts and agreements required to open an investment account with your firm.

For the Authority Operating Funds and the Authority Other Post-Employment Benefit Trust Funds, we propose a commingled private fund as the vehicle type for those funds. Please see attached “Short-Term Bond LLC - Subscription Agreement” and “Core Fixed Income, LLC - Subscription Agreement” as examples of subscription agreements for to those funds.

For the Authority Bond Funds, we propose a separately managed account. Please see attached “LCAM Sample Investment Management Agreement” document as a sample of an investment management for a separately managed account.

5.10 Describe any material agreements, relationships, retainers or other employment that your firm or any employee of your firm has with any other investment banking firm, financial advisory firm, law firm, institutions of higher education or 501(c)(3) organization, or other person or entity that may create a conflict of interest or the appearance of a conflict of interest.

There are none, we do not foresee any conflict of interests in the management of this account.

5.11 Provide proof of your firm’s registration as an investment advisor under the Investment Advisers Act of 1940.

Loop Capital Asset Management (LCAM) is registered with the Securities and Exchange Commission (SEC) as a registered investment advisor since June 13, 1985. Our SEC file number is 801-69873.

Please see attached “LCAM Form ADV Part 2A” document.

5.12 Proposed Fees

Please provide your proposed compensation based on the amount of assets under management by asset class (Authority Bond Funds, Authority Operating Funds, and Authority OPEB Trust Funds). Please be sure to describe any and all fees that may be incurred by the Authority, including fees for custody arrangements and for the disbursement of funds and provide a cap for those fees on the attached EXHIBIT A. Proposed fees as stated in the completed EXHIBIT A shall remain in effect for the duration of the term of the contract. The Authority reserves the right to negotiate final fees with the vendor selected to provide services.

Please see attached “EXHIBIT A - Fee Proposal to NJEFA” document for our proposed fees.



5.13 Litigation

Describe any pending, concluded or threatened litigation and/or investigations, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests of or involving your firm or the owners, principals or employees which might materially affect your ability to serve the Authority. Describe the nature and status of the matter and the resolution, if any.

LCAM has no past or pending regulatory action, litigation, or other legal proceedings involving the firm, any registered employees or principals, or any other related individuals compensated by the firm.

5.14 Conflicts of Interest

Describe any actual or potential conflicts of interest that might arise if your firm is selected to serve as Investment Advisor to the Authority taking into consideration both the Authority and its college and university clients.

We do not anticipate any conflicts of interest in the management of this account but have established protocols to identify and mitigate conflicts should they arise.

5.15 Required Documents and Forms

In addition to all required components of the Proposal as listed above, all documents and forms listed in the RFP Checklist referenced below must be timely submitted in order for your proposal to be considered responsive to this RFP.

Please see attached “RFP Checklist” document along with attached supporting documents and forms required.

EXHIBIT A

INVESTMENT ADVISORY SERVICES

Date Issued: March 24, 2023

FEE PROPOSAL TO NJEFA

Authority Operating Funds

For the Authority Operating Funds, we propose our Short-Term Bond LLC as a commingled institutional vehicle in our LCAM Short Duration Fixed Income strategy.

Our proposed fee for this mandate is 15 basis points total per annum, including both management fee and operating expenses.

Authority Other Post-Employment Benefit (“OPEB”) Trust Funds

For the Authority OPEB Trust Funds, we propose our Core Fixed Income, LLC as a commingled institutional vehicle in our LCAM Core Fixed Income strategy.

Our proposed fee for this mandate is 30 basis points total per annum, including both management fee and operating expenses.

Authority Bond Funds

For the Authority Bond Funds, we propose a separately managed account within our LCAM Short Duration Fixed Income strategy.

LCAM Short Duration Fixed Income Separately Managed Account fee:

Assets Managed Fee

First \$25 million (\$0 up to \$25 million)	10 basis points (0.10%) per annum
Above	8 basis points (0.08%) per annum

If an intermediate core fixed income strategy is warranted to meet the needs of the Authority, we propose a separately managed account.

LCAM Intermediate Fixed Income Separately Managed Account fee:

Assets Managed Fee

First \$25 million (\$0 up to \$25 million)	22 basis points (0.22%) per annum
Next \$25 million (\$25 up to \$50 million)	17 basis points (0.17%) per annum
Above	15 basis points (0.15%) per annum

For separately managed accounts, a minimum account size of \$25 million is required. Fees are for investment management advisory activities only. We do not charge additional fees beyond investment management fees for separately managed accounts.

Biographies



James Reynolds, Jr. CFA®
Founder, Chairman and Chief Executive Officer

A 30-year veteran of the financial services industry, Mr. Reynolds held senior-level positions at several global Wall Street firms prior to founding Loop Capital—then a municipal bond firm. Since, Loop Capital has grown into one of the most dynamic and diversified investment banking firms in the country, expanding into corporate finance, global equity trading, taxable fixed income trading, tax-exempt fixed income trading, mergers and acquisitions, public finance, infrastructure investment and financial consulting. As Chairman and CEO, Mr. Reynolds spearheaded the accelerated growth and diversification of the firm, which is now one of the largest privately-held investment banks in the United States. Additionally, Loop Capital is partner in multiple business enterprises including, Loop-Counterpointe joint venture, which manages the City of Chicago PACE Program and JLC Infrastructure, an investor and asset management firm formed in 2015 with Magic Johnson Enterprises. Mr. Reynolds holds a Masters of Management in Finance from Northwestern University's Kellogg Graduate School of Management and a Bachelor of Arts in Political Science from the University of Wisconsin, La Crosse. He received his Chartered Financial Analyst designation from the AIMR in 1991 and holds 7, 24, 52, 53, 63 and 79 licenses.



Scott M. Kimball, CFA®
Managing Director, Chief Investment Officer

Scott serves as the Chief Investment Officer for LCAM, reporting directly to the CEO of Loop Capital. In this role, he oversees the strategic management of LCAM and the implementation of the team's collaborative investment process. Emphasizing a team-based approach, he and the portfolio managers implement protocol for portfolio construction and risk budgeting of client accounts. He joined LCAM in 2007 and served as a research analyst prior to joining the portfolio management team in 2011 and has since served as a member of the team's management and investment committees. Scott previously held positions at Merrill Lynch and other boutique investment firms, beginning his career in the investment industry in 2003. He earned his bachelor's degree in international business from Stetson University and holds an M.B.A. from the University of Miami. He is a CFA® charterholder. Additionally, Scott frequently appears on CNBC and Bloomberg Television as well as being a regularly featured source for The Wall Street Journal and Barron's.

Biographies



Adam M. Phillips, CFA®
Managing Director

Adam is a Managing Director for Loop Capital Asset Management, serving as a member of the team's management and investment committees and responsible for Client Portfolio Management, Sales and Distribution. He is the primary author of LCAM's Fixed Income thought leadership pieces. Adam began his career in the investment industry in 2004 and joined LCAM in 2014. Previously, he was a vice president in portfolio management at Spruce Private Investors, a member of the capital markets group at BlackRock and on the investments team at Ivy Asset Management. Adam holds a B.A. in economics and anthropology from Emory University. In addition, he is a CFA® charterholder.



Frank J. Reda, CMT
Managing Director

Frank is responsible for the firm's investment policy and strategy and manages client portfolios. As Head of Trading, he oversees trading and broker relationship management. He joined the team in 2001. Frank holds an M.S. in finance from Florida International University and a B.S. in economics and finance from Barry University. He was awarded the Chartered Market Technician (CMT) designation in 2011.



Peter Heine
Managing Director

Peter is a Managing Director at Loop Capital Asset Management. Peter began his career in the investment industry in 1994. Prior to joining LCAM in 2022, Peter was Head of Fixed Income and Senior Portfolio Manager for Smith Graham and Co. Prior to Smith Graham, Peter served as Managing Director and Head of Fixed Income with Ark Asset Management Co., Inc. He has developed and managed fixed income portfolios across the yield curve with a special focus on the credit sector. Peter's prior experience includes positions at both Morgan Stanley & Co., Inc. as well as NY LIFE Securities, Inc. Peter received his BS in Economics from the University of Connecticut.

Biographies



Ronald J. Salinas, CFA®
Senior Vice President

Ronald is a portfolio manager and Head of Research. In his role as portfolio manager, Ronald is responsible for setting portfolio strategy and overseeing implementation across high yield portfolios. In addition, he manages the research team. His responsibilities also include credit analysis on the energy, basic industry and utility sectors, a role he has held since joining the firm in 2004. Ronald holds an M.B.A. from the University of Miami and a B.B.A. in finance from the University of Notre Dame. In addition, he is a CFA® charterholder.



Timothy Alt, CFA® CMT
Senior Vice President

Tim is responsible for the firm's investment policy and strategy as well as managing client portfolios. He joined LCAM in 2019. Tim began his investment career in 2006 and his portfolio management experience in 2015. He served as Portfolio Manager and Strategist at Aviva Investors, where he helped manage domestic and global fixed income strategies. Prior to that, he held positions at BNP Paribas and Principal Global Investors. He holds a bachelor's degree in Economics from Lawrence University. In addition, he holds the CFA® and CMT designations.



George Onisiforou
Senior Vice President

George is Senior Vice President and Senior Portfolio Manager at Loop Capital Asset Management. He began his career in the fixed income securitized sectors in 1993. At LCAM, George manages the firm's cash, enhanced cash and low duration portfolios. George is responsible for reviewing, analyzing and making risk-adjusted and relative value decisions in the securitized sector including mortgage-backed and commercial-backed, asset-backed and CMO securities. Prior to joining the LCAM, George Senior Vice President, Senior Portfolio Manager and Head of Securitized Sector at Smith Graham & Co. Prior to Smith Graham, George served as a financial analyst and trader with Coastal Securities in Houston, Texas. George received an MS in Finance from the University of Houston at Clear Lake and BBA in Management from the University of Texas at Austin. He began his career.

Biographies



Maurice Chevalier, CFA®
Vice President

Maurice Chevalier is a Portfolio Manager at Loop Capital Asset Management where he primarily assists the Senior Portfolio Manager in managing the firm's exposure to cash and enhanced cash products. Maurice also trades money market and government securities. Additionally, he provides quantitative analysis as part of the firm's portfolio management risk analysis. Prior to joining LCAM in 2022, Maurice worked as a Portfolio Manager for Smith Graham & Co. He began his career in the fixed income marketplace in 2013. Maurice received his BS in Chemical Engineering and his Juris Doctor from Howard University. Maurice is a CFA Charterholder.



Andre Villarreal, CFA®
Vice President, Associate Portfolio Manager

Andre is responsible for credit analysis with a focus on the securitized sector, including agency and non-agency products, and REIT debt. He joined LCAM in 2015. Andre began his career in the investment industry in 2010. Prior to joining the firm, Andre worked as an analyst at Rialto Capital Management and Goldman Sachs. Andre received his B.B.A. in finance from Florida International University in 2011. In addition, he is a CFA® charterholder.



Steven Schneider, CFA®
Vice President, Associate Portfolio Manager

Steven is responsible for credit analysis, focusing on energy and utilities. He joined LCAM in 2017. Prior to joining the firm, Steven was a senior analyst at event-driven hedge funds and at Bear Stearns. Steven began his career in the investment industry in 2000. Steven received his B.S. in finance from the Pennsylvania State University. In addition, he is a CFA® charterholder.

Biographies



George Liu
Senior Vice President

George is a product specialist focusing on US taxable fixed income. As a member of the investment team, he serves as the liaison between the US Fixed Income team and LCAMs client and consultant partners. Prior to his current role, George served as the Head of Operations for the Miami office focusing on middle office and client service. George joined LCAM in 2015. Previously, he was a manager at Accenture, a technology and management consulting firm. George holds a B.S. in computer information science from the University of Florida.



Jackson Smith
Senior Vice President

Jackson is a Senior Vice President at Loop Capital Asset Management. Jackson is a product specialist responsible for business development and managing relations with clients and consultants. Prior to joining LCAM 2022, Jackson served as Senior Vice President and Head of Marketing and Client Services at Smith Graham, & Co. Prior to Smith Graham Jackson worked as an Analyst for the Corporate and Investment Banking Group at KeyBanc Capital Markets. Before joining KeyBanc, Jackson began his career with Amegy Bank as a Private Banking Officer. Jackson began his career experience in the financial services industry in 2013. Jackson received his BBA in Finance from the University of Miami – Coral Gables and his MBA from New York University Stern School of Business.



Michael Kravitz
Assistant Vice President

Michael is an Assistant Vice President at Loop Capital Asset Management. He began his career in investment industry in 1999. Michael is a product specialist and a member of the investment team, where he serves as the liaison between the US Fixed Income team and LCAM's client and consultant partners. Prior to Joining LCAM in 2022, Michael was a Credit Analyst at Smith Graham & Co. where he was responsible for providing analysis and recommendations on securities within the credit sector. He began his career at Ark Asset Management Co., Inc. as a portfolio analyst where he contributed to the Fixed Income Team's analysis of credit securities. Michael received his BS in finance from Villanova University and M.B.A. from New York University Stern School of Business.

Biographies



Julie Kwock
Vice President, Research Analyst

Julie is responsible for credit analysis with a focus on the retail, health care and consumer staples sectors. She joined LCAM in 2006. Julie holds an M.B.A. and an M.S. in finance from Florida International University. She holds a B.S. from the University of Central Florida.



Joseph Magazine
Vice President, Research Analyst

Joe is responsible for credit analysis with a focus on U.S. and global banks and insurance. He joined LCAM in 2016. Joe began his career in the investment industry in 2006. Prior to joining LCAM, he was a vice president working with the municipal capital markets group at Deutsche Bank. Previously, he worked at Barclays Capital, with a primary focus on insurance, and at Merrill Lynch, where he was a member of the financial institutions team and helped manage down the firm's structured credit exposure. Joe received his B.A. in finance from Pennsylvania State University in 2006.



Josu Elejabarrieta
Vice President, Research Analyst

Josu is responsible for credit analysis with a focus on media, telecommunications, and tech - electronics / software. He joined LCAM in 2019. Prior to joining the firm, Josu was a senior research analyst at Fairholme Capital Management and Indian Creek Asset Management. Before then, he was an associate at Watershed Asset Management and UBS Investment Bank. Josu began his career in the investment industry in 2005. Josu holds an M.S. in Financial Engineering from Columbia University and B.S.E.s in Aerospace and Mechanical Engineering from the University of Michigan.

Biographies



Daniesha Dawes
Associate, Research Analyst

Daniesha is responsible for credit analysis, focusing on industrials. She joined LCAM in 2020. Prior to joining the firm, Daniesha worked as a Senior Financial Analyst at Ryder System Inc. She began her career in the investment industry in 2011 working as an analyst for the Depository Trust and Clearing Corporation and then at Franklin Templeton Investments. Daniesha holds an M.B.A and an B.A. in economics from the University of Florida.



Khalfani King
Associate, Research Analyst

Khalfani is responsible for credit analysis, focusing on industrials. He joined LCAM in 2021. Prior to joining the firm, he spent two years as an analyst covering global equities, fixed income and hedge fund managers at The Commonwealth of Pennsylvania State Employees' Retirement System. Prior to that, he held an internship with the Policemen's Annuity and Benefits Fund of Chicago. Khalfani received his B.B.A. in finance from Saint Xavier University in Chicago, IL in 2017.



Nicholas Vivonetto, CFA®
Associate, Research Analyst

Nicholas is responsible for credit analysis, focusing on autos, paper/packaging, tech - hardware, and securitized. He joined LCAM in 2021. Prior to joining the firm, Nicholas was an analyst at Bank of America Merrill Lynch. Nicholas began his career in the investment industry in 2017. Nicholas holds an M.S. in Finance from Florida Atlantic University and a B.S. in Mathematics from Florida Atlantic University. In addition, he is a CFA® charterholder.

Biographies



Adam Eccles
Vice President, Trader

Adam began his career in the investment industry in 2004. Prior to joining LCAM, Adam held multiple positions with the Vanguard Group. His primary responsibility was trading Fixed Income Rates and Derivatives. Adam graduated with a B.S. in Finance from the University of South Carolina in 2004.



John Scott, CFA®
Vice President, Trader

John is a Vice President, Trader Loop Capital Asset Management. He has his career experience in the institutional fixed income industry in 1991. His responsibilities at Loop Capital include providing portfolio managers with relative value analysis as well as trade execution in the credit sector. Prior to joining LCAM in 2022, John was Vice President, Trader and Analyst at Smith Graham & Co. Before Smith Graham, John was a member of the Fixed Income Team with Ark Asset Management Co., Inc. John received a BS from the State University of New York College at Oneonta. He is also a member of the New York Society of Security Analysts and a CFA charter holder.

Biographies



Ron C. Mahaffy Jr., CCEP®
Senior Vice President

Ron is the Senior Business Risk Manager for LCAM and is responsible for identifying, evaluating, mitigating, and monitoring the company's business, operational and strategic risk. Ron is also responsible for communicating business risks to upper management while ensuring alignment with organizational objectives. In addition, he oversees our client compliance program and) ensures LCAM is aligned with Loop Capital's compliance and risk management framework. Ron also manages the middle office operations and is responsible for client reporting and business application support. Prior to joining LCAM in 2017, Ron served as Vice President of Product Control at Morgan Stanley after earning his BS in Economics from Villanova University. He is also a Certified Compliance and Ethics Professional.



Stephen Berkeley
Chief Compliance Officer and Regulatory Counsel

Stephen Berkeley serves as Chief Compliance Officer and Regulatory Counsel for Loop Capital and its affiliated entities. Prior to joining Loop Capital in 2008, Mr. Berkeley spent 9 years in private legal practice representing broker-dealers and investment advisors in arbitrations, regulatory investigations and on general compliance matters. Mr. Berkeley started his career as an enforcement attorney with the Securities Division of the Arizona Corporation Commission where he investigated and prosecuted securities enforcement actions against broker-dealers and investment advisors. He is a licensed attorney in Illinois and Arizona and holds 7, 24, 53, 63, 79 and 87 licenses and currently serves on the FINRA Midwest Regional Committee. Mr. Berkeley earned his Juris Doctorate from Chicago-Kent College of Law and earned a Bachelors of Arts from Hamilton College.

Biographies



Richard Deary
Senior Vice President

Richard Deary is responsible for developing and leading the firm's business development strategy and serves as a primary point of contact for the firm's prospective clients. Prior to joining Loop Capital, Richard has been a principal and leader for a number of institutional money management firms for over 25 years, focused on providing investment solutions to public and corporate pension plans, foundations and endowments, and the investment consulting community. He has served as a strong client advocate and trusted advisor to leadership teams in public, private, and non-profit sectors with extensive experience in both financial and client services. Richard graduated Cum Laude from Oakland University in Rochester Hills, Michigan, and with the highest honors from Oakland University Honors College with a B.A in Communications. He has been an active board member for several non-profit organizations over the years and currently serves as the Ministry Leader for Celebrate Recovery at Southbridge Fellowship in Raleigh. Outside of work, he enjoys spending time with his wife and best friend of 20+ years, their two children, his work with the church, and is an avid sports fan.

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
2023 BUDGET VARIANCE ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

EXECUTIVE SUMMARY

Net Operating Income

The NJEFA concluded March with a year-to-date net operating income in the amount of \$399,619 based on year-to-date revenues of \$1,096,273 and expenses of \$696,654.

Revenues

Year-to-date revenues were \$247,489 more than projected due to the timing of investment income.

Expenses

Operating expenditures for the first three months of the year were under budget by \$142,447 primarily due to timing of expenditures.

Exhibits

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Operating Account – Vendor Payments	2
Summary of Construction Funds	3

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
ACTUAL vs. BUDGET REPORT
MARCH 2023

	Month Ended March 31, 2023			Year Ended March 31, 2023		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<u>Operating Revenues</u>						
Annual Administrative Fees	\$274,593	\$274,593	\$ -	\$ 823,778	\$ 823,781	\$ (3)
Initial Fees	-	-	-	-	-	-
Investment Income	117,289	8,333	108,956	272,495	25,003	247,492
	<u>\$ 391,882</u>	<u>\$ 282,926</u>	<u>\$ 108,956</u>	<u>\$ 1,096,273</u>	<u>\$ 848,784</u>	<u>\$ 247,489</u>
<u>Operating Expenses</u>						
Salaries	\$159,247	\$129,594	\$ (29,653)	\$ 393,755	\$ 388,791	\$ (4,964)
Employee Benefits	47,050	60,369	13,319	142,208	181,113	38,905
Provision for Post Ret. Health Benefits	8,337	8,333	(4)	25,011	25,003	(8)
Office of The Governor	2,083	2,083	-	6,250	6,253	3
Office of The Attorney General	3,000	12,500	9,500	9,000	37,500	28,500
Sponsored Programs & Meetings	-	938	938	-	2,808	2,808
Telecom & Data	3,739	4,833	1,094	7,804	14,503	6,699
Rent	16,445	16,667	222	49,335	49,997	662
Utilities	2,738	3,333	595	8,213	10,003	1,790
Office Supplies & Postage Expense	989	1,633	644	(2,291)	4,903	7,194
Travel & Expense Reimbursement	-	1,408	1,408	-	4,228	4,228
Staff Training & Conferences	152	2,483	2,331	152	7,453	7,301
Insurance	5,094	5,583	489	15,282	16,753	1,471
Publications & Public Relations	-	1,806	1,806	-	5,421	5,421
Professional Services	10,462	19,210	8,748	29,668	57,608	27,940
Dues & Subscriptions	2,688	6,405	3,717	8,154	19,219	11,065
Maintenance Expense	207	1,417	1,210	1,128	4,247	3,119
Depreciation	995	1,100	105	2,985	3,298	313
Contingency	-	-	-	-	-	-
	<u>263,226</u>	<u>279,695</u>	<u>16,469</u>	<u>696,654</u>	<u>839,101</u>	<u>142,447</u>
Net Operating Income	<u>\$ 128,656</u>	<u>\$ 3,231</u>	<u>\$ 125,425</u>	<u>\$ 399,619</u>	<u>\$ 9,683</u>	<u>\$ 389,936</u>

**NJEFA
Vendor Payments
March 2023**

Type	Date	Num	Name	Memo	Account	Accrual Basis Amount
Bill Pmt -Check	03/07/2023	EFT	NJSHBP	Feb Covg	Accounts Payable	18,145.37
Bill Pmt -Check	03/07/2023	EFT	NJSHBP	Feb Covg	Accounts Payable	3,536.26
Bill Pmt -Check	03/07/2023	EFT	BMO Financial Group	ATT, Comcast	Accounts Payable	102.56
Bill Pmt -Check	03/27/2023	13015	100 & RW CRA, LLC	012437	Accounts Payable	22,977.67
Bill Pmt -Check	03/27/2023	13016	Arizent (SourceMedia) RFP etc.	ADV07155 RFQ Underwriter	Accounts Payable	850.00
Bill Pmt -Check	03/27/2023	13017	Eckert Seamans	1716850, 1721665	Accounts Payable	18,200.00
Bill Pmt -Check	03/27/2023	13018	Government News Network	97152-G	Accounts Payable	410.00
Bill Pmt -Check	03/27/2023	13019	NJ OIT Fiscal Services	2023February	Accounts Payable	1,990.70
Bill Pmt -Check	03/27/2023	13020	NJICLE	20230503 Webinar E Yang	Accounts Payable	152.00
Bill Pmt -Check	03/27/2023	13021	TGI Office Automation	INV3583137	Accounts Payable	207.00
Bill Pmt -Check	03/27/2023	13022	Treasurer, State of New Jersey - Pinnacle	022823	Accounts Payable	1,357.38
Bill Pmt -Check	03/27/2023	13023	UPS	2Y687X093	Accounts Payable	49.40
Bill Pmt -Check	03/27/2023	13024	US Bank (PFM)	13628970, 13419487D, 13630651D	Accounts Payable	1,750.80
Bill Pmt -Check	03/27/2023	13025	Verizon Wireless	9929089021	Accounts Payable	288.47
Bill Pmt -Check	03/27/2023	13026	W.B. Mason Company, Inc.	IS1519037	Accounts Payable	90.55
						70,108.16

**New Jersey Educational Facilities Authority
Summary of Construction Funds
As of March 31, 2023**

<u>Institution</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<u>Private</u>					
Princeton University	Various Capital Improvements & Renovations	\$ 339,184,241	\$ (188,521,038)	\$ 150,663,203	56%
Seton Hall University	Construction new student housing and athletic facilities	70,000,000	(2,084,153)	67,915,847	3%
Georgian Court University	Various Capital Improvements & Renovations, Refund 07 D, H	7,874,383	(6,734,869)	1,139,514	86%
Sub Total		<u>417,058,624</u>	<u>(197,340,059)</u>	<u>219,718,565</u>	
<u>Public</u>					
Ramapo College	Academic Building and Administrative Office Renovations	\$ 10,000,000	\$ 191,807	\$ 10,191,807	-2%
William Paterson Univeristy	Renovation of buildings, Child Development Center	20,000,000	(17,373,847)	2,626,153	87%
Sub Total		<u>30,000,000</u>	<u>(17,182,040)</u>	<u>12,817,960</u>	
<u>Other Programs</u>					
Equipment Leasing Fund	Acquisition and Installation of Equipment	\$ 101,266,893	\$ (99,880,695)	\$ 1,386,198	99%
Technology Infrastructure Fund	Development of Technology Infrastructure	41,313,667	(39,905,350)	1,408,317	97%
Capital Improvement Fund	Capital Improvements	191,905,596	(190,226,437)	1,679,159	99%
Facilities Trust Fund	Construct, Reconstruct, Develop & Improve Facilities	219,977,164	(218,493,787)	1,483,377	99%
Capital Improvement Fund	Capital Improvements	146,700,261	(146,365,350)	334,911	100%
Sub Total		<u>701,163,581</u>	<u>(694,871,620)</u>	<u>6,291,962</u>	
Grand Total		<u><u>1,148,222,205</u></u>	<u><u>(909,393,719)</u></u>	<u><u>238,828,487</u></u>	

* This issue has reached a completion rate of 95% or higher and will not appear on future reports.