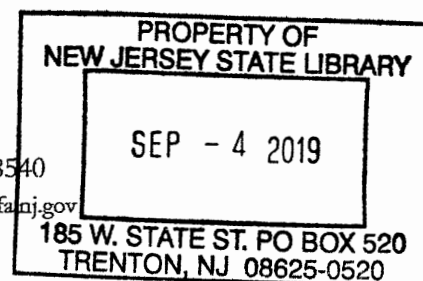




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Eric D. Brophy, Esq.  
*Executive Director*

August 22, 2019

**VIA HAND DELIVERY**

Honorable Philip D. Murphy  
Governor  
225 West State Street  
Trenton, New Jersey 08609

**ATTN:** Craig A. Ambrose, Associate Counsel  
Governor's Authorities Unit

Dear Governor Murphy:

Enclosed please find an original and one copy of the minutes of the meeting of the New Jersey Educational Facilities Authority held on Tuesday, August 20, 2019.

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

Sincerely,



Eric D. Brophy  
Secretary

Enclosures

Jamie O'Donnell, Senior Communications Manager  
Sheila Toles, Exec. Asst./Human Resources Manager

**ALSO PRESENT:**

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

**ITEMS OF DISCUSSION**

**1. Approval of the Minutes of the Meeting of June 27, 2019**

The minutes of the meeting of June 27, 2019 were delivered via United Parcel Service to Governor Philip Murphy under the date of June 28, 2019. Mr. Hutchinson moved the meeting minutes for approval as presented; the motion was seconded by Mr. Rodriguez and passed unanimously.

**2. Executive Director's Report**

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

Mr. Brophy reported on various meetings attended by himself and/or Authority staff since the June Authority meeting.

Mr. Brophy reported that staff continued to discuss P3 regulations and had offered comments to the Department of Treasury prior to the due date of August 16, 2019 and anticipated bringing a Memorandum of Understanding (MOU) to the Members at the September Authority meeting. Mr. Brophy explained that the MOU would establish a framework for the Authority's work with Treasury on implementation of the P3 law, project review and approval, and project financing.

Mr. Brophy reported that staff was analyzing the proposed State Library grant regulations and planned to provide comments on regulations prior to the August 30, 2019 due date. He reported that staff also expected to present a MOU with the State Librarian and Thomas Edison State University to administer the grant program to the Members at the September meeting.

Mr. Brophy reported that the Authority had made several administrative amendments to the Employee Policy Manual. The amendments include an increase by the Internal Revenue Service to the Authority's Flexible Spending Plan. He reported that the pre-tax maximum had been increased from \$2,500 to \$2,700 annually; the Employment Termination policy was updated to clarify termination procedures; and the Business Travel Expenses policy had been amended to reflect an increase from 31 cents to 35 cents per mile pursuant to Circular 20-02-OMB.

Mr. Nelson reported that the professionals on the transaction were previously approved at the Authority's November 27, 2018 meeting. He reported that Barclays Capital, Inc. was serving as senior manager and co-managers included J.P. Morgan Securities, LLC; Ramirez & Co., Inc.; TD Securities, LLC; and Wells Fargo Securities. He reported that the Authority was being represented by its counsel McManimon, Scotland & Bauman, LLC.

Mr. Nelson reported that the 2019 tax-exempt and taxable issue would principally finance the construction of new student housing and a University Center project. He reported that the transaction would be historic because it would be the largest single project new money financing in the Authority's history and would also be the Authority's first Green Bond issuance. The Institute's Green Bond issuance is also one of the first for New Jersey higher education. Mr. Nelson explained that Green Bonds are traditional municipal bonds but that the proceeds are used for environmentally beneficial projects and are monitored and reported on in order to ensure proper green use of proceeds.

Mr. Nelson reported that the buildings comprising the Student Housing and University Center Project were expected to receive a LEED Silver certification from the U.S. Green Building Council and that since 2013, national Green Bond activity had exceeded \$42 billion, including \$1.8 billion issued for higher education institutions, including the University of Virginia, New York University and Columbia University, among others.

Louis Mayer, CFO and VP for Finance & Treasurer thanked the Authority and described the project.

Nicholas Concillio, Esq. of McManimon, Scotland & Bauman, LLC, bond counsel, described the resolution.

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

RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY  
EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS,  
STEVENS INSTITUTE OF TECHNOLOGY ISSUE, 2019 SERIES  
C (TAX-EXEMPT) (GREEN BONDS) AND REVENUE BONDS,  
STEVENS INSTITUTE OF TECHNOLOGY ISSUE, 2019 SERIES  
D (FEDERALLY TAXABLE) (GREEN BONDS)

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

The adopted resolution is appended as Exhibit I.

forth in the resolution and the RFP to provide arbitrage compliance services for a period of three years, commencing on the effective date of the resolution, with two additional successive periods of 12 months each at the Authority's discretion unless terminated earlier in the sole discretion of the Authority. Mr. Sootkoos explained that the Authority was recommending the engagement of two firms in order to obtain a well-rounded, diverse set of professionals to provide advice and opinions on a variety of arbitrage and IRS compliance matters.

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

RESOLUTION OF THE NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY APPROVING THE APPOINTMENT OF  
AN ARBITRAGE COMPLIANCE SERVICE PROVIDER

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

The adopted resolution is appended as Exhibit III.

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

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

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

The reports are appended as Exhibit IV.

**8. Next Meeting Date**

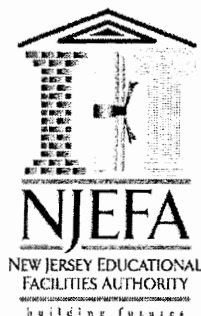
Mr. Hodes reminded everyone that the next meeting was scheduled for Tuesday, September 24<sup>th</sup> at 10:00 a.m. at the Authority offices and requested a motion to adjourn.

Mr. Hutchinson moved that the meeting be adjourned at 10:39 a.m. The motion was seconded by Ms. Bethea and passed unanimously.

Respectfully submitted,

  
Eric D. Brophy  
Secretary





103 COLLEGE ROAD EAST • PRINCETON, NEW JERSEY 08540  
PHONE 609-987-0880 • FAX 609-987-0850 • [www.njefa.com](http://www.njefa.com)

**TERM SHEET**

**Borrower:** Stevens Institute of Technology, Hoboken, New Jersey

**Issue:** 2019 Series C (Tax-Exempt) (Green Bonds) and 2019 Series D (Federally Taxable) (Green Bonds) (the "Bonds")

**Amount:** Not to Exceed \$270,000,000

**Purpose:** To provide funds to finance a project consisting of: (i) the construction, renovation and equipping of the new Student Housing and University Center Project; (ii) the construction, renovation, expansion and equipping of certain additional facilities of the Private University for research and education, including, but not limited to, projects included in the Private University's long-range facilities plan; (iii) fund capitalized interest, if any, for the Bonds; and, (iv) the payment of certain costs of issuance.

**Security:** General Obligation of the University

**Structure:** Negotiated Sale, Fixed Rate

**Term:** No later than July 1, 2059 (expected July 1, 2049)

**True Interest Cost:** Not to Exceed 6.00%

**Current Bond Rating:** A- (Standard & Poor's)

**Tentative Sale Date:** November 2019

**Tentative Closing Date:** December 2019

The Authority Members will be asked to adopt the 2019 Series C (Tax-Exempt) (Green Bonds) and 2019 Series D (Federally Taxable) (Green Bonds) Series Resolution pertaining to the Bonds which outlines the various parameters of the financing; authorizes the issuance of the Bonds; authorizes and approves the form of and entry into all legal documents necessary for the financing; and delegates to any Authorized Officer of the Authority the ability to take all actions as may be necessary to sell, award and issue the Bonds and execute all necessary bond documents to finalize this transaction.

**Professionals on the Transaction:**

<b>Bond Counsel:</b>	McManimon, Scotland & Baumann, LLC
<b>Authority's Counsel:</b>	Attorney General of the State of New Jersey
<b>University's Financial Advisor:</b>	The Yuba Group, LLC
<b>Borrower's Counsel:</b>	McCarter & English LLP
<b>Trustee:</b>	U.S. Bank National Association
<b>Trustee's Counsel:</b>	M. Jeremy Ostow, Esq.
<b>Senior Manager:</b>	Barclays Capital, Inc.
<b>Co-Managers:</b>	J.P. Morgan Securities LLC
	Ramirez & Co., Inc.
	TD Securities (USA) LLC
	Wells Fargo Securities
<b>Underwriter's Counsel:</b>	Ballard Spahr LLP
<b>Printer:</b>	ImageMaster LLC

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**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

**RESOLUTION AUTHORIZING THE ISSUANCE OF  
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
REVENUE BONDS, STEVENS INSTITUTE OF TECHNOLOGY ISSUE,  
2019 SERIES C (TAX-EXEMPT) (GREEN BONDS), AND  
REVENUE BONDS, STEVENS INSTITUTE OF TECHNOLOGY ISSUE,  
2019 SERIES D (FEDERALLY TAXABLE) (GREEN BONDS)**

**ADOPTED: AUGUST 20, 2019**

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**RESOLUTION AUTHORIZING THE ISSUANCE OF NEW  
JERSEY EDUCATIONAL FACILITIES AUTHORITY  
REVENUE BONDS, STEVENS INSTITUTE OF  
TECHNOLOGY ISSUE, 2019 SERIES C (TAX-EXEMPT)  
(GREEN BONDS), AND REVENUE BONDS, STEVENS  
INSTITUTE OF TECHNOLOGY ISSUE, 2019 SERIES D  
(FEDERALLY TAXABLE) (GREEN BONDS)**

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

**WHEREAS**, The Trustees of the Stevens Institute of Technology (the "*Private University*") has determined to undertake a capital project consisting of (i) the construction, renovation and equipping of the new Student Housing and University Center Project and (ii) the construction, renovation, expansion and equipping of certain additional facilities of the Private University for research and education, including, but not limited to, projects included in the Private University's long-range facilities plan (collectively, the "*Capital Project*"); and

**WHEREAS**, the Private University has requested that the Authority issue one or more series of bonds as described herein for the purpose of providing funds to: (i) finance or refinance the Capital Project; (ii) fund capitalized interest, if any, for the Bonds (as hereinafter defined); and (iii) pay certain costs of issuance of the Bonds (collectively, the "*Project*"), all as presented, submitted and approved by the Private University's Board of Trustees; and

**WHEREAS**, the Authority has determined that it is necessary and in keeping with its authorized purposes to issue two series of bonds to be designated (i) "New Jersey Educational Facilities Authority Revenue Bonds, Stevens Institute of Technology Issue, 2019 Series C (Tax-Exempt) (Green Bonds)" (the "*Tax-Exempt Bonds*") and (ii) "New Jersey Educational Facilities Authority Revenue Bonds, Stevens Institute of Technology Issue, 2019 Series D (Federally Taxable) (Green Bonds)" (the "*Taxable Bonds*"; and together with the Tax-Exempt Bonds, the "*Bonds*") or such other designation as may be determined by the Authority for the purpose of providing funds to finance or refinance the Capital Project, to fund capitalized interest, if any, for the Bonds and to pay certain costs of issuance of the Bonds, in whole or in part; and

**WHEREAS**, the Authority has approved the appointment of Barclays Capital, Inc. (the "*Underwriter*") as the underwriter in connection with the issuance of the Bonds and U.S. Bank National Association (together with its successors in trust, the "*Trustee*") as trustee for the Bonds, by resolution duly adopted on November 27, 2018 (the "*Procurement Resolution*"); and

**WHEREAS**, the Bonds will be issued under and secured by a Trust Indenture dated as of the first day of the month of issuance of the Bonds (the "*Indenture*") to be entered into by and between the Authority and the Trustee; and

**WHEREAS**, the Bonds are payable solely from Revenues (as defined in the Indenture), other than Additional Loan Payments (as defined in the hereinafter defined Loan Agreement), and from amounts on deposit in certain funds and accounts established pursuant to the Indenture; and

**WHEREAS**, the repayment of the Bonds will be secured by a Loan Agreement dated as of the first day of the month of issuance of the Bonds (the "*Loan Agreement*") to be entered into by and between the Authority and the Private University, pursuant to which the Authority will loan the proceeds of the Bonds to the Private University and wherein the Private University agrees to, among other things, make certain loan payments to the Authority, all as set forth in the Loan Agreement; and

**WHEREAS**, the obligation of the Private University to make the payments required under the Loan Agreement for the payment of debt service on the Bonds constitutes a general obligation of the Private University; and

**WHEREAS**, the Authority desires to approve the form of and authorize the preparation and distribution of a Preliminary Official Statement (as hereinafter defined) and a final Official Statement (as hereinafter defined) with respect to the Bonds, to authorize the appropriate officers of the Authority to deem said Preliminary Official Statement final and to authorize the preparation and distribution of said final Official Statement to be used in connection with the offering and sale of the Bonds; and

**WHEREAS**, the Authority deems it necessary and in keeping with its purposes to issue the Bonds under the Indenture herein authorized for the purposes of financing all or any combination of the purposes enumerated above; and to authorize certain actions and the execution and delivery of certain documents in connection therewith; and

**WHEREAS**, the Private University has advised that it may pay for certain costs of the Capital Project (the "*Capital Project Costs*") prior to the issuance of the Tax-Exempt Bonds with funds of the Private University that are not proceeds of tax-exempt bonds; and

**WHEREAS**, the Authority desires to preserve the right to allocate a portion of the proceeds of the Tax-Exempt Bonds to the reimbursement of Capital Project Costs paid prior to the issuance of the Tax-Exempt Bonds as an expenditure for such Capital Project Costs to be reimbursed for purposes of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "*Code*"); and

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

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

## ARTICLE I

### AUTHORIZATION OF BONDS AND APPROVAL OF DOCUMENTS

#### 1.1 Purpose and Issuance of Bonds.

The Authority hereby declares the Project to be an authorized undertaking of the Authority and authorizes and directs the Chair, Vice Chair, Executive Director, Deputy Executive Director, Treasurer, Director of Project Management, Director of Compliance Management, Secretary, Assistant Treasurer or any Assistant Secretary of the Authority, and any other person authorized by resolution of the Authority and any of such officers designated as "acting" or "interim" (each an "*Authorized Officer*"), to execute and deliver all documents necessary to enable the Authority, as permitted by the Act, to finance or refinance, on behalf of the Private University, the costs of the Capital Project, to fund capitalized interest, if any, for the Bonds and to pay certain costs of issuance of the Bonds, in whole or in part.

#### 1.2 Authorization of Bonds.

(a) The Authority hereby authorizes the issuance of the Bonds, in the aggregate principal amount not-to-exceed \$270,000,000, in one or more series from time to time, in order to finance or refinance, on behalf of the Private University, the costs of the Capital Project, to fund capitalized interest, if any, for the Bonds and to pay certain costs of issuance of the Bonds, in whole or in part. The initial Tax-Exempt Bonds shall be designated "New Jersey Educational Facilities Authority Revenue Bonds, Stevens Institute of Technology Issue, 2019 Series C (Tax-Exempt) (Green Bonds)" or such other designation as an Authorized Officer may determine. The initial Taxable Bonds shall be designated "New Jersey Educational Facilities Authority Revenue Bonds, Stevens Institute of Technology Issue, 2019 Series D (Federally Taxable) (Green Bonds)" or such other designation as an Authorized Officer may determine.

(b) Any Authorized Officer is hereby authorized to execute and deliver, on behalf of the Authority, a Bond Purchase Agreement (the "*Bond Purchase Agreement*") by and among the Authority, the Private University and the Underwriter (on behalf of itself and any other members of an underwriting syndicate headed by such firm selected in accordance with the Procurement Resolution), in substantially the form presented to this meeting with such changes as shall be approved by an Authorized Officer, with the advice of McManimon, Scotland & Baumann, LLC, bond counsel to the Authority ("*Bond Counsel*"), and the Attorney General of the State (such approval to be evidenced conclusively by such Authorized Officer's execution thereof), for the purchase of the Bonds at the price or prices to be agreed upon; *provided, however*, that the Underwriter's discount for (x) the Tax-Exempt Bonds shall not exceed \$6.00 per \$1,000 of the principal amount thereof and (y) the Taxable Bonds shall not exceed \$6.00 per \$1,000 of the principal amount thereof. A copy of the Bond Purchase Agreement, as executed, shall be filed with the records of the Authority.

(c) The Bonds shall be issued in fully registered form, shall be in the denominations and shall be numbered as shall be provided in the Indenture. The Bonds shall be dated, bear interest, mature and be executed and authenticated as shall be set forth in the Indenture; *provided, however*, that the final maturity date of the Bonds will be no later than July 1, 2059.

The Tax-Exempt Bonds shall bear interest at one or more fixed rates as described in the Indenture, with a true interest cost not-to-exceed 6.00%, and the Taxable Bonds shall bear interest at one or more fixed rates as described in the Indenture, with a true interest cost not-to-exceed 6.00%. The Bonds shall be subject to redemption as provided in the Indenture; *provided, however,* that the redemption premium, if any, on the Bonds shall not exceed 2.00% and *provided, further,* that the redemption premium on any Bonds subject to redemption pursuant to a "make-whole" provision may exceed 2.00% if so determined by an Authorized Officer. Unless the Private University directs the Authority to utilize a debt service reserve fund for the Bonds, the Bonds shall be issued without a debt service reserve fund.

(d) The Bonds shall be in substantially the form set forth in the Indenture, with such insertions, omissions or variations as may be necessary or appropriate, as approved by an Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State.

(e) The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chair, Vice Chair, Executive Director or Deputy Executive Director, and any of such officers designated as "acting" or "interim", and its official common seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Executive Director, Deputy Executive Director, Secretary, Assistant Treasurer or any Assistant Secretary, and any of such officers designated as "acting" or "interim", or in such other manner as may be provided by law; *provided,* the Bonds may not be attested by the Authorized Officer executing the Bonds.

(f) Following the execution of the Bonds, any Authorized Officer is hereby authorized to deliver the executed Bonds to the Trustee for authentication and, after authentication, to cause the delivery of such Bonds to the Underwriter or its agent against receipt of the purchase price or unpaid balance thereof.

(g) The Authority hereby finds and determines that the issuance of the Bonds involves certain circumstances under which a negotiated bond sale is permissible as outlined in Executive Order No. 26 (Whitman 1994), namely, volatile market conditions and a complex financing structure, and a competitive sale of the Bonds is not in the best interest of the Authority and the Private University.

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

(a) The form of the Preliminary Official Statement (the "*Preliminary Official Statement*") presented at this meeting is hereby approved (a copy of which shall be filed with the records of the Authority) and distribution by the Underwriter of the Preliminary Official Statement relating to the Bonds is hereby authorized in substantially such form, with such insertions, deletions and changes therein and any supplements thereto as may be approved by an Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State. Any Authorized Officer is hereby authorized to "deem final" the Preliminary Official Statement in accordance with Rule 15c2-12 of the Securities and Exchange Commission, if applicable.

(b) Any Authorized Officer is hereby authorized and directed to execute and deliver the final Official Statement (the "*Official Statement*"), in substantially the form of the Preliminary Official Statement, with such changes, insertions and alterations as the Authorized Officer executing same shall approve, with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by the execution thereof by such Authorized Officer.

#### **1.4 Approval of Loan Agreement.**

The form of the Loan Agreement presented at this meeting (a copy of which shall be filed with the records of the Authority) is hereby approved. Any Authorized Officer is hereby authorized and directed to execute, acknowledge and deliver, and any other Authorized Officer is hereby authorized and directed to affix and attest the official common seal of the Authority to, the Loan Agreement in substantially such form, with such changes therein (including, without limitation, the date thereof and any acceptable covenants or provisions that may be required by the Underwriter or the bond insurer, if any) and any supplements thereto as the Authorized Officer executing the same may approve, with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

#### **1.5 Approval of Indenture.**

The form of the Indenture presented at this meeting (a copy of which shall be filed with the records of the Authority) is hereby approved. Any Authorized Officer is hereby authorized and directed to execute, acknowledge and deliver, and any other Authorized Officer is hereby authorized and directed to affix and attest the official common seal of the Authority to, the Indenture in substantially such form, with such insertions and changes therein (including, without limitation, the date thereof, the initial interest payment date contained therein, any provisions relating to a policy of insurance insuring principal and interest when due on the Bonds, if any, and any acceptable covenants or provisions that may be required by the Underwriter or the bond insurer, if any) and any supplements thereto as the Authorized Officer executing the same may approve, with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

#### **1.6 Debt Service Reserve Fund.**

If the Private University directs the Authority to utilize a debt service reserve fund for the Bonds, the Authorized Officers, with the advice of Bond Counsel, the Underwriter and the Attorney General of the State, are hereby authorized and directed to determine the debt service reserve requirement, if any, for the Bonds, to obtain a surety for all or a portion of such debt service reserve requirement and to establish a separate debt service reserve fund with respect to the Bonds, as they shall determine to be necessary or appropriate.



### **1.7 Bond Insurance and Surety Authorized.**

Any Authorized Officer is hereby authorized to: (i) select a municipal bond insurer (the "*Bond Insurer*") for the Bonds pursuant to a competitive solicitation process and in accordance with applicable law, to the extent that such Authorized Officer with the advice of the Underwriter and the Attorney General of the State and with the approval of the Private University determines that bond insurance or a surety for the debt service reserve fund is necessary or desirable in order to market the Bonds and provided that the Underwriter will be able to certify substantially to the effect that the present value of the premium for the bond insurance is less than the present value of the interest reasonably expected to be saved as a result of obtaining the bond insurance; (ii) execute a commitment letter for the issuance of a bond insurance and surety policy or policies (collectively, the "*Policy*") by such Bond Insurer (or a certificate evidencing selection of the Bond Insurer); (iii) carry out the Authority's obligations thereunder (including payment of the premium for the Policy); and (iv) accept the terms and conditions relating to the Bonds required by the Bond Insurer as a condition to the issuance of the Policy and to incorporate such terms and conditions into the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement as such Authorized Officer deems necessary and appropriate, with the advice of Bond Counsel and the Attorney General of the State.

### **1.8 Continuing Disclosure.**

Pursuant to the Loan Agreement, the Private University will undertake all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the holders of the Bonds or any other person with respect to such disclosure matters. The form of the Continuing Disclosure Agreement (the "*Continuing Disclosure Agreement*") by and between the Private University and the Trustee, as dissemination agent (the "*Dissemination Agent*"), presented at this meeting (a copy of which shall be filed with the records of the Authority) is hereby approved. The Trustee shall be appointed to act as Dissemination Agent under the Continuing Disclosure Agreement, and the Trustee shall comply with and carry out all of the obligations imposed on the Dissemination Agent under the Continuing Disclosure Agreement and the Loan Agreement. The failure of the Private University or the Dissemination Agent to comply with the requirements of the Continuing Disclosure Agreement shall not constitute a default under the Indenture or the Loan Agreement.

### **1.9 Authorization to Invest Bond Proceeds and Certain Funds.**

Any Authorized Officer is authorized to enter into or direct the Trustee to enter into one or more agreements to invest the proceeds of the Bonds in the investments permissible under the Indenture or as permitted by the Bond Insurer, if any, which includes investment agreements and repurchase agreements (the "*Investment Obligations*"), in the event that such Authorized Officer determines, in consultation with and with the consent of the Private University, that it is advantageous to the Private University for the Authority to invest any proceeds of the Bonds in such Investment Obligations. The form of any such investment agreement or repurchase agreement shall be approved by an Authorized Officer, with the advice of Bond Counsel and the Attorney General of the State.

**1.10 Book-Entry System for Bonds.**

Except as provided in the Indenture, the registered owner of all the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC.

**1.11 Conformance of Documents.**

Any Authorized Officer is hereby authorized and directed to approve, as Bond Counsel may advise, such changes to the forms of the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Loan Agreement, the Indenture and such other agreements, documents or certificates as may be necessary and appropriate to conform same to the bond insurance requirements of the Bond Insurer, if any, with the advice of Bond Counsel and the Attorney General of the State, such approval to be evidenced conclusively by such Authorized Officer's execution thereof.

**ARTICLE II**

**MISCELLANEOUS**

**2.1 Incidental Actions.**

(a) The Authorized Officers of the Authority are hereby authorized and directed to execute and deliver such other documents, certificates, directions, releases and notices, and to take such other action as may be necessary or appropriate, in order to: (i) effectuate the delivery of the Preliminary Official Statement and the execution and delivery of the Bond Purchase Agreement, the Loan Agreement, the Indenture and the Official Statement and the transactions contemplated thereby, including, but not limited to, the sale and issuance of the Bonds; (ii) implement the DTC book-entry-only system for the Bonds; (iii) maintain the tax-exempt status of the interest on the Tax-Exempt Bonds (including the preparation and filing of any information reports or other documents with respect to the Tax-Exempt Bonds as may at any time be required under Section 149 of the Code and any regulations promulgated thereunder); (iv) obtain the Policy, if any; and (v) enter into, or cause to be entered into, one or more agreements to invest the proceeds of the Bonds in Investment Obligations.

(b) The Authorized Officers are hereby authorized and directed to take such actions from time to time as may be necessary or appropriate to: (i) determine, prior to the issuance of the Bonds, the specific real and/or personal property to be subject to the Loan Agreement, if any; and (ii) execute and deliver such other documents, certificates, directions and notices and to take such other action as may be necessary or appropriate in order to implement actions authorized under this Section 2.1(b) in the form approved by the Authorized Officer executing same, such execution being conclusive evidence of such approval; *provided, however*, that in the case of actions authorized by this Section 2.1(b), the Authority is advised by Bond Counsel and/or the Attorney General of the State that the action does not adversely affect the tax-exempt status of the Tax-Exempt Bonds or the security of the holders of the Bonds and that the action and documentation is undertaken in accordance with the documentation for the Bonds.

**2.2    Reimbursement.**

(a)    The Authority reasonably expects that the Private University will seek reimbursement of its expenditures of Capital Project Costs paid with funds of the Private University that are not proceeds of tax-exempt bonds prior to the issuance of the Tax-Exempt Bonds, with proceeds of the Tax-Exempt Bonds.

(b)    This Resolution is intended to be and hereby is a declaration of the Authority's official intent to reimburse the expenditures for Capital Project Costs paid with funds of the Private University that are not proceeds of tax-exempt bonds prior to the issuance of the Tax-Exempt Bonds, with the proceeds of the Tax-Exempt Bonds in accordance with §1.150-2 of the Treasury Regulations.

**2.3    Prior Resolutions.**

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

**2.4    Effective Date.**

This Resolution shall take effect in accordance with the Act.

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

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Elizabeth Maher Muoio (represented by David Moore)  
Louis Rodriguez  
Zakiya Smith Ellis (represented by Angela Bethea)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

\$[ ]  
New Jersey Educational Facilities Authority  
Revenue Bonds  
Stevens Institute of Technology Issue  
2019 Series C (Tax-Exempt) (Green Bonds)

\$[ ]  
New Jersey Educational Facilities Authority  
Revenue Bonds  
Stevens Institute of Technology Issue  
2019 Series D (Federally Taxable) (Green Bonds)

## BOND PURCHASE AGREEMENT

[ ], 2019

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

The Trustees of the Stevens Institute of Technology  
Howe Center, 13<sup>th</sup> Floor  
One Castle Point on Hudson  
Hoboken, New Jersey 07030

Dear Ladies and Gentlemen:

Barclays Capital, Inc., as representative (the "Representative"), acting for and on behalf of itself and the underwriters named in the list attached hereto and incorporated herein by this reference as Schedule I (the "Underwriter" or "Underwriters," as the context may require), hereby offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the New Jersey Educational Facilities Authority (the "Authority"), which, upon the Authority's acceptance of this offer and upon execution hereof on behalf of The Trustees of the Stevens Institute of Technology (the "University"), will be binding upon the Authority, the University and the Underwriters. Capitalized terms used herein and not otherwise defined shall have the same meanings assigned to such terms in the Official Statement hereinafter referred to.

This offer is made subject to your acceptance on or before 8:00 P.M., prevailing Eastern time, on the date hereof.

### 1. Purchase and Sale of 2019 Bonds; Establishment of Issue Price.

(a) Upon the terms and conditions and upon the basis of the representations, warranties and covenants herein, the Underwriters hereby agree to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriters the Authority's \$[ ] Revenue Bonds, Stevens Institute of Technology Issue, consisting of \$[ ] Revenue Bonds, Stevens Institute of Technology Issue, 2019 Series C (Tax-Exempt) (Green Bonds) (the "2019 Series C Bonds") and \$[ ] Revenue Bonds, Stevens Institute of Technology Issue, 2019 Series D (Federally Taxable) (Green Bonds) (the "2019 Series D Bonds" and, together with the 2019 Series C Bonds, the "2019 Bonds") at the rates and in the amounts as attached hereto as Exhibit

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2019

NEW ISSUES - BOOK-ENTRY ONLY

RATING: S&P “\_\_\_”  
(See “RATING” herein)

*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Authority and the University (as each term is defined herein) with certain tax covenants described herein, under existing law, interest on the 2019 Series C Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2019 Series C Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the 2019 Bonds (as defined herein) and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.*

\$\_\_\_\_\_\*  
New Jersey Educational Facilities Authority  
Revenue Bonds  
Stevens Institute of Technology Issue  
2019 Series C (Tax-Exempt) (Green Bonds)

\$\_\_\_\_\_\*  
New Jersey Educational Facilities Authority  
Revenue Bonds  
Stevens Institute of Technology Issue  
2019 Series D (Federally Taxable) (Green Bonds)

**Dated: Date of Delivery**

**Due: July 1, as shown on the inside cover**

The New Jersey Educational Facilities Authority Revenue Bonds, \$\_\_\_\_\_\* Stevens Institute of Technology Issue, consisting of \$\_\_\_\_\_\* Revenue Bonds, Stevens Institute of Technology Issue, 2019 Series C (Tax-Exempt) (Green Bonds) (the “2019 Series C Bonds”) and \$\_\_\_\_\_\* Revenue Bonds, Stevens Institute of Technology Issue, 2019 Series D (Federally Taxable) (Green Bonds) (the “2019 Series D Bonds”) and, together with the 2019 Series C, the “2019 Bonds”) will be issued by the New Jersey Educational Facilities Authority (the “Authority”) on behalf of The Trustees of the Stevens Institute of Technology (the “University”) as fully-registered bonds without coupons and, when issued, will be registered in the name of and held by Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2019 Bonds.

Purchases of the 2019 Bonds will be made in book-entry-only form in denominations of \$5,000 or any integral multiple thereof. Purchasers of the 2019 Bonds (the “Beneficial Owners”) will not receive certificates representing their interest in the 2019 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2019 Bonds, references herein to the registered owner shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the 2019 Bonds. See “THE 2019 BONDS - Book-Entry-Only System” herein. U.S. Bank National Association, Morristown, New Jersey, will act as the Trustee (the “Trustee”) for the 2019 Bonds.

So long as DTC, or its nominee Cede & Co., is the registered owner of the 2019 Bonds, payments of principal of, redemption premium, if any, and interest on the 2019 Bonds will be made directly to Cede & Co. Disbursement of such payments to the Direct Participants of DTC is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of the Direct Participants, as more fully described herein.

The principal of the 2019 Bonds is payable on July 1 in the years shown on the inside cover page. The 2019 Bonds will be dated and bear interest from their date of delivery, payable semi-annually thereafter on January 1 and July 1 in each year, commencing July 1, 2020, until maturity or earlier redemption thereof at the rates set forth on the inside cover page.

The 2019 Bonds are subject to optional, extraordinary optional and mandatory sinking fund redemption, as described herein.

See “BONDHOLDERS’ RISKS” for certain risks associated with the 2019 Bonds.

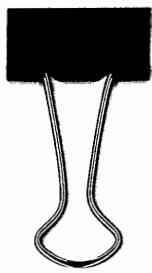
The 2019 Bonds are being issued pursuant to the New Jersey Educational Facilities Authority Law (N.J.S.A. 18A:72A-1 *et seq.*), as amended and supplemented, a Resolution duly adopted by the Authority on August 20, 2019 (the “Resolution”) and a Trust Indenture dated as of December 1, 2019 (the “Indenture”), by and between the Authority and the Trustee.

The proceeds of the 2019 Bonds, along with other available funds, will be used to (a) finance or refinance the Capital Project (as defined herein); (b) fund capitalized interest for the 2019 Bonds; and (c) pay certain costs of issuing the 2019 Bonds. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Authority and the University will enter into a Loan Agreement dated as of December 1, 2019 (the “Loan Agreement”), pursuant to which the University will agree, *inter alia*, to pay amounts sufficient to pay principal of, redemption premium, if any, and interest on the 2019 Bonds, when due. Payments to be made by the University under the Loan Agreement are a general obligation of the University, payable from any legally available funds of the University. See “SECURITY FOR THE 2019 BONDS – The Loan Agreement” herein.

**THE 2019 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY, AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE),**

\* Preliminary, subject to change.



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

**AND**

**THE TRUSTEES OF THE STEVENS INSTITUTE OF TECHNOLOGY**

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**LOAN AGREEMENT**

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**Dated as of December 1, 2019**

**relating to**

**New Jersey Educational Facilities Authority  
Revenue Bonds, Stevens Institute of Technology Issue,  
2019 Series C (Tax-Exempt) (Green Bonds)  
Revenue Bonds, Stevens Institute of Technology Issue,  
2019 Series D (Federally Taxable) (Green Bonds)**

**TRUST INDENTURE**

**By and Between**

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of December 1, 2019**

**relating to**

**New Jersey Educational Facilities Authority  
Revenue Bonds, Stevens Institute of Technology Issue,  
2019 Series C (Tax-Exempt) (Green Bonds)  
Revenue Bonds, Stevens Institute of Technology Issue,  
2019 Series D (Federally Taxable) (Green Bonds)**





**CONTINUING DISCLOSURE AGREEMENT**

**by and between**

**THE TRUSTEES OF THE STEVENS INSTITUTE OF TECHNOLOGY**

**and**

**U.S. BANK NATIONAL ASSOCIATION**

**Dated [Closing Date]**

**Entered into with respect to**  
**New Jersey Educational Facilities Authority**  
**\$ \_\_, \_\_, 000 Revenue Bonds, Stevens Institute of Technology Issue,**  
**2019 Series C (Tax-Exempt) (Green Bonds)**  
**and**  
**\$ \_\_, \_\_, 000 Revenue Bonds, Stevens Institute of Technology Issue,**  
**2019 Series D (Federally Taxable) (Green Bonds)**

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL FACILITIES  
AUTHORITY AUTHORIZING AMENDMENTS TO THE EMPLOYEE POLICY  
MANUAL**

**Adopted: August 20, 2019**

**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’s Employee Policy Manual (the “Manual”) was adopted on January 24, 2001, and certain sections of the Manual were amended and revised from time to time; and

**WHEREAS:** Effective July 1, 2019, N.J.A.C. 4A:1-13 was amended by R.2019 d.072, revising the definition of “Immediate Family”; and

**WHEREAS:** The Authority has determined that it is in the best interest of the Authority to amend Section 325 of the Manual regarding the Authority’s policy on sick leave benefits to conform to the amended definition of “Immediate Family” as to conditions for use of sick leave benefits by an Authority employee for immediate family; and

**WHEREAS:** P.L. 2019, Chapter 129, concerning donated leave for State employees and supplementing Title 11A of the New Jersey Statutes, was approved on June 21, 2019; and

**WHEREAS:** The Authority has determined that it is in the best interest of the Authority to amend Section 335 of the Manual to conform to P.L. 2019, Chapter 129 as to the criteria that Authority employees shall satisfy to be eligible to receive or donate sick or vacation leave.

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

**SECTION 1.** Section 325 of the Authority’s Employee Policy Manual pertaining to sick leave benefits is hereby revised as set forth in EXHIBIT A, attached hereto and made a part hereof.

**SECTION 2.** Section 335 of the Authority's Employee Policy Manual pertaining to the Authority's Donated Leave Program is hereby revised as set forth in **EXHIBIT B**, attached hereto and made a part hereof.

**SECTION 3.** The Executive Director, the Deputy Executive Director, and the Director in Charge of Human Resources, including any serving in an interim or acting capacity, are hereby authorized and directed to take all necessary and appropriate steps to implement these amendments and to reflect such amendments in the Manual.

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

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

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Elizabeth Maher Muoio (represented by David Moore)  
Louis Rodriguez  
Zakiya Smith Ellis (represented by Angela Bethea)

**NAY:** None

**ABSTAIN:** None

**ABSENT:** None

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

## **325 Sick Leave Benefits**

Effective Date: 1/29/2001

Revision Dates: 5/23/2007; 12/17/2014; 3/3/2016; 6/27/2017; 8/20/2019

### **ELIGIBILITY FOR SICK LEAVE BENEFITS**

NJEFA provides paid sick leave benefits to all Full-Time and all Regular Part-Time employees for periods of temporary absence due to illnesses or injuries. Temporary Part-Time employees are not eligible for paid sick leave.

### **SICK LEAVE BENEFITS – GENERAL**

Sick leave benefits are intended solely to provide income protection in certain specified circumstances outlined in detail below. Should an employee use all of his or her available sick leave, he or she must use available vacation leave, administrative leave, and/or unpaid leave for future absences.

Eligible employees will accrue sick leave benefits at the rate of 15 days per year (1.25 days for every full month of service). Accrual of sick leave benefits will be prorated during an employee's initial year of employment with NJEFA in consideration of the calendar months remaining in the calendar year at the outset of employment and accrual will be prorated for Regular Part-Time employees.

All sick leave earned but not used at the end of the calendar year automatically accrues to the benefit of the employee and is available for future use. No limitation is placed on the number of days that may be carried over into subsequent years.

Unused sick leave benefits will not be paid to employees while they are employed or upon termination of employment, except at normal retirement as provided by Policy #375 and in accordance with the terms of the New Jersey Public Employees' Retirement System (PERS).

### **CONDITIONS FOR USE OF SICK LEAVE BENEFITS**

Eligible employees may use sick leave benefits for absences due to any of the six categories listed below.

1. Personal Illness/Injury

Employee's personal illness which prevents him/her from performing his/her job,

or which requires medical consultation.

2. Bereavement

Death in employee's family

a. Immediate family - A maximum of 5 days will be allowed.

Immediate family is defined to include an employee's spouse, domestic partner (see section 4 of P.L. 2003, c.246), civil union partner, child, legal ward, grandchild, foster child, father, mother, legal guardian, grandfather, grandmother, brother, sister, father-in-law, mother-in-law, and other relatives residing in the employee's household or any other individual whose close association with the employee is the equivalent of a family relationship, such as a step-relative.

b. Relative other than immediate family - One day may be utilized to attend the funeral.

3. Family Illness/Injury

Illness of a member of the employee's immediate family (defined in 2.a. above), which requires the employee's personal care and attention.

4. Contagious

Employee's contact with or exposure to a contagious disease, rendering the employee's presence at work hazardous to others.

5. Medical/Dental Appointment of Employee/Family Member

Employee's or family member's (as defined in 2.a. above) necessary medical or dental appointments that cannot be scheduled during non-working hours.

6. Disability Aid

Acquisition or use of an aid for disability by an employee with a disability when the aid is necessary to function on the job. In such cases, reasonable proof may be required.

## **PROCEDURE FOR REQUESTING AND APPROVING SICK DAYS**

Employees are responsible for following proper procedures in requesting sick leave. All requests for sick leave should be submitted as soon as possible to the employee's direct supervisor for approval. The direct supervisor shall notify the Human Resources Manager of approved requests for sick leave.

### **Content of Sick Day Request**

The request for a sick day should state the date requested and if the request is for less than one day, then the increment of time requested. Paid sick leave can be used in minimum increments of a quarter day.

The Human Resources Manager and the employee's direct supervisor shall review the contents of the sick day request for conformance to the requirements of this Policy.

### **Scheduling Medical and Dental Appointments**

Employees are encouraged to submit a sick day request as soon as possible in advance of the appointment. Employees are encouraged to minimize missed work time by scheduling such appointments, particularly for non-emergency examinations, as early or as late in the day as possible.

On partial sick days, an employee is expected to report to work in the office for the portion of the work day in which no sick leave was requested.

### **STATEMENT FROM HEALTH CARE PROVIDER**

#### **Sick Leave Absence of 5 or More Consecutive Days**

A statement from a health care provider, verifying that absence from work is medically necessary, must be provided if an employee is absent for five or more consecutive days due to illness or injury. The statement must also provide the beginning and expected ending dates.

#### **Sick Leave Absence in a 12 Month Period**

If a direct supervisor or the Human Resources Manager believes that sick leave is being abused, the Human Resources Manager will administer and apply the following parameters when placing employees on notice that a statement from a healthcare provider may be required to support future sick leave absences:

1. Employees who have used 11-15 sick days within a 12 month period shall be verbally counseled and reminded about the prudent use of sick leave.
2. Employees who have used 16-17 sick days within a 12 month period shall be verbally counseled and reminded that they could have been placed on notice that future sick leave absences may require a statement from a healthcare provider.
3. Employees who have used 18 or more sick days within a 12 month period shall be placed on notice that future sick leave absences shall require a statement from a healthcare provider to support future sick leave absences.

Sick leave use shall be reviewed every January and July. The number of sick days shall be calculated based upon the prior 12 month period. Note that the following types of sick leave are not included as part of the calculation: sick leave that is protected by FMLA and/or FLA, absences of 5 or more consecutive business days (as the employee is required to provide medical documentation to return to work), and bereavement days. Sick leave for medical/dental appointments are to be included in this calculation.

### **Examination by Physician**

NJEFA may require an employee to be examined by a physician designated and compensated by NJEFA as a condition of the employee's continuation of sick leave or return to work. Such examination shall establish whether the employee is capable of performing his or her work duties and whether the employee's return to work would jeopardize the health of the employee or that of other employees. The NJEFA shall set the date of the examination to assure that it does not cause undue delay in the employee's return to work.

### **CONFIDENTIALITY**

NJEFA respects the confidentiality of employee medical information and will take reasonable precautions to protect such information from inappropriate disclosure.

If it becomes necessary for an employee to provide confidential medical information in support of a sick leave request, an employee may provide such information to the Human Resources Manager instead of the employee's direct supervisor.

Managers and other employees have a responsibility to respect and maintain the confidentiality of employee medical information.

### **Exceptions to Conditions of Confidentiality**

In accordance with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., information obtained pursuant to this section regarding the medical condition or history of an employee shall be collected and maintained on separate forms and in separate medical files and treated as a confidential medical record, **except** that:

1. Such information shall be available to appropriate NJEFA representatives in connection with inquiries into the ability of an employee to perform job-related functions;
2. Direct supervisors and managers may be informed regarding necessary restrictions on the work or duties of the employee and necessary accommodations;
3. Authorized first aid and safety personnel may be informed, when appropriate, if the condition might require emergency treatment, or if any specific procedures are needed in the case of fire or other evacuation; and

4. Government officials investigating compliance with the Americans with Disabilities Act, or any other Federal or State law prohibiting discrimination on the basis of disability or handicap, shall be provided relevant information on request.

### **MISCELLANEOUS**

The Director in charge of Human Resources may administer Policy #325 in the absence of, or in conjunction with, the Human Resources Manager.

Sick leave may interact with other laws and benefits, such as FMLA, FLA, NJPLF and disability, and should be coordinated through Human Resources.

For procedures regarding medical leave and family leave, please refer to Policy #600 and #605, respectively.

Abuse of sick leave will be considered as a disregard for this policy and will be subject to disciplinary action as described in Policy #725.

In consultation with the Human Resources Manager as necessary, any questions regarding eligibility of specific circumstances for sick leave will be decided by the Executive Director, the Deputy Executive Director, or the Director in charge of Human Resources.



### **335 Donated Leave Program**

Effective Date: 2/28/2001

Revision Date: 5/23/2007; 8/20/2019

#### ***Eligibility***

An NJEFA employee shall be eligible to receive donated sick or vacation leave ("Donated Leave Program") if the employee:

1. Has completed at least one year of continuous Authority service;
2. Has exhausted all accrued sick, vacation and administrative leave, all sick leave injury benefits, if any, and all compensatory time off;
3. Has not, in the two-year period immediately preceding the employee's need for donated leave, been disciplined for chronic or excessive absenteeism, chronic or excessive lateness, or abuse of leave; and
4. Meets one of the following criteria:
  - a. Suffers from a catastrophic health condition or injury (as hereinafter defined);
  - b. Is needed to provide care to a member of the employee's immediate family who is suffering from a catastrophic health condition or injury (as hereinafter defined);
  - c. Needs to attend to matters relating to the death of an immediate family member (The definition for immediate family member and the number of days permitted for such is set forth in Policy #325 Sick Leave Benefits);
  - d. Requires absences from work due to the donation of an organ, including, but not limited to, the donation of bone marrow; or
  - e. Requires absence from work during a period of disability due to the pregnancy of the employee which requires the care of a physician who provides a medical verification of the need for the employee's absence from work for 30 or more work days, regardless of whether the absence from work commences before the expected delivery date or after the actual delivery date.

#### ***Catastrophic Health Condition or Injury – Definition***

1. With respect to an employee, a catastrophic health condition or injury means:

- a. A life-threatening condition or combination of conditions; or
  - b. A period of disability required by the employee's mental or physical health or the health of the employee's fetus which requires the care of a physician who provides a medical verification of the need for the employee's absence from work for 60 or more work days; and
- 2. With respect to an employee's immediate family member, a catastrophic health condition or injury means:
  - a. life-threatening condition or combination of conditions; or
  - b. A period of disability required by such immediate family member's mental or physical health which requires the care of a physician who provides a medical verification of the need for the immediate family member's care by the employee for 60 or more work days.

### ***Requesting and Donating Leave***

An employee may request that the Authority approve the employee's participation in the Donated Leave Program, as a leave recipient or leave donor.

### ***Leave Recipient***

The employee's supervisor may make such a request on behalf of the employee for the employee's participation in the Donated Leave Program as a leave recipient.

The employee or supervisor requesting the employee's acceptance as a leave recipient shall submit to the Authority medical verification from a physician or other licensed health care provider concerning the nature and anticipated duration of the disability resulting from serious health condition or injury, the donation of an organ, or pregnancy, as the case may be. NJEFA has the right to request the opinions of additional health care providers if it has reason to doubt the validity of the verification provided by the employee.

When the Authority has approved an employee as a leave recipient, the Authority shall, with the employee's consent, or the consent of the employee's family if the employee is unable to consent, post or circulate the employee's name along with those of other eligible employees in a conspicuous manner ("Posting Requirement") to encourage the donation of leave time.

A leave recipient shall receive at least five sick days or vacation days or a combination thereof from one or more leave donors to participate in the Donated Leave Program.

A leave recipient shall receive no more than 260 sick days or vacation days and shall not receive any such days on a retroactive basis.

### ***Leave Donor***

A leave donor shall donate only whole sick days or whole vacation days and may not donate more than 30 such days to any one recipient.

At the time of leave donation, a leave donor shall have remaining at least 20 days of accrued sick leave if donating sick leave and at least 12 days remaining of accrued vacation leave if donating vacation leave.

A leave donor cannot revoke the leave donation.

If a leave donor is not in the same department or autonomous agency as the leave recipient, appropriate arrangements shall be made between the affected appointing authorities to verify donor eligibility and adjust leave records. The Posting Requirement shall be limited to the recipient's appointing authority.

### ***Donated Leave Time***

While using donated leave time, the leave recipient shall accrue sick leave and vacation leave and be entitled to retain such leave upon the leave recipient's return to work.

Any unused, donated leave shall be returned to the leave donors on a prorated basis upon the leave recipient's return to work, except that if prorating leave days results in less than one day per donor to be returned, that leave time shall not be returned.

Upon retirement, the leave recipient shall not be granted supplemental compensation on retirement for any unused sick days which the leave recipient received through the Donated Leave Program.

### ***Miscellaneous***

An employee shall be prohibited from threatening or coercing, or attempting to threaten or coerce, another employee for the purpose of interfering with rights involving donating, receiving, or using donated leave time. The acts prohibited shall include, but not be limited to, promising to confer a benefit such as an appointment or promotion, or making a threat to engage in an act of retaliation against an employee.

The Authority may suspend or terminate the Donated Leave Program at any time upon 30 days written notice of such suspension or termination to all affected employees.

**RESOLUTION OF THE NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY APPROVING THE APPOINTMENT OF  
AN ARBITRAGE COMPLIANCE SERVICE PROVIDER**

**Adopted: August 20, 2019**

- WHEREAS:** The New Jersey Educational Facilities Authority (the "Authority") was duly created and now exists under the New Jersey Educational Facilities Authority Law, Public Laws of 1967, Chapter 271, *N.J.S.A.* 18A:72A-1 et seq., as amended 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, 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 are governed, *inter alia*, by Executive Order No. 26 (Whitman) ("EO 26") which took effect on January 1, 1995 and which supersedes Executive Orders No. 79 and 92 and Executive Order No. 37 (Corzine) ("EO 37") which took effect on November 25, 2006; and
- WHEREAS:** The Authority has determined that it is advisable to retain the services of one or more arbitrage compliance service providers to provide complete arbitrage compliance service for bonds and notes for a three (3) year period with two (2) additional successive periods of twelve (12) months each at the Authority's discretion; and
- WHEREAS:** In accordance with the terms and provisions of EO 26 and EO 37, the staff of the Authority distributed a Request for Proposals for Arbitrage Compliance Services dated July 18, 2019, (the "RFP", attached hereto as **EXHIBIT A**), seeking proposals from qualified vendors by posting the RFP on the Authority's and State's websites, advertising the solicitation in the *Star-Ledger* and the *Trenton Times*, and distributing the RFP to a list of thirteen (13) firms; and
- WHEREAS:** The Authority formed an Evaluation Committee consisting of the Authority's Director of Finance/Controller and Accounting Manager in accordance with Paragraph 13 of EO 37; and
- WHEREAS:** The Authority received responses to the RFP from two (2) firms (the "Proposals"); and
- WHEREAS:** The Evaluation Committee reviewed each of the Proposals on the basis of the criteria set forth in the RFP, including qualifications and experience, expertise,

price, quality of reports and the proposed approach to the services described in the RFP, references, and presence in New Jersey, and in conformity with EO 26 and EO 37, has determined that it would be in the best interests of the Authority to accept the Proposals of BLX Group LLC and Hawkins Delafield & Wood LLP under the terms and conditions set forth in this Resolution and the RFP; and

**WHEREAS:** The Authority desires to authorize and approve the appointment of BLX Group LLC and Hawkins Delafield & Wood LLP under the terms and conditions set forth in this Resolution and the RFP to provide arbitrage compliance services for a period of three (3) years, commencing on the effective date of this Resolution, with two (2) additional successive periods of twelve (12) months each at the Authority's discretion 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 Authority hereby authorizes the appointment and engagement of BLX Group LLC and Hawkins Delafield & Wood LLP to provide arbitrage compliance services for a period of three (3) years, commencing on the effective date of this Resolution with two (2) additional successive periods of twelve (12) months each at the Authority's discretion, subject to the terms and conditions set forth in this resolution, the RFP, and the Proposals, 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 appointment and engagement of BLX Group LLC and Hawkins Delafield & Wood LLP as the Authority's Arbitrage Compliance Service Provider.

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

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

**AYE:** Joshua Hodes  
Ridgeley Hutchinson  
Elizabeth Maher Muoio (represented by David Moore)  
Louis Rodriguez  
Zakiya Smith Ellis (represented by Angela Bethea)

**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 ARBITRAGE COMPLIANCE SERVICES**



103 College Road East, 2<sup>nd</sup> Floor  
Princeton, NJ 08540

July 18, 2019

Question & Answer Cut-Off Date: July 25, 2019

Proposals Due: August 2, 2019

# **NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

## **REQUEST FOR PROPOSALS FOR**

### **ARBITRAGE COMPLIANCE SERVICES**

**Date Issued: July 18, 2019**

#### **1.0 BACKGROUND OF THE AUTHORITY**

The New Jersey Educational Facilities Authority (“NJEFA” 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. NJEFA 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 and public library facilities.

The obligations issued by the Authority are special and limited obligations of the Authority and are not a debt or liability of the State of New Jersey or of any political subdivision thereof other than the Authority and are not a pledge of the faith and credit of the State 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 and public library facilities 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 is seeking proposals from qualified vendors to provide complete arbitrage compliance service for bonds and notes for a three-year period beginning September 1, 2019 through June 30, 2022 with two (2) additional successive periods of twelve (12) months each at the Authority's discretion. The Authority intends to select one or more service providers and assignments will be made on a case-by-case based on the circumstances of the particular issuance, the service provider's expertise, and the best interests of the Authority. The Authority reserves the right to re-assign current issues to existing providers.

## **3.0 MINIMUM REQUIREMENTS**

A vendor must meet the following minimum requirements:

- 3.1** Bidders must be capable of servicing the account and meeting the required due dates for any number of issues. (Recent issuance has approximated 1-3 issues per year).
- 3.2** Bidder must have at least ten (10) years of experience providing arbitrage compliance services for bonds and notes of governmental issuers of municipal securities.
- 3.3** Key members of the Bidders team assigned to the Authority's account must have at least five (5) years of experience providing arbitrage compliance services for bonds and notes of governmental issuers of municipal securities.
- 3.4** Bidders must be in sound financial condition.
- 3.5** Bidders must have professional errors and omissions liability insurance coverage with limits of at least \$5 million, underwritten by carriers acceptable to the Authority.
- 3.6** Bidders must have access to and/or affiliation with qualified tax attorneys.

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 selected for this engagement shall provide some or all of the services identified below at the request of the Authority:

- 4.1** Performance of all typical and routine duties associated with arbitrage calculations and reporting to the I.R.S.
- 4.2** Determination of eligibility for exceptions to rebate.
- 4.3** Calculation and reporting of the rebate liability (a) annually as of each June 30, and (b)

for fifth-year and final installment calculation dates.

- 4.4 Compliance with and calculation of yield restriction/yield reduction payment requirements (a) annually as of each June 30, and (b) for fifth-year and final installment calculation dates.
- 4.5 Fifth-year installment calculations and final calculations required by no later than two (2) weeks prior to IRS payment due dates.
- 4.6 Annual interim calculations showing the accrued rebate liability as of each June 30, beginning June 30, 2020, are required by no later than July 14 of each year. Annual interim calculations may be based upon investing activity occurring through the immediately preceding April 30, if necessary to meet the July 14 reporting deadline.
- 4.7 Preparation of required Internal Revenue Service forms and returns.
- 4.8 Assist the Authority as necessary in the event of an Internal Revenue Service inquiry/audit involving the computation of rebate or yield restriction with respect to any computation covered by the contract.
- 4.9 Provide consultation to Authority staff as necessary on matters related to the Internal Revenue Code Rebate Provisions.
- 4.10 Provide assistance and consultation as necessary for proper retention of arbitrage records and documentation by the Authority.
- 4.11 Provide training, webinars or seminars as necessary to Authority staff and/or its borrowers
- 4.12 Provide a legal opinion from a nationally recognized bond counsel firm as to the liability due to the I.R.S. under any of the arbitrage regulations. The opinion must include a statement that the calculation methodology used is consistent with current tax laws and regulations and may be relied upon by the Authority in determining its liability payments to the I.R.S.
- 4.13 Analyze reports to determine if reports are no longer needed due to other factors outside of the two-year exception to rebate.

The Firm's legal counsel is required to work with and be available to the Authority's legal counsel throughout the term of the contract. The Firm may be requested to address any post-issuance compliance inquiries by the Authority throughout the term of the contract.

**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, must contain all of the information requested, and should be submitted 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(s) who will have primary responsibility for the engagement. Provide brief resumes including relevant experience for those individuals.
- 5.2** A description of your organization's capabilities, qualifications, and experience with performing arbitrage compliance services for governmental issuers of municipal securities with complex programs including, but not limited to, variable rate debt issues, swap transactions, transferred proceeds, hedges, other derivative structures, commingled funds, and pooled transactions.
- 5.3** A description of any affiliation or relationship with qualified tax attorneys who may provide an opinion of tax counsel. Provide brief resumes including relevant experience for those individuals.
- 5.4** A representative list of at least five (5) clients serviced by the referenced servicing location and a description of the services provided. Please provide a contact name and phone number for each listed client.
- 5.5** Evidence of satisfactory professional errors and omissions liability insurance coverage with limits of at least \$5 million.
- 5.6** Evidence of the organization's sound financial condition (e.g. a copy of the most recent audited financial statements).
- 5.7** A copy of the organization's proposed engagement letter. **Please Note** that (a) the engagement letter must include by reference, all terms and conditions included in this Request For Proposal (the "RFP"), (b) the Authority is not permitted to provide indemnification in any form, and (c) any agreement must be subject to the laws of the State of New Jersey.

- 5.8 A copy of sample reports anticipated to be issued for this engagement, including bond yield calculation with a swap, transferred proceeds analysis, commingled funds analysis and any report with an associated investment agreement. Reports must include assumptions and methodology.
- 5.9 A copy of the opinion letters which would accompany each report – opinions to include one certifying the mathematical correctness of the calculations, accompanied by an opinion of tax counsel regarding compliance with applicable laws and regulations.
- 5.10 A brief description of the software used by your firm and the firm's ability to receive data and disseminate reports electronically.
- 5.11 Describe your firm's physical presence in the State of New Jersey, including number of offices, number of employees and the type of business activity conducted in the State.
- 5.12 Please describe the participation of women and minorities in your firm. Indicate the percentage of your firm that is owned by women and/or minorities.
- 5.13 Please provide any additional information or documentation that you feel will assist the Authority in evaluating your organization and its ability to service the Authority.
- 5.14 Please indicate the location where the services will be performed.
- 5.15 Please provide a copy of your firm's current New Jersey business registration certification (or interim registration).
- 5.16 **Proposed Fees**  
Submit a comprehensive itemized list of services and the respective costs including the hourly rate charged for adhoc consulting services 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.
- 5.17 **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.

Identify whether your firm's or any employee's ability to practice have been suspended or revoked by any federal, state or local government or agency thereof. If so, provide

the details leading to the suspension, the duration of the suspension and the dates the suspension began and the date of reinstatement.

**5.18 Conflicts of Interest**

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

**5.19 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 **thirty (30)** pages, not including materials in the Appendices.

Joint proposals are not permitted.

In order to be considered for appointment, your firm must submit one (1) original and (1) hard copy of your proposal addressing the specific requirements outlined herein by no later than **3:00 EDT on August 2, 2019** at the following location:

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

**Attention: Brian Sootkoos  
103 College Road East, Second Floor  
Princeton, NJ 08540-6612**

All inquiries related to this RFP must be received by **3:00 PM EDT on Thursday, July 25, 2019** and directed in writing via email or fax to:

Brian Sootkoos  
Director of Finance  
Email: [Brian.Sootkoos@njefa.nj.gov](mailto:Brian.Sootkoos@njefa.nj.gov)  
Facsimile: (609) 987-0850

If due to delivery service delay, a vendor's proposal is received after 3:00 PM EDT on Friday August 2, 2019, the proposal shall be deemed responsive provided the vendor submits proof that but for delivery service delay, the vendor's proposal would have been received by the Authority prior to the stated deadline.

All inquiries related to this RFP must be received by 3:00 PM Thursday, July 25, 2019 and directed in writing via email or fax to:

Brian Sootkoos  
Director of Finance  
Email: Brian.Sootkoos@njefa.nj.gov  
Facsimile: (609) 987-0850

All inquiries must be received by **3:00 PM EDT on Thursday, July 25, 2019**. 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](http://www.njefa.nj.gov) on or about **Friday, July 26, 2019**. 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" (N.J.S.A. 47:1A-1 et seq.), as amended and including all applicable regulations and policies and applicable case law, including the New Jersey Right-to-Know law

Any proprietary and/or confidential information in a vendor's proposal will be redacted by the Authority. A Proposer 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 Proposer 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 Proposer accordingly. The Authority will not honor any attempt by a Proposer 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 Proposer's assertion of confidentiality with which the Authority does not concur, the Proposer 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;
- The vendor's capacity to meet the requirements listed in the Scope of Services;
- The vendor's references; and,
- Geographical location of the vendor's offices.
- Capability for servicing the account and meeting the specified reporting deadlines;
- Overall arbitrage and yield restriction qualifications and experience of the firm and the individuals assigned to the account;
- Experience of the firm and individuals assigned the account with higher education issuing authorities and college and university clients;
- Analytical capabilities;
- Financial strength and reputation of the bidder;
- Satisfactory professional errors and omissions insurance coverage;
- Satisfactory form of engagement letter, reports and opinions;
- Performance on similar engagements;
- Access of organization to qualified tax attorneys and inclusion of tax attorney opinions with reports; and
- Capability to receive data and disseminate reports electronically.

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 and a recommendation for appointment will be made to the Authority's Board. 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. 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/](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 -Must be submitted with Proposal**

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

**8.3 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 Disclosure of Investment Activities in Iran - Must be submitted with Proposal**

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 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 No. 117, please contact Brian Sootkoos, Director of Finance, 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](http://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/BRCLLoginJsp.jsp](https://www1.state.nj.us/TYTR_BRC/jsp/BRCLLoginJsp.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: [www.state.nj.us/treasury/revenue/index.html](http://www.state.nj.us/treasury/revenue/index.html).

**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: <https://www.nj.gov/njbusiness/contracting/>

**8.15 NJStart Vendor Registration**

It is recommended that all vendors register to use NJStart. It 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. Vendors can visit [www.njstart.gov](http://www.njstart.gov) and click on "Register" to start the process.

**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.

**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.

**PROPOSAL FOR  
ARBITRAGE COMPLIANCE SERVICES**

**RESPECTFULLY SUBMITTED TO**

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY**

*Hawkins*  
DELAFIELD & WOOD LLP

*Financial Analysis & Services Group*

7 WORLD TRADE CENTER  
250 GREENWICH STREET, FLOOR 41  
NEW YORK, NY 10007  
PHONE: (212) 820-9300  
FAX: (212) 514-8425  
WEBSITE: [WWW.HAWKINS.COM](http://WWW.HAWKINS.COM)

**JULY 31, 2019**

NEW YORK • LOS ANGELES • SAN FRANCISCO • SACRAMENTO • WASHINGTON, D.C. • HARTFORD • NEWARK • PORTLAND • ANN ARBOR

## TABLE OF CONTENTS

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TRANSMITTAL LETTER

**TAB A.** TECHNICAL PROPOSAL

**TAB B.** SAMPLE ENGAGEMENT LETTER

**TAB C.** SAMPLE ARBITRAGE REBATE AND YIELD RESTRICTION REPORT 1

**TAB D.** SAMPLE ARBITRAGE REBATE AND YIELD RESTRICTION REPORT 2

**TAB E.** REQUIRED DOCUMENTS



PHONE: 212-820-9300  
FAX: 212-514-8425

7 WORLD TRADE CENTER  
250 GREENWICH STREET, FLOOR 41  
NEW YORK, NY 10007  
WWW.HAWKINS.COM

NEW YORK  
WASHINGTON  
NEWARK  
HARTFORD  
LOS ANGELES  
SACRAMENTO  
SAN FRANCISCO  
PORTLAND  
ANN ARBOR

July 30, 2019

Mr. Brian Sootkoos  
Director of Finance  
New Jersey Educational Facilities Authority  
103 College Road East, Second Floor  
Princeton, NJ 08540-6612

Re: Proposal for Arbitrage Compliance Services

Dear Mr. Sootkoos:

Hawkins Delafield & Wood LLP ("Hawkins") is pleased to have the opportunity to present the attached proposal to provide arbitrage compliance services ("Arbitrage Services") to the New Jersey Educational Facilities Authority (the "Authority"). Hawkins has a preeminent reputation and has played a predominant role in public finance law for more than a century. Our subject-matter expertise in public finance law, acting either as rebate consultant, bond counsel, underwriter's counsel, disclosure counsel or special counsel, along with our dedication and personal approach to our clients' concerns, distinguishes us from our competitors in the industry. The size and national scope of our public finance practice allow us to provide an unsurpassed level of Arbitrage Services that are tailored to the specific needs of public finance clients.

We have had the privilege of serving as an arbitrage compliance consultant to the Authority since 2003. In addition, certain of our bond and tax attorneys have had the privilege of serving as bond counsel to the Authority on many financings. We are particularly well-suited to provide arbitrage rebate computation services to the Authority because of our existing knowledge of the transactions, possession of related documents, and ability to formulate tax and methodological strategies in-house that will minimize the rebate liability of the Authority and its constituent borrowers to the fullest extent permitted by Federal tax law and regulations.

An executive summary of our Arbitrage Services is set forth below for your consideration:

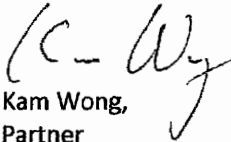
- **Extensive Arbitrage Experience:** We have provided Arbitrage Services to public finance clients since 1982, when the arbitrage rebate requirements first became applicable to certain tax-exempt bonds. Our in-house arbitrage compliance group, the Financial Analysis & Services Group ("FAS"), is a part of our tax department. FAS employs professionals with finance, mathematics, statistics and engineering backgrounds. FAS professionals work closely with attorneys in our tax department. This close working relationship enables us to competently and efficiently undertake complex arbitrage analyses.
- **Comprehensive Reports with a Hawkins Tax Opinion:** Our reports are comprehensive, clear and concise. They include the methodology employed, major assumptions and conclusions, supporting schedules and, most importantly, a tax opinion signed by one of our partners.

- ***In-Depth Tax and Legal Expertise:*** We have the largest tax department in the nation dedicated to tax-exempt financings and are thoroughly versed in Federal tax requirements. We have ten tax attorneys, who provide advice on public finance tax law to state and local governmental entities and non-profit organizations throughout the nation. The tax attorneys who work with FAS have degrees and prior work experience in finance and engineering, in addition to tax law. This is one of many key attributes that distinguishes us from other rebate consultants.
- ***In-Depth Tax Audit Experience:*** We have substantial expertise in representing and advising issuers and conduit borrowers in IRS audits, examinations and inquiries. The size and formidable reputation of our tax department, together with the analytical experience and expertise of FAS, have proven to be a powerful combination in facilitating the IRS audit process.
- ***Arbitrage Mitigation and Advice:*** As part of our Arbitrage Services, we consider various elective and computational options and investment strategies which may be available to reduce rebate and yield restriction liabilities. We will ensure that our clients receive the best possible arbitrage advice.
- ***Value-Added Approach:*** We take a value-added approach in providing Arbitrage Services. Providing value means, among other things, minimizing costs, making arbitrage rebate and yield restriction compliance as administratively easy as possible for our clients, completing projects on time and minimizing the rebate and yield restriction liabilities of our clients to the extent permitted by the Federal tax law and regulations.
- ***Resources to Undertake Engagement:*** Our staffing resources and capacity are uniquely equipped to undertake and complete this engagement for the Authority in a timely and efficient manner. In addition to FAS and the tax and bond partners directly assigned to these matters, the full resources of the firm will be available if and when needed.
- ***Competitive Fees:*** One of our strengths is our track record for providing high quality Arbitrage Services at cost-effective rates. Having both tax and quantitative expertise and capabilities in-house has enabled us to develop our own programs which verify tax compliance matters relating to arbitrage, rebate and private activity. The quality and depth of our services are reflected in our competitive fees. Our fees are designed to ensure customer satisfaction.
- ***Big Player:*** We have real offices in six states and the District of Columbia and not "virtual" offices like some of our competitors. Our firm serves as bond counsel on public finance transactions totaling in excess of tens of billions of dollars and 300-400 bond financings each and every year. Since 1996, Hawkins has been consistently ranked by Thomson Reuters as one of the top two bond counsel firms in the nation. This hands-on experience, coupled with our broad bond law and tax law expertise, enables FAS to provide Arbitrage Services of the highest quality.

At your request, we would be pleased to visit and interview with the Authority to better present our qualifications and to allow the Authority's staff to meet the key members of our proposed arbitrage team.

If you require additional information or desire clarification of any part of the proposal, please contact Takashi Iwata, Managing Director of FAS, at (212) 820-9432 or email him at [tiwata@hawkins.com](mailto:tiwata@hawkins.com) or contact me at (212) 820-9410 or [kwong@hawkins.com](mailto:kwong@hawkins.com). It would be our privilege to assist the Authority in its Arbitrage Services efforts.

Sincerely,

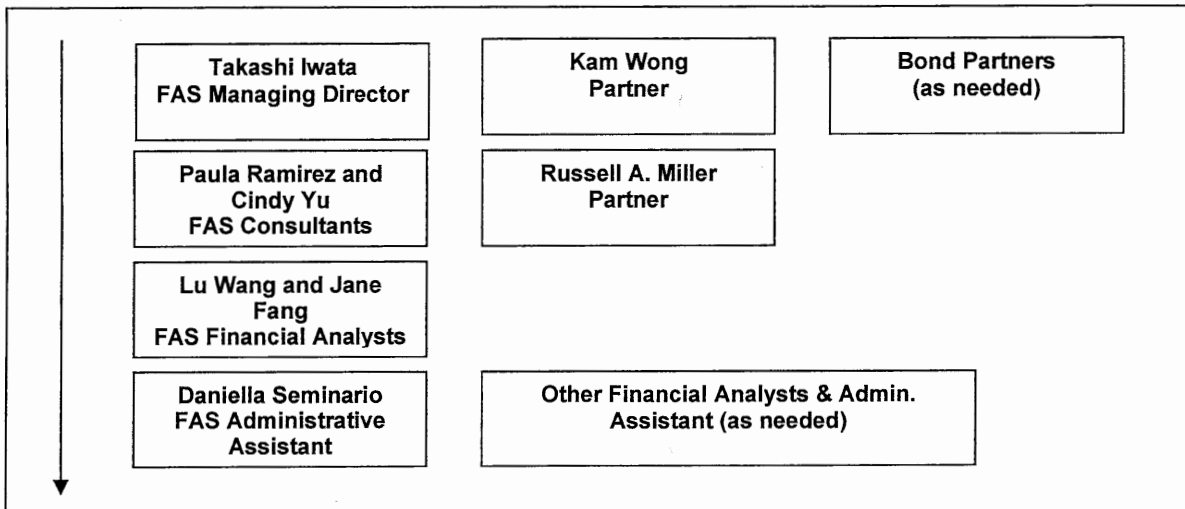
  
Kam Wong,  
Partner

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(S) WHO WILL HAVE PRIMARY RESPONSIBILITY FOR THE ENGAGEMENT. PROVIDE BRIEF RESUMES INCLUDING RELEVANT EXPERIENCE FOR THOSE INDIVIDUALS.

We will establish a dedicated arbitrage team from our group of consultants and analysts in FAS, partners and employees of the firm for this engagement. The following table and organizational chart identifies the core arbitrage team members and other partners and employees of the firm available to FAS. All of our arbitrage compliance services will be performed in our New York City office at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. Certain tax lawyer review may be performed at our San Francisco office. Additional FAS consultants and FAS financial analysts will be added as needed.

Name	Title/Location	Phone Number	E-mail
Takashi Iwata	FAS Managing Director (NYC office)	(212) 820-9432	tiwata@hawkins.com
Paula Ramirez	FAS Managing Consultant (NYC Office)	(212) 820-9392	pramirez@hawkins.com
Cindy Yu	FAS Consultant (NYC Office)	(212) 820-9312	xyu@hawkins.com
Lu Wang	FAS Financial Analyst (NYC Office)	(212) 820-9510	lwang@hawkins.com
Jane Fang	FAS Financial Analyst (NYC Office)	(212) 820-9325	zfang@hawkins.com
Daniella Seminario	FAS Administrative Assistant (NYC Office)	(212) 820-9347	dseminario@hawkins.com
Kam Wong	Partner (NYC Office)	(212) 820-9410	kwong@hawkins.com
Russell A. Miller	Partner (San Francisco Office)	(415) 486-4202	rmiller@hawkins.com

**ARBITRAGE TEAM ORGANIZATIONAL CHART**  
Illustrating Lines of Authority and Responsibility



**Takashi Iwata, FAS Managing Director**, will be responsible for the overall day-to-day management of services to be provided to the Authority and will serve as the team leader and primary contact person for the Authority for this engagement. Mr. Iwata will mobilize the arbitrage team to carry out the engagement in a timely and efficient manner and will coordinate all activities to ensure there is complete integration of bond law, tax law and financial analysis. Mr. Iwata will personally review all arbitrage rebate and yield restriction compliance reports.

**Paula Ramirez, FAS Managing Consultant and Cindy Yu, FAS Consultant**, will be responsible for reviewing draft arbitrage rebate and yield restriction compliance reports prepared by Mr. Wang and Ms. Fang. They will review all reports for conformance with the applicable tax laws and consider any available optional



elections, investment valuations and computational methods to minimize arbitrage rebate and yield restriction liabilities.

**Lu Wang and Jane Fang, FAS Financial Analysts**, will prepare draft arbitrage rebate and yield restriction reports. They will collect and review appropriate documentation, calculate the bond yield, determine proceeds subject to rebate and/or yield restriction, prepare cash flows, calculate arbitrage rebate and yield restriction liabilities, apply spending exceptions where applicable, and prepare a draft arbitrage rebate and yield restriction compliance report, including a tax opinion. They will also be responsible for alerting the Authority to future computation dates.

**Kam Wong and Russell A. Miller, Partners**, will be responsible for all tax matters relating to this engagement. Working closely with Mr. Iwata, they will participate directly in the resolution of all tax issues, and provide a final review of all arbitrage rebate and yield restriction compliance reports, and a partner will sign the tax opinion that accompanies each arbitrage rebate and yield restriction compliance report.

**Daniella Seminario, FAS Administrative Assistant, and Other Support Staff** may perform a variety of duties such as maintaining the FAS transaction database and filing system, preparing IRS Forms, data entry, assisting with the preparation of final documents and proofreading.

Please see below for the resumes of each core arbitrage team member:

**Takashi Iwata, FAS Managing Director.** Rutgers, the State University of New Jersey (B.A. in Mathematics and Statistics). Mr. Iwata also holds a Preparer Tax Identification Number (PTIN): P01487327 to sign Federal tax forms. Prior to joining Hawkins, Mr. Iwata worked as an actuary with a Big Four accounting firm where he developed a strong foundation in financial analysis and a high level of proficiency in spreadsheet and database applications. Mr. Iwata has been an essential part of FAS for over 22 years and was promoted to Director of the group in 2003 and Managing Director in 2018. He has worked on a wide variety of arbitrage rebate and yield restriction matters, including refundings with transferred proceeds, defeasances, penalty in lieu of rebate, pooled financings, parity analysis, universal cap analysis, common fund analysis and investment analysis. He has worked on thousands of arbitrage rebate and yield restriction compliance reports for cities, counties, states, housing authorities, corporations, agencies and school districts.

Additionally, Mr. Iwata has served as a panelist at various conferences on arbitrage rebate and yield restriction matters (e.g., New York State Government Finance Officers Association, Association of Environmental Authorities, California Debt and Investment Advisory Commission and Arbitrage Conferences for Oregon, New York and New Jersey issuers). Mr. Iwata was a guest speaker at the 2019 Bond School held in New York City. He is a member of the Urban Leadership Fellows Program of the Municipal Forum of New York and the Municipal Bond Club of New York.

Level of Staff Training: Over 1,000 hours of in-house training from the tax attorneys. Reviewed and calculated over 22,000 arbitrage compliance reports in the past 22 years.

Projects: New Jersey Educational Facilities Authority, Rutgers University, NJ, New Jersey Turnpike Authority, New Jersey Economic Development Authority, New Jersey Health Care Facilities Financing Authority, State of New Jersey, Somerset Raritan Valley Sewerage Authority, Stony Brook Regional Sewerage Authority, Pequannock Lincoln Park & Fairfield Authority, Pequannock River Basin Authority, Massachusetts Educational Finance Authority, Millbrook Central School District, NY, Patchogue-Medford UF School District, NY, Lakeland Central School District, NY, Commack Union Free School District, NY, Great Neck Unified School District, NY, Los Angeles Unified School District, CA, Long Beach Unified School District, CA, Palmdale School District, CA, Santa Barbara Unified School District, CA, Orcutt Union School District, CA, Palos Verde Peninsula UFS District, CA, Goleta Union

School District, CA, Glendale Unified School District, CA and Compton Unified School District, CA.

**Paula Ramirez, FAS Managing Consultant.** University of Rosario (B.A. in Economics and Finance), University of Connecticut (M.B.A.) and Municipal Bond School (certificate). Prior to joining Hawkins, Ms. Ramirez worked as a market risk analyst, where she obtained knowledge in investment valuation and VBA. As a financial analyst at Hawkins, Ms. Ramirez has worked on arbitrage rebate and yield restriction calculations, bond yield calculations, transferred proceeds analyses, and amortization schedules.

Level of Staff Training: Over 400 hours of in-house training from the tax attorneys. Reviewed and calculated over 5,000 arbitrage compliance reports.

Projects: New Jersey Educational Facilities Authority, State of New Jersey, New Jersey Turnpike Authority, New Jersey Health Care Facilities Financing Authority, County of Essex, NJ, Stony Brook Regional Sewerage Authority, Los Angeles Unified School District, CA, Long Beach Unified School District, CA, Massachusetts Educational Finance Authority, District of Columbia, City of Philadelphia, PA, City of New York, NY, City of Yonkers, NY, City of San Diego, CA, City of Lakeport, CA, City of Ripon, CA, State of Wisconsin, State of Oregon, State of California, County of Fresno, CA, Richland County, SC, County of Westchester, NY and Metropolitan Government of Nashville and Davidson County.

**Cindy Yu, FAS Consultant.** Rutgers, the State University of New Jersey (M.S. in Financial Statistics and Risk Management) and Municipal Bond School (certificate). Cindy Yu developed a strong foundation in financial analysis and data management at Rutgers University. Prior to joining Hawkins, Ms. Yu developed hedge bond models in excel at her previous employment and obtained knowledge in bonds, securities and derivatives. As a financial analyst at Hawkins, Ms. Yu has worked on arbitrage rebate and yield restriction calculations, universal cap analysis, amortization schedules, transferred proceeds analysis, parity fund allocation analysis and bond yield calculations.

Level of Staff Training: Over 250 hours of in-house training from the tax attorneys. Reviewed and calculated over 3,000 arbitrage compliance reports.

Projects: New Jersey Educational Facilities Authority, New Jersey Turnpike Authority, Los Angeles Unified School District, CA, Long Beach Unified School District, CA, Manhattan Beach Unified School District, CA, Massachusetts Educational Finance Authority, District of Columbia, City of Philadelphia, PA, City of San Diego, CA, City of New York, City of Yonkers, NY, City of Eureka, CA, City of San Jose, CA, City of Glendora, CA, City of Duncan, OK, Richland County, SC, Pima County, AZ, County of Maui, HI, County of Westchester, NY, County of Erie, NY, Metropolitan Government of Nashville-Davidson County, State of New Jersey, State of Connecticut, State of Wisconsin and State of Oregon.

**Lu Wang, FAS Financial Analyst.** California State University, Northridge (B.S. in Mathematics) and Columbia University (M.A. in Statistics). Mr. Wang acquired quantitative modeling and financial analysis skills at Columbia University, as well as working knowledge of Excel/VBA, R and Python from research project experience. Mr. Wang has worked on arbitrage rebate and yield restriction calculations, universal cap analysis, amortization schedules, transferred proceeds analysis, common fund allocation analysis and bond yield calculations.

Level of Staff Training: Over 150 hours of in-house training from the tax attorneys. Reviewed and calculated over 1,000 arbitrage compliance reports.

**Projects:** New Jersey Educational Facilities Authority, Rutgers University, NJ, State of New Jersey, New Jersey Turnpike Authority, Los Angeles Unified School District, CA, Massachusetts Educational Finance Authority, District of Columbia, City of New York, City of Philadelphia, PA, City of San Diego, CA, City of Tulare, CA, County of Westchester, NY, County of Essex, NJ, County of Erie, NY, State of Connecticut, State of Oregon and New York State Thruway Authority.

**Jane Fang, FAS Financial Analyst.** State University of New York at Buffalo (M.S. in Quantitative Finance). Ms. Fang is a creative, dedicated, and efficient financial analyst with solid accounting and fundamental analytical experience. Her master courses provided her with the knowledge of fixed income, derivatives, financial modeling, investment management, merger and acquisition and financial statements analysis. Prior to Hawkins, Ms. Fang worked as a private equity analyst in Search Fund Accelerator, an investment intern at United Overseas Bank, and an external audit intern at Ernst & Young, developing her skillsets in financial performance analysis, portfolio management, market research, and excel proficiency. Ms. Fang has worked on arbitrage rebate and yield restriction calculations, universal cap analysis, amortization schedules, transferred proceeds analysis, parity fund allocation analysis and bond yield calculations.

**Level of Staff Training:** Over 150 hours of in-house training from the tax attorneys. Reviewed and calculated over 1,000 arbitrage compliance reports.

**Projects:** New Jersey Educational Facilities Authority, State of New Jersey, New Jersey Turnpike Authority, Los Angeles Unified School District, CA, Long Beach Unified School District, CA, Massachusetts Educational Finance Authority, District of Columbia, Virginia Resources Authority, City of Philadelphia, PA, City of New York, City of Yonkers, NY, County of Westchester, County of Essex, County of Maui, State of Connecticut, Metropolitan Water District of Southern California and Arkansas Development Finance Authority.

**Daniella Seminario, FAS Administrative Assistant.** State University of New York at Albany (B.A. in Art Studies). During her undergraduate years, Ms. Seminario interned with the New York State Office of General Services, where she developed strong proofreading and organizational skills. During her time at Hawkins, Ms. Seminario has maintained the FAS transaction database and filing system, assisted with the preparation of final documents and proofreading, and assisted the FAS team with tracking upcoming computation dates. Additionally, she has worked with Mr. Iwata in developing new business for FAS.

**Kam Wong, Partner.** Preparatory and Graduate Education — Rensselaer Polytechnic Institute (B.S. and M.S. in Electrical Engineering), and Baylor University (M.B.A.); Legal Education — Baylor University (J.D.) Ms. Wong worked as an engineer and a strategic corporate planner prior to and while in law school. Ms. Wong became a partner of Hawkins, Delafield & Wood in 1992 when the law firm at which she was a partner combined with Hawkins. Ms. Wong has served as bond counsel, underwriters' counsel and special tax counsel on financings throughout the nation, including financings for general governmental purpose, electric power, water and sewer systems, single-family housing mortgage loans and multi-family residential rental housing, health care and higher educational facilities, air and ground transportation and solid waste. Because of her unique educational background and work experience, Ms. Wong provides the necessary integration between bond law, tax law and finance that is critical in bringing a complex bond financing to a timely and successful conclusion. She has participated in many of the nation's largest and most complex tax-exempt financings. She also is the partner in charge of the firm's Financial Analysis and Services Group which provides rebate compliance and related financial services. Ms. Wong is a member of the firm's Technology Committee. Ms. Wong is a member in good standing of the New York State Bar and the National Association of Bond Lawyers.

**Russell A. Miller, Partner.** Preparatory Education—University of Southern California (B.S.), Legal Education—University of Santa Clara (J.D.) and New York University (LL.M., Taxation). Mr. Miller joined the firm in year 2000 as a tax partner. Mr. Miller is nationally recognized for his expertise in the Federal income tax issues applicable to tax-exempt bonds, such as private activity, health care, revenue, working capital, special tax, certificates of participation, and pooled financings. He has been involved extensively with refinancings, arbitrage and rebate matters. Mr. Miller has over thirty years of experience in all aspects of the tax consequences of municipal finance transactions, including the financing of water and wastewater utilities, traditional municipal projects, solid waste, transportation infrastructure, economic development and redevelopment projects and projects for which states, municipalities and their agencies and authorities issue special obligation revenue bonds (such as student loans, industrial development and single-family and multi-family housing). Mr. Miller is a member of the California and the New York State bars, the American Bar Association and its Tax-Exempt Financing Committee, and the National Association of Bond Lawyers and is a frequent speaker at public finance conferences for the National Association of Bond Lawyers and others.

2. A DESCRIPTION OF YOUR ORGANIZATION'S CAPABILITIES, QUALIFICATIONS, AND EXPERIENCE WITH PERFORMING ARBITRAGE COMPLIANCE SERVICES FOR GOVERNMENTAL ISSUERS OF MUNICIPAL SECURITIES WITH COMPLEX PROGRAMS INCLUDING, BUT NOT LIMITED TO, VARIABLE RATE DEBT ISSUES, SWAP TRANSACTIONS, TRANSFERRED PROCEEDS, HEDGES, OTHER DERIVATIVE STRUCTURES, COMMINGLED FUNDS, AND POOLED TRANSACTIONS.

Hawkins Delafield & Wood LLP ("Hawkins") is a limited liability partnership and has been a nationally recognized bond counsel firm for over 132 years of its 165-year history. The firm has the largest public finance practice in the country, with more attorneys engaged in the full time practice of public finance law than any other law firm in the country, and is consistently ranked by Thomson Reuters among the top public finance firms nationally. The firm maintains offices in Newark, New Jersey; New York City, New York; Washington, D.C.; Hartford, Connecticut San Francisco, California; Los Angeles, California; Sacramento, California; Ann Arbor, Michigan and Portland, Oregon. Hawkins currently has 88 employees and 76 lawyers, for a total of 164, engaged exclusively or principally in public finance practice, including ten public finance tax attorneys.

The firm's Arbitrage Services are provided through a separate in-house arbitrage compliance group, the Financial Analysis & Services Group, or "FAS," staffed by professionals with finance, mathematics, statistics and engineering backgrounds. FAS consists of two partners, one FAS managing director, two FAS consultants, five FAS financial analysts, two FAS administrative assistants and FAS intern for the summer, for a total of thirteen. FAS devotes 100 percent of its time to providing arbitrage rebate and yield restriction services and financial structuring services.

Hawkins has provided Arbitrage Services to public finance clients for over 36 years. The senior members of FAS have, on average, over 30 years of experience in providing Arbitrage Services, as shown in the table below.

Name	Title	Years of Experience
Takashi Iwata	FAS Managing Director	22+
Russell Miller	Partner	32+
Kam Wong	Partner	37+

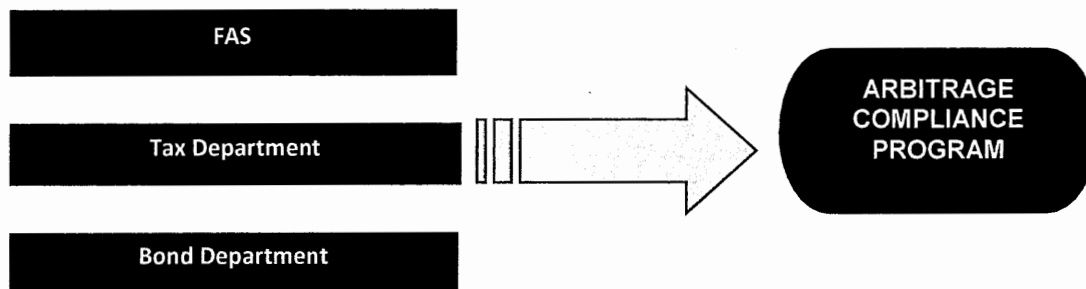
We have rendered arbitrage rebate compliance services for all types of transactions and have addressed virtually all tax and methodology issues relating to rebate. As part of our arbitrage rebate compliance services, we consider various elective and computational options available under the tax regulations in an effort to reduce the rebate liability of the client. We are at the "top of the learning curve" on developing solutions to arbitrage related issues, while many other firms have yet to address or even identify them. Our

comprehensive services (e.g., preparation of IRS forms and advice on maintenance of proper records) are designed to minimize the administrative burden on clients. Our services can be tailored to the specific needs of clients. Our services include the following:

- Arbitrage rebate analysis
- Yield restriction analysis
- Private use calculations
- Arbitrage consultation on new issue structures
- Projected arbitrage rebate and yield restriction liabilities
- IRS examination, audit and refund assistance
- Penalty in-lieu-of rebate analyses
- Review of in-house arbitrage rebate calculations
- Refund claims for arbitrage rebate overpayments
- Preparation of the IRS Form 990 (Schedule K)
- Review of structured investment products and hedges
- Review record retention policies

One of our key strengths in providing Arbitrage Services, and what sets us apart from other providers, is the integration of financial analysis, tax law and bond law expertise. Due to the differences in the ways financings are structured for different issuers and programs and the consequent effects these differences have on tax compliance, such integration has been a cornerstone of our practice since the inception of FAS.

Hawkins is able to efficiently mobilize the professionals in FAS and the attorneys in our Tax and Bond Departments, as illustrated below, to provide an integration of financial analysis, tax law and bond law expertise.



**Financial and Analytical Expertise.** FAS professionals are extensively trained to perform the financial analyses required in preparing arbitrage compliance reports. Such training includes general public finance principles, tax-exempt and tax-advantaged bond provisions of Federal income tax law and regulations, fixed-income investments, and complex financial modeling. Although this level of expertise is not required in every arbitrage rebate and/or yield restriction matter, it enables FAS to undertake the most complex and technically challenging analyses with little difficulty. This is evidenced by the fact that clients often ask FAS to participate in both arbitrage and non-arbitrage related transactions that have complex cash flow modeling or other analytical challenges. FAS team members are hired on a highly competitive and selective basis. We believe that only individuals with strong mathematical and analytical foundations can provide the attention to detail required for reliable arbitrage rebate and yield restriction calculations. Each FAS professional has gained arbitrage rebate and yield restriction compliance experience through specialized in-house training that includes arbitrage rules and regulations, financial modeling, fixed and variable income investments and bond financing mechanics. Having the benefit of working with some of the most experienced tax and bond attorneys in the industry, FAS professionals have developed a broad and thorough understanding of tax-exempt bonds and arbitrage rebate and yield restriction compliance requirements.

The clients of FAS range from large state issuers with multiple issues and aggregate par amounts of more than \$2 billion, to small towns and school districts with single issues and par amounts under \$10 million. FAS clients are located in over 37 states, from Maine to Hawaii and from the Virgin Islands to Alaska.

FAS has been providing arbitrage rebate and yield restriction compliance services to universities, colleges and school districts since 1998. Examples of some of our recent clients similar to the Authority are shown below.

- Los Angeles Unified School District
- Long Beach Unified School District
- Santa Barbara Unified School District, CA
- Palos Verde Peninsula U. School District, CA
- Patchogue-Medford UF School District, NY
- Goleta Union School District, CA
- Compton Unified School District, CA
- Tarrytown Unified School District, NY
- Rutgers University, NJ
- Columbia University, NY
- Georgetown University, DC
- Kean University, NJ
- Rowan University, NJ
- Rider University, NJ
- Seton Hall University, NJ
- Palmdale School District, CA
- Orcutt Union School District, CA
- Millbrook Central School District, NY
- Lakeland Central School District, NY
- Glendale Unified School District, CA
- Commack Union Free School District, NY
- Great Neck Unified School District, NY
- Point Loma Nazarene University, CA
- John F. Kennedy University, CA
- City University of New York, NY
- The Richard Stockton College of NJ
- The College of New Jersey
- Bowdoin College, NH
- Saint Anselm College, NH
- University of Virgin Islands, VI

FAS has performed and verified over 1,000 annually and over 22,000 in total arbitrage rebate and yield restriction calculations for virtually every type of debt financing including:

- General obligation
- 501(c)(3)
- Governmental
- Healthcare
- Economic development
- Multi-family housing
- Single-family housing
- State revolving fund
- Student loan
- Transportation
- Power and energy
- Water and sewer

FAS staff has experience with virtually all structures, calculations, and debt instruments including:

- re-computation of bond yield
- commercial paper
- bond bank
- hedges such as swaps, caps, and collars
- GICs and forward rate agreements
- refundings and transferred proceeds
- purpose investment yield
- yield restricted funds
- penalty in lieu of rebate election
- fixed and variable rate bonds
- pools including recycled loans
- tax and revenue anticipation notes
- letter of credit and surety bond fees
- commingled funds
- universal cap
- program investment yield
- spend-down exceptions
- working capital financings

FAS has the technical proficiency to provide Arbitrage Services of the quality the Authority deserves. The ability to carefully analyze the application of different tax regulations, elections, and methodologies is one of our fortes. We take pride in providing clear and concise advice to our clients to enable them to make informed choices for reducing rebate and yield restriction liabilities and maximizing retainable earnings. Listed below are some of the elections and methods that should be considered in determining the rebate and yield restriction liabilities.

- **Variable rate and Auction Rate issues:** Hawkins has extensive experience in providing arbitrage services with respect to variable rate bonds. With over 5,000 variable rate calculations completed over the past five years, our firm is thoroughly familiar with the various methodologies for calculating the rebate and yield restriction liabilities for variable rate issues. For example, one optional election that may be applicable to variable rate bonds is an election to apply “yield periods.” In short, the yield period election allows an issuer to compute the arbitrage yield (i.e., its retainable investment yield) over several contiguous periods of time, versus the default five-year period. This generally results in a more favorable matching of investment yield to arbitrage yield which can translate into substantial reductions in arbitrage rebate liability. While this calculation is computationally intensive, FAS has been able to achieve savings for clients in excess of \$1,000,000 for a single bond issue under certain circumstances by employing this election.
- **Swap Transactions:** FAS is active and is experienced in providing tax and rebate analysis on tax-exempt financial products such as interest rate swaps, caps, and forward refundings. FAS is thoroughly familiar with the rebate and yield restriction consequences of simple integrated and super integrated swaps based on LIBOR, SIFMA or cost of funds, basis risks and other risks that affect yields and has developed various financial models for such projects. Our tax partners have participated in the development and tax analysis associated with some of the largest and most complex municipal interest rate swap transactions to date, involving billions of dollars. In fact, one of our former tax partners, who has returned to the U.S. Treasury department, was one of the principal authors of the arbitrage “hedging” rules which permit issuers to take certain hedges to modify the risk of interest rate changes (e.g., interest rate swaps) into account in computing the yield on tax-exempt bonds for arbitrage purposes.
- **Transferred Proceeds Analysis:** In the case of current and advance refundings, the analyses of transferred proceeds may be performed in determining the rebate liability and yield restriction liability. A transferred proceeds analysis is required whenever proceeds of refunding bonds are used to discharge principal of the refunded bonds. In such case, unspent proceeds of the refunded bonds cease to be treated as proceeds of the refunded bonds and become transferred proceeds of the refunding bonds. The arbitrage regulations prescribe specific methods for determining the amount of such transferred proceeds, all of which would affect the amount of rebate and/or yield restriction liability for a bond issue.
- **Commingled Fund:** The regulations provide several methods for allocating investments to bond proceeds, including specific tracing, pro rata, first-in, first-out, etc. The determination of which method to use with respect to a particular fund depends on the type and yield of the investments, the yield of the various bond issues and the investment strategy of the client. While there is no “right” answer, an optimal solution can generally be developed after consultation with the client.
- **Pooled Transactions:** We are the law firm with the most experience in pooled financings, having served as bond counsel or underwriters’ counsel for over \$15 billion of such financings in the last decade. We are also the rebate compliance consultant with the most experience and expertise in this area. We have provided arbitrage compliance services to, among other clients, New York State Environmental Facilities Corporation, the Virginia Resource Authority, the State of Wisconsin, the State of Oregon, California Infrastructure Economic Development Bank, and the California Statewide Communities Development Authority, all of whom issue pooled bonds to provide financial assistance to state and local governmental borrowers. Rebate and yield restriction compliance for pooled bonds requires analyses on both the issuer and borrower levels and encompasses multiple tax issues and financial analyses such as, those including transferred proceeds, replacement proceeds, universal cap, allocations, valuations, etc. We are thoroughly familiar with all tax issues and financial analyses relating to pooled financings, particularly those for state revolving funds with leveraged debt service reserve funds and subsidized borrower loans.



- **Spending Exceptions to Rebate:** There are several sets of exceptions. The first is known as the small issuer exception. The second set of exceptions is the spending exceptions. These are known as the 6-month, the 18-month and the 24-month spending exceptions. There are specific requirements for qualifying for each of these exceptions. If the qualifying requirements are met and the required schedules for the expenditure of certain proceeds of the bonds are also met, then the bonds, with certain limited exceptions, are exempt from the rebate requirements. The third set of exceptions is known as the "bona fide debt service fund exceptions." If the qualifying requirements are met, certain debt service funds of the issuer are exempt from the rebate requirements. The applicable spending exceptions will be described in our arbitrage compliance report for each bond issue prepared for UOSA. The arbitrage compliance report will clearly explain whether the State met a rebate spending exception.
- **Selection of Bond Year:** An issuer has the option to select an ending date for a bond year under the tax regulations. Once selected, however, the issuer generally may not change the selected bond year. The selection of a bond year is particularly important for new money, variable rate bonds. An issuer can significantly reduce its rebate and yield restriction liability for the initial five year period by selecting and combining bond years for such period.
- **Present Value and Fair Market Value:** The regulations provide two methods for valuing investments at the end of a computation period: present value and fair market value. It is generally in the client's best interest to use the valuation method that results in the lower rebate liability. However, an issuer may not switch the valuation method once it has selected one.

**Tax Law and IRS Audit Expertise.** Our tax department currently has eight tax partners (with combined experience of over 200 years), two tax associates and a paralegal. It is one of the largest, if not the largest, public finance tax departments in the country and is recognized as a leader in the industry. The tax partners have established reputations and are well-respected by issuers, conduit borrowers, investment banking clients, and bond and tax attorneys, as well as Federal officials. They are frequently requested to participate in tax panels and in seminars throughout the country with respect to arbitrage rebate and yield restriction compliance, private use compliance, post issuance compliance and other tax matters. They are or have been active participants in the tax sections of the National Association of Bond Lawyers, the American Bar Association, and the New York State Bar Association, to name a few.

Hawkins' experience in handling IRS audits, examinations and inquiries is a significant reason many issuers retain us to provide Arbitrage Services. Hawkins has devoted significant resources to developing procedures for handling IRS audits, examinations and inquiries and providing advice to clients in the event of an IRS audit, examination or inquiry. In addition, our tax partners work frequently with IRS agents on arbitrage related matters and have represented and advised issuers on a large number of bond audits, examinations and inquiries by the IRS.

Because we serve as bond counsel on 300 to 400 bond financings every year, we are involved in representing clients on many IRS cases each and every year. Many of these cases were favorably closed with the receipt of "no-change" letters from the IRS. A few of these cases, involving failures by the issuers to pay the rebate and/or yield restriction liability amount on time, or in which the amount paid was insufficient, were settled with payments by the issuers.

**Bond Expertise.** As a leader in the public finance industry, Hawkins represents bond issuers, conduit borrowers, investment banks, credit enhancers, lenders and other participants in the markets. The firm has provided bond counsel, underwriters' counsel, disclosure counsel, bank counsel and special tax counsel services for virtually every type of public financing. Hawkins maintains in-depth resources to address any statutory law and bond resolution issues that may arise in arbitrage related matters. Such experience and expertise are beneficial when addressing questions that may arise during the course of an arbitrage rebate and yield restriction compliance engagement.





3. A DESCRIPTION OF ANY AFFILIATION OR RELATIONSHIP WITH QUALIFIED TAX ATTORNEYS WHO MAY PROVIDE AN OPINION OF TAX COUNSEL. PROVIDE BRIEF RESUMES INCLUDING RELEVANT EXPERIENCE FOR THOSE INDIVIDUALS.

As a full-service public finance law firm, we maintain in-house a fully staffed public finance tax department. As mentioned above, our firm is one of the largest, if not the largest, public finance tax departments in the country with 10 public finance tax attorneys. FAS is a part of the tax department. Having a large in-house tax department is one of our major strengths.

As noted above, the tax partners and of-counsel have established reputations and are well-respected by issuers, conduit borrowers, investment banking clients, and bond and tax attorneys, as well as Federal officials. They are frequently requested to participate in tax panels and in seminars throughout the country.

Kam Wong, the partner in charge of FAS, is one of few public finance attorneys with a background in engineering, finance and law. She is an expert in combining tax law and financial modeling that are critical to creating analyses that carry out the intent of the tax law and regulations. She has conducted numerous presentations and workshops for issuers and investment banking clients on the tax-exempt provisions of the Internal Revenue Code, Federal tax law and regulations.

Tax law issues are often the most difficult elements of any tax-exempt financing and Hawkins has long been a leader in municipal tax law expertise and experience, including Section 148(f) of the Code. Because the arbitrage rebate and yield restriction regulations are a subset of municipal tax law, Hawkins is ideally suited to assist issuers and other clients in this area. Hawkins maintains a proactive practice regarding arbitrage rebate and yield restriction and assists issuers and other clients during both the developmental and post-issuance phases of a transaction to minimize and monitor arbitrage rebate and yield restriction liabilities.

The attorneys of the firm regularly participate in the Treasury regulation process by providing both advance comments for suggested regulations and formal written comments on proposed regulations. Hawkins participated in the GFOA Treasury Advisory Panel which provided to the Treasury written suggestions relating to rebate rules. Hawkins has provided extensive written comments to the arbitrage regulations and expects to continue to comment on new regulations when they are proposed. The tax department also periodically prepares analyses of new regulatory and statutory developments as they relate to tax-exempt bonds.

The size and expertise of our tax department enable us to be current not only in all tax law changes but also in the outlook of the IRS on various matters. Consequently, we have been able to provide early warnings or other advice to our clients so that they may act accordingly and thus reduce the impact to them.

There is no extra cost for legal advice with respect to the arbitrage compliance report and such legal advice is provided within the firm. Any extraordinary legal advice (e.g., IRS audit) will be negotiated separately with the Authority.

4. A REPRESENTATIVE LIST OF AT LEAST FIVE (5) CLIENTS SERVICED BY THE REFERENCED SERVICING LOCATION AND A DESCRIPTION OF THE SERVICES PROVIDED. PLEASE PROVIDE A CONTACT NAME AND PHONE NUMBER FOR EACH LISTED CLIENT.

The following are the names, addresses and contact information of six of our clients.

**Massachusetts Educational Financing Authority:** We have been providing arbitrage compliance services for the Massachusetts Educational Financing Authority since 2000. MEFA offers community education programs, college savings plans and low-cost financing options. MEFA issued approximately \$4.2 billion of bonds and has assisted hundreds of thousands of families in financing a college education. Many of the authority's bond issues have transferred proceeds. Transferred proceeds analysis is required whenever proceeds of refunding bonds are used to discharge principal of the refunded bonds. In such case, unspent

proceeds of the refunded bonds cease to be treated as proceeds of the refunded bonds and become transferred proceeds of the refunding bonds. The tax regulations prescribe specific methods for determining the amount of such transferred proceeds. The arbitrage rebate and yield restriction computation models we develop take all such matters into account for the authority.

Name/Title	Location	Phone Number
Ms. Sarah Callander Director of Financial Operations	60 State Street, Suite 900, Boston, MA 02109	Phone: (617) 224-4836

**Rutgers, the State University of New Jersey.** We have been providing arbitrage compliance services for Rutgers University since 2003. The university issues bonds to finance the costs of various capital projects for sites and buildings located at the New Brunswick, Newark and Camden campuses of the university. In certain cases, the proceeds of the bonds for the projects are not spent within the 3-year temporary period which triggers a yield restriction calculation. The Internal Revenue Code imposes a general requirement that proceeds and deemed proceeds of tax-exempt bonds not be invested at more than the yield on the bonds. The Internal Revenue Code also provides several limited exceptions to this general rule. If an issuer qualifies for any of these exceptions, proceeds and deemed proceeds can be invested at more than the bond yield (i.e., make arbitrage) but, as described above, any arbitrage must be rebated to the federal government unless the university qualifies for one of the exceptions to rebate (as described above). These exceptions to yield restriction include the various temporary period exceptions and the reasonably required debt service reserve. For example, proceeds used for capital projects may qualify for a 3-year temporary period during which the university can make arbitrage (subject to rebate). However, once the temporary period has expired, the university must restrict the investment of unspent proceeds to not more than the bond yield.

Name/Title	Location	Phone Number
Mr. Jeffrey Manalo Director of Debt Management & Capital Finance	33 Knightsbridge Road, Floor 2, West Wing Piscataway, NJ 08854	Phone: (848) 997-8189

**New Jersey Turnpike Authority.** We have been providing arbitrage rebate and yield restriction compliance services for the New Jersey Turnpike Authority since 2000. We currently provide these services for the Turnpike's outstanding Revenue Bonds. To ensure compliance with the Treasury Regulations, we perform some fairly complex analyses, such as allocating transferred proceeds between the bonds. The need for this allocation arises when a new obligation refinances an outstanding prior obligation. A portion of the remaining proceeds of the prior obligation must be allocated to the new obligation each time a portion of the prior obligation is redeemed. Two other types of analyses we perform to ensure compliance for these bonds are: (i) "uncommingling" allocations, which arise when bond proceeds are held in the same fund as other proceeds of the issuer, and (ii) optimization of the arbitrage yield for variable rate obligations. Such optimization is used to minimize the rebate and yield restriction liability. We have saved the authority hundreds of thousands of dollars when we applied this optimization.

Name/Title	Location	Phone Number
Ms. Donna M. Manuelli Chief Financial Officer	581 Main Street Woodbridge, NJ 07095	Phone: (732) 750-5300 x8130

**The City of New York.** We have been providing arbitrage compliance services for The City of New York since 2001. For many of the City's bond issues, the proceeds used for new money projects are spent within the applicable benchmarks for the spending exceptions to rebate. In most cases, the City applied the spending exceptions to rebate and it reduced the amount of the rebate liability owed to the Internal Revenue Service. There are several sets of exceptions. The first is known as the small issuer exception. An issuer with general taxing powers who issues not more than \$5 million of bonds in a calendar year to finance local governmental purposes is exempt from the rebate requirement. The \$5 million is increased to \$10 million for educational facilities. The second set of exceptions is the spending exceptions. These are known as the 6-month spending exception, the 18-month spending exception and the 24-month spending exception. There are specific requirements for qualifying for each of these exceptions. If the qualifying requirements are met and the required schedules for the expenditure of certain proceeds of the bonds are also met, then the bonds, with certain limited exceptions, are exempt from the rebate requirement. The third set of exceptions is known as the "bona fide debt service fund exception." If the qualifying requirements of this exception are met, certain debt service funds of the issuer are exempt from the rebate requirements. This engagement is currently active.

Name/Title	Location	Phone Number
Mr. Michael Stern Executive Director of Debt Management and Counsel for Finance	NYC Office of the Comptroller One Centre Street, Room 517 New York, NY 10007	Phone: (212) 669-2320

**Metropolitan Government of Nashville-Davidson County, Tennessee.** Since 2001, we have provided Arbitrage Services for all of The Metropolitan Government of Nashville-Davidson County's bond issues, which include various new money and refunding issues. We noted and advised the client that the cash flows for investments and expenditures for several of the bond issues as shown in the reports prepared by the prior rebate consultant were inconsistent. These cash flows were cleansed and used in new reports we prepared for the client. Several of the client's bond issues included escrows funded with bond proceeds from the refunding issue as well as the refunded issue. These mixed escrows require adjustments to the transferred proceeds calculation for all applicable funds. Our knowledge of the tax law and our analytical expertise enable us to perform the necessary allocations to determine the correct rebate and yield restriction liabilities for such bond issues.

Name/Title	Location	Phone Number
Ms. Heidi Hoeffner Finance Administrator	700 2nd Ave. S., Suite 205 Nashville, TN 37219-6300	Phone: (615) 862-6708

**State of Connecticut:** We have provided arbitrage compliance services to the State of Connecticut on more than 140 separate bond issues under several programs and indentures including those for Connecticut's General Obligation Bonds, Special Tax Obligation Bonds (senior and subordinate), Special Assessment Unemployment Bonds and University of Connecticut Bonds (general revenues and special revenues). Of particular relevance are Connecticut's Special Tax Obligation Bonds. These are transportation bonds that are secured pursuant to a single senior parity resolution and a single subordinate parity resolution. A number of difficult tax challenges, including those related to transferred proceeds and commingled funds, arise from such structure and the use of proceeds of such bond issues. To deal with these challenges, we have created special financial models specifically tailored to these bonds in order to accurately and optimally comply with the Federal tax law and regulations. In addition, we have developed financial models

for several indentures with variable rate bonds, commercial paper, proceeds-spent-last allocations and universal cap applications.

Name/Title	Location	Phone Number
Ms. Sheree Mailhot Debt Management Specialist	Office of the State Treasurer 55 Elm Street Hartford, CT 06106	Phone: (860) 702-3035

5. EVIDENCE OF SATISFACTORY PROFESSIONAL ERRORS AND OMISSIONS LIABILITY INSURANCE COVERAGE WITH LIMITS OF AT LEAST \$5 MILLION.

Attorneys' Liability Assurance Society, Inc. Policy ALA1893; Limits: \$60,000,000 per occurrence and \$120,000,000 in the aggregate; Retention: \$500,000 per claim, \$1,000,000 aggregate with a \$100,000 maintenance retention. The contact person is: Ms. Anne M. Mahoney, Assistant Director of Underwriting at Attorneys' Liability Assurance Society, Inc. Phone number is (312) 697-6970, fax number is (312) 697-6901 and email address is ammahoney@alas.com.

6. EVIDENCE OF THE ORGANIZATION'S SOUND FINANCIAL CONDITION (E.G. A COPY OF THE MOST RECENT AUDITED FINANCIAL STATEMENTS).

As a private limited liability partnership, Hawkins does not disclose its financial statements. As a nationally recognized firm that has been in continuous existence since 1854, Hawkins has demonstrated its financial stability for more than 164 years and continues to have substantial partnership equity. The firm confirms that its financial and professional resources are more than sufficient to provide the Arbitrage Services for the Authority.

7. A COPY OF THE ORGANIZATION'S PROPOSED ENGAGEMENT LETTER. PLEASE NOTE THAT (A) THE ENGAGEMENT LETTER MUST INCLUDE BY REFERENCE, ALL TERMS AND CONDITIONS INCLUDED IN THIS REQUEST FOR PROPOSAL (THE "RFP"), (B) THE AUTHORITY IS NOT PERMITTED TO PROVIDE INDEMNIFICATION IN ANY FORM, AND (C) ANY AGREEMENT MUST BE SUBJECT TO THE LAWS OF THE STATE OF NEW JERSEY.

Please see **Tab B** for the Sample Engagement Letter.

8. A COPY OF SAMPLE REPORTS ANTICIPATED TO BE ISSUED FOR THIS ENGAGEMENT, INCLUDING BOND YIELD CALCULATION WITH A SWAP, TRANSFERRED PROCEEDS ANALYSIS, COMMINGLED FUNDS ANALYSIS AND ANY REPORT WITH AN ASSOCIATED INVESTMENT AGREEMENT. REPORTS MUST INCLUDE ASSUMPTIONS AND METHODOLOGY.

Please see **Tab C** for Sample Report 1 which includes the bond yield calculation with a swap, transferred proceeds analysis and commingled funds analysis and **Tab D** for Sample Report 2 which includes the bond yield calculation, commingled funds analysis and an investment agreement.

9. A COPY OF THE OPINION LETTERS WHICH WOULD ACCOMPANY EACH REPORT — OPINIONS TO INCLUDE ONE CERTIFYING THE MATHEMATICAL CORRECTNESS OF THE CALCULATIONS, ACCOMPANIED BY AN OPINION OF TAX COUNSEL REGARDING COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS.

The opinion letter is included in the sample arbitrage compliance reports. Please see **Tab C** and **Tab D**.

10. A BRIEF DESCRIPTION OF THE SOFTWARE USED BY YOUR FIRM AND THE FIRM'S ABILITY TO RECEIVE DATA AND DISSEMINATE REPORTS ELECTRONICALLY.

**Software:** Hawkins maintains up-to-date software models and programs with the capability to perform necessary arbitrage and bond related calculations for transactions of all types and levels of complexity. Microsoft Excel and SQL are the basic applications used to perform and track arbitrage calculations. Such

applications have been extensively modified by in-house algorithms and Visual Basic for Applications (VBA) to encompass the entire range of calculations that are necessary for tax-exempt bond financings and arbitrage compliance, including bond yield calculations (fixed and variable, single and composite issues, with qualified guarantee fees and hedging transactions), present and future value analyses, bond and investment valuations, universal cap analyses, transferred proceeds analyses, and refunding and bond structuring analyses. All models and programs are developed and updated to accommodate changes in Federal income tax law and tax regulations under tax partner and bond partner supervision. Each model and program has been thoroughly and continually tested for accuracy, consistency and conformity with the Federal income tax law and tax regulations and other applicable laws. The firm's tax partners have a thorough knowledge of how the tax regulations are intended to work and are confident that the use of these models and programs by the firm's financial analysts will eliminate any potential for structural errors in determining the accrued arbitrage rebate and yield restriction liabilities.

FAS has developed procedures which systematize, to the extent possible, the workflow required in providing arbitrage compliance services. In order to provide the greatest degree of efficiency and accuracy, FAS has put in place a series of quantitative checks and procedures to assure that the arbitrage rebate and yield restriction work performed is of the highest quality and is in compliance with Federal tax laws and regulations. Every one of the firm's rebate reports and supporting calculations is carefully reviewed by a FAS Consultant, a FAS Director and then examined by one of the firm's tax partners prior to its formal release to the client.

**Electronic Data and Reports:** Hawkins is able to receive data electronically in various formats, including .csv, .doc, .txt, .pdf, .xls, and other standard formats of electronic documents through email. FAS would prefer to receive data in Excel, if possible.

11. DESCRIBE YOUR FIRM'S PHYSICAL PRESENCE IN THE STATE OF NEW JERSEY, INCLUDING NUMBER OF OFFICES, NUMBER OF EMPLOYEES AND THE TYPE OF BUSINESS ACTIVITY CONDUCTED IN THE STATE.

Hawkins Delafield & Wood LLP maintains a bona fide office (as such term is defined in R. 1:21-1(a), Rules of General Application Governing the Courts of the State of New Jersey) at One Gateway Center, Newark, New Jersey. Our Newark, New Jersey office has ten full-time public finance attorneys, to our knowledge making our office among the largest public finance groups in the State of New Jersey. The New Jersey office has six partners, three associates and one counsel.

Our firm's public finance practice goes back over 100 years both nationally and in New Jersey, and includes numerous financings for New Jersey counties, municipalities, school districts, state authorities and other issuers. Hawkins Delafield & Wood LLP was responsible for drafting much of the enabling legislation for the State's general obligation bond financings, its Local Bond Law, its local school district financing laws, the New Jersey Economic Development Authority Act, the New Jersey Turnpike Authority Act of 1948, the New Jersey Highway Authority Act, the New Jersey Expressway Authority Act, the South Jersey Port Corporation Act, the Sewerage Authorities Law, the Municipal and County Utilities Authorities Law, the Parking Authority Law and the Tobacco Settlement Financing Corporation Act. Under authority of such laws, Hawkins Delafield & Wood LLP has issued approving legal opinions as to many hundreds of millions of dollars of bonds and notes for the purposes permitted by such laws.

FAS has provided arbitrage services to the New Jersey Educational Facilities Authority, the New Jersey Turnpike Authority, the New Jersey Economic Development Authority, the New Jersey Health Care Facilities Financing Authority, the State of New Jersey, the Somerset Raritan Valley Sewerage Authority, the Stony Brook Regional Sewerage Authority, the Pequannock Lincoln Park & Fairfield Authority, the Pequannock River Basin Authority, Rutgers University and the Ocean County Utilities Authority.

During the course of the firm's history, Hawkins Delafield & Wood LLP served as bond counsel to the State of New Jersey, the New Jersey Turnpike Authority, the New Jersey Highway Authority, the New Jersey Expressway Authority (the predecessor to the South Jersey Transportation Authority), Rutgers - The State University of New Jersey, the New Jersey Housing and Mortgage Finance Agency, the New Jersey Health Care Facilities Financing Authority, the New Jersey Educational Facilities Authority and the New Jersey Economic Development Authority. In 2002, Hawkins Delafield & Wood LLP served as co-bond counsel to the State's newly created Tobacco Settlement Financing Corporation in connection with the issuance of \$1.8 billion of tobacco settlement asset-backed bonds. In 2000, we served as bond counsel to the New Jersey Turnpike Authority in connection with a \$1.86 billion refunding, restructuring and new money bond issue. In 1999, the firm served as bond counsel to the State of New Jersey in connection with the issuance of \$428 million taxable and tax-exempt refunding bonds. In addition, the firm periodically advises the State on complex questions arising under bond documents and tax laws. We are currently representing Burlington County and Monmouth County in solid waste management matters, and we serve as one of Essex County's, Bergen County's and Morris County's bond counsel firms. We recently served as bond counsel to the New Jersey Educational Facilities Authority, Rutgers - The State University of New Jersey, the Somerset Raritan Valley Sewerage Authority, the Rockaway Valley Regional Sewerage Authority, the Cape May County Municipal Utilities Authority, the Camden County Improvement Authority, the Monmouth County Improvement Authority, the North Jersey District Water Supply Commission and the Passaic Valley Sewerage Commissioners. In addition, we acted as bond counsel to the New Jersey Economic Development Authority for a transaction involving the assignment of loans from The Port Authority of New York and New Jersey. We also served as bond counsel to the New Jersey Economic Development Authority for the transaction which provided the financing for MSNBC and for several recent conduit bond issues.

The firm has also continued to serve as underwriters' counsel on financings for numerous state and local issuers in New Jersey, including the New Jersey Housing and Mortgage Finance Agency, the New Jersey Health Care Facilities Financing Authority, the New Jersey Economic Development Authority, the New Jersey Educational Facilities Authority, the Essex County Improvement Authority, the Irvington Housing Finance Corporation, the Union County Utilities Authority, the Burlington County Bridge Commission, the North Jersey District Water Supply Commission, the Bergen County Improvement Authority, the Jersey City Municipal Utilities Authority, the North Hudson Sewerage Authority and the Mercer County Improvement Authority, and we have recently represented many banks as trustee's counsel in connection with New Jersey bond issues. We served as counsel to the underwriters in 1997 in connection with the issuance by the New Jersey Economic Development Authority of its \$2.8 billion State Pension Funding Bonds and in 1998 in connection with the issuance by the New Jersey Economic Development Authority of bonds to finance a portion of the Jersey Gardens project. In addition, we served as counsel to the liquidity banks in connection with the issuance in 1997, 1998, 1999, 2000 and 2001 by the State of New Jersey of its Commercial Paper Tax and Revenue Anticipation Notes.

12. PLEASE DESCRIBE THE PARTICIPATION OF WOMEN AND MINORITIES IN YOUR FIRM. INDICATE THE PERCENTAGE OF YOUR FIRM THAT IS OWNED BY WOMEN AND/OR MINORITIES.

Although Hawkins is not owned by women and/or minorities, the firm has adopted and published an Equal Employment Opportunity Policy Statement which provides that:

"It is the policy of Hawkins Delafield & Wood LLP to provide equal employment opportunity to all qualified persons without regard to race, creed, color, national origin, sex, age, handicap, marital status, sexual orientation or affectional preference. Furthermore, the Firm will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, age, handicap, marital status, sexual orientation or affectional preference, in any of the terms or conditions of employment. This



includes, but is not limited to, hiring, promotion, transfer, demotion, compensation, recruitment, layoff or termination."

In furtherance of this policy we have adopted an Affirmative Action Plan which provides that it is the goal of the firm to have a balanced work place which contains minority group members and women in a proportion reflective of their presence in the available, qualified workforce. The firm's hiring committee actively recruits qualified minority students for participation in our summer associates programs. In addition, the firm attempts to utilize qualified minority-owned or women-owned subcontractors, vendors and suppliers, as appropriate. The firm also notifies all subcontractors, vendors and suppliers in writing of its equal employment/affirmative action policy and requests appropriate supportive action on their part.

13. PLEASE PROVIDE ANY ADDITIONAL INFORMATION OR DOCUMENTATION THAT YOU FEEL WILL ASSIST THE AUTHORITY IN EVALUATING YOUR ORGANIZATION AND ITS ABILITY TO SERVICE THE AUTHORITY.

In providing Arbitrage Services, we propose to use the systematic approach below to satisfy all requirements of the Scope of Services as described in Section 4.0 of the RFP. This approach encompasses all technical and legal matters to ensure that all arbitrage issues of the Authority are addressed and incorporated in the analyses.

1. **Develop an arbitrage rebate monitoring system for all bond issues of the Authority:** We will ensure continuous management of the program throughout the entire term of the contract. This monitoring system will include collecting appropriate documentation, reviewing documents and inputting relevant data from each bond issue into our computerized arbitrage rebate database. This database will alert us to approaching computation dates and will be able to produce various reports that summarize information regarding liabilities, prior rebate/penalty payments, and other useful information. The monitoring system will be regularly updated to ensure that information is compiled and reports are generated to ensure compliance with IRS mandated time lines. We will maintain a close working relationship with the Authority by informing the Authority of future arbitrage computations.
2. **Collect all necessary documentation and investment data:** FAS will request the documents, including prior rebate reports and historical investment and expenditure information, for each bond issue from the Authority and/or the trustee for the funds and accounts subject to the arbitrage rebate and yield restriction requirements. We will then review and determine whether each bond issue is subject to the arbitrage rebate and/or yield restriction requirements. FAS will review the work performed by the prior rebate consultant, if any, to verify the integrity and accuracy of the data and computations. In the past, we have saved hundreds of thousands of dollars by re-computing the rebate and/or yield restriction liabilities for our clients. The members of FAS have never had any issues interacting with issuers, borrowers, prior rebate consultants, trustees and other contractors in obtaining data required for calculations.
3. **Review documentation for special elections and eligibility for rebate exceptions:** After we review all of the documents for each of the issues, we will determine if any of the arbitrage rebate exceptions are applicable and available for each bond issue. Rebate spending exceptions include the 6-Month Spending Exception, 18-Month Spending Exception, 24-Month Spending Exception, \$100,000 Debt Service Fund Earnings Exception, and \$2,500,000 Annual Debt Service Exception. We will also determine if such available exceptions actually reduce the arbitrage rebate liability.
4. **Verify debt service, original issue discount or premium and sources and uses, and calculate the arbitrage yield:** We will verify the debt service of each bond issue and the original issue discount or premium associated with each such issue. Additionally, we will prepare the sources and uses of funds for each issue and compute the arbitrage yield, which will include the following: dated date, issue date, maturity dates, interest payment dates, bond coupons, redemption dates and initial public offering prices (or yields). We will also determine whether any yield adjustments resulting from "deep discount bonds" or "premium bonds" are required. The above information will be included in each of the arbitrage compliance reports.



5. ***Review and analyze the portfolio of investments and the funds and accounts in which the investments are held:*** We will review and analyze the portfolio of investments in which gross proceeds of each bond issue are invested and reinvested, including the amount and type of each investment (e.g., U.S. Treasury securities, bank certificates and deposits, guaranteed investment contracts, repurchase agreements, or other instruments), the purchase and sale dates, the purchase and sale prices, the coupon rates, the maturity dates, the interest payment dates, the investment earnings, and the funds and accounts in which such investments are held. We will discuss with the Authority or the trustee any discrepancies and any inconsistencies in the data. All such funds and accounts will be listed in our arbitrage compliance report.
6. Calculate the cumulative rebate and yield restriction liabilities, taking into account gross proceeds that are or have become subject to yield restriction requirements and all credit and debits required or permitted by the tax regulations: We will input the bond and investment information into our customized arbitrage calculation model which has been extensively modified by in-house algorithms to encompass the entire range of calculations that are necessary or incidental to tax-exempt bond financings and arbitrage compliance, including bond yield calculations (fixed and variable, single and composite issues, with qualified guarantee fees and hedging transactions), present and future value analyses, bond and investment valuations, universal cap analyses, transferred proceeds analyses, and refunding and bond structuring analyses. We will determine whether gross proceeds of each bond issue are subject to the general rule of yield restriction. We will also analyze and determine, using the future value methodology prescribed by the Treasury Regulations, the amount of arbitrage rebate and yield restriction liabilities with respect to each bond issue for each IRS filing date and as of the final maturity or redemption of such bond issue, taking into account adjustments required or permitted by the Federal tax law and regulations, including computation date credits for each bond year.
7. Deliver a comprehensive report detailing the arbitrage rebate and yield restriction calculations, the rebate liability and any yield restriction issues, as well as a legal tax opinion regarding the calculations for a bond issue, which shall provide, among other things, that such calculations were performed in compliance with the Federal tax law and regulations: We will prepare and provide to the Authority a detailed annual and final arbitrage rebate and yield restriction compliance report with respect to each bond issue. Each arbitrage rebate and yield restriction compliance report will include the amounts of arbitrage rebate and yield restriction liabilities and summarize therein the methodologies and assumptions and results of the arbitrage rebate and yield restriction calculations, with all relevant calculation schedules and input information attached thereto. Each of our arbitrage compliance reports includes our legal tax opinion to the effect that the methodology used in computing the rebate and the yield restriction liability is in conformance with Federal tax law.
8. ***Prepare and provide for signature and date a completed Form 8038-T for filing with the IRS:*** We will prepare and provide to the Authority detailed instructions with respect to the filing of the IRS Form 8038-T with the Internal Revenue Service for each bond issue or, at the direction of the Authority, make such filing on behalf of the Authority.

All of the above Arbitrage Services will be rendered or performed diligently to permit the Authority to meet all deadlines for the filing of necessary forms with, and the submittal of any check for payment of the arbitrage rebate, yield restriction, or penalty amounts to, the IRS. Additionally, we will write in our arbitrage compliance reports that there are no more calculations needed if there are no more gross proceeds subject to the rebate and yield restriction requirements.

Our work will not end with assisting the Authority to make timely rebate or yield restriction payments. FAS will also monitor for, provide the Authority notification of, and assist the Authority with, potential opportunities to obtain a refund in the event of a rebate or yield restriction overpayment.

We will also assist the Authority in the event of an audit, examination, or inquiry made by the IRS, or any other Federal or state governmental or regulatory bodies, regarding rebate and/or yield restriction

calculations. Such assistance includes advice regarding the Authority's rights, duties and available options, as well as the furnishing of rebate information and calculations to the inquiring authority, explanation of the methodology and assumptions used in preparing the arbitrage rebate and/or yield restriction computations and determining the rebate and/or yield reduction amount, and related technical and numerical matters.

Finally, FAS has provided training sessions and made presentations on arbitrage rebate and yield restriction to many of its clients nationwide and will, at the Authority's request, provide training sessions and make presentations to the Authority tailored to the specific needs of the Authority. Our sessions cover the overview of the arbitrage rebate and yield restriction rules and regulations, calculations of the rebate and yield restriction liabilities, the spending exceptions to the rebate requirements, the arbitrage rebate and yield reduction payment due dates, the on-going reporting requirements and record retention.

14. PLEASE INDICATE THE LOCATION WHERE THE SERVICES WILL BE PERFORMED.

All of our arbitrage compliance services will be performed in our New York City office at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. Certain tax lawyer review may be performed at our San Francisco office.

15. PLEASE PROVIDE A COPY OF YOUR FIRM'S CURRENT NEW JERSEY BUSINESS REGISTRATION CERTIFICATION (OR INTERIM REGISTRATION).

Please see **Tab E** (Required Documents) for a copy of our New Jersey Business Registration Certificate.

16. PROPOSED FEES: SUBMIT A COMPREHENSIVE ITEMIZED LIST OF SERVICES AND THE RESPECTIVE COSTS INCLUDING THE HOURLY RATE CHARGED FOR ADHOC CONSULTING SERVICES 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 **Tab E** (Required Documents) for the Fee Proposal.

17. 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 have been no existing or threatened litigation, regulatory investigations, liens, or claims involving Hawkins partners.

18. IDENTIFY WHETHER YOUR FIRM'S OR ANY EMPLOYEE'S ABILITY TO PRACTICE HAVE BEEN SUSPENDED OR REVOKED BY ANY FEDERAL, STATE OR LOCAL GOVERNMENT OR AGENCY THEREOF. IF SO, PROVIDE THE DETAILS LEADING TO THE SUSPENSION, THE DURATION OF THE SUSPENSION AND THE DATES THE SUSPENSION BEGAN AND THE DATE OF REINSTATEMENT.

No partners have been suspended or revoked by any federal, state or local government or agency.

19. CONFLICTS OF INTEREST: DESCRIBE ANY ACTUAL OR POTENTIAL CONFLICTS OF INTEREST THAT MIGHT ARISE IF YOUR FIRM IS SELECTED TO SERVE AS ARBITRAGE COMPLIANCE PROVIDER TO THE AUTHORITY TAKING INTO CONSIDERATION BOTH THE AUTHORITY AND ITS COLLEGE AND UNIVERSITY CLIENTS.

We believe that there are no potential conflicts of interest with the performance of this service.

20. 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 **Tab E** for Required Documents.

## SAMPLE ENGAGEMENT LETTER

(212) 820-9410

July 31, 2019

Mr. Brian Sootkoos  
Director of Finance  
New Jersey Educational Facilities Authority  
103 College Road East, Second Floor  
Princeton, NJ 08540-6612

Re: New Jersey Educational Facilities Authority

Arbitrage Rebate and Yield Restriction Compliance Services

Dear Mr. Sootkoos:

This letter sets forth the terms and conditions of the engagement of Hawkins Delafield & Wood LLP ("Hawkins") by the New Jersey Educational Facilities Authority (the "Authority") to provide legal advice regarding arbitrage rebate and yield restriction compliance with respect to the bond issues designated by the Authority (the "Bond Issues"). The advice involves applying applicable tax rules contained in Section 148(f) of the Internal Revenue Code of 1986 (the "Code") and regulations of the United States Department of the Treasury (the "Regulations"). In providing such advice, Hawkins may render, as appropriate, some or all of the services listed under the Request for Proposal for Arbitrage Compliance Services. Other related services may be provided by Hawkins at the request of the Authority pursuant to a separate fee arrangement.

The Authority will undertake to provide or cause to be provided to Hawkins such data and information as requested by Hawkins from time to time to enable Hawkins to render advice prior to each date on which calculations are to be performed (each, a "Calculation Date") with respect to arbitrage rebate and yield restriction compliance. The Authority will notify Hawkins of any early redemption or refunding of any of the bonds of the Bond Issues, and of any derivative products such as swaps or hedges that relate to the Bond Issues within 15 days of the relevant transaction date. Hawkins will not disclose to any third party person any data or information provided to Hawkins or developed pursuant to this engagement without the prior written consent of the Authority.

The fees payable to Hawkins for providing rebate and yield restriction advice for the Bond Issues are due and payable in the amounts and at the times as set forth in the Proposal for Arbitrage Compliance Services prepared by Hawkins. Hawkins will begin gathering and cataloguing of necessary documentation, initial review of documents, and setting up of new transactions on Hawkins' accounting, records, and arbitrage rebate database systems upon receipt of this signed engagement letter.

The Authority or Hawkins may terminate this engagement by written notice to the other party, such termination to be effective immediately; provided that, if Hawkins terminates this engagement prior to delivering any rebate or penalty advice and if the Authority terminates this engagement other than as of the date of delivery of any rebate or yield restriction calculation and opinion with respect to a Calculation Date, the Authority shall pay a termination fee as determined by both parties, but not in excess of the fee that would be payable for services actually performed with respect to the next succeeding Calculation Date. Hawkins may not assign its rights and obligations under this engagement, whether in whole or in part, without the prior written consent of the Authority.

The Authority waives any and all conflicts-of-interest that may have arisen or may arise hereafter from this engagement or from any attorney-client relationship Hawkins may have had, may have currently, or may have in the future, with other parties involved in some manner with the Bond Issues or the Authority.

If this engagement letter is agreeable to you, please arrange to have an authorized officer sign two copies, retain one signed copy for the Authority's record and return one signed copy to Mr. Takashi Iwata.

Very truly yours,

*Hawkins Delafield & Wood LLP*

By: \_\_\_\_\_  
Kam Wong  
Partner

Accepted this \_\_\_\_ day of \_\_\_\_\_, 2019:

New Jersey Educational Facilities Authority

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

Title: \_\_\_\_\_

**SAMPLE ARBITRAGE REBATE AND YIELD RESTRICTION  
COMPLIANCE REPORT 1**

**\$74,100,000**  
**ANY EDUCATIONAL FACILITIES AUTHORITY**  
**REVENUE REFUNDING BONDS,**  
**ANY UNIVERSITY ISSUE**  
**\$49,760,000 2008 SERIES D**  
**\$24,340,000 2008 SERIES E**

**ARBITRAGE REBATE AND YIELD RESTRICTION**  
**COMPLIANCE REPORT FOR THE PERIOD**  
**JUNE 30, 2013 THROUGH JUNE 30, 2018**

*Hawkins*  
DELAFIELD & WOOD LLP

*Financial Analysis & Services Group*

7 WORLD TRADE CENTER  
250 GREENWICH STREET  
NEW YORK, NY 10007-2442  
PHONE: 212-820-9400  
FAX: 212-514-8425  
WEBSITE: WWW.HAWKINS.COM

**JULY 31, 2019**

NEW YORK • LOS ANGELES • SAN FRANCISCO • SACRAMENTO • WASHINGTON, D.C. • HARTFORD • NEWARK • PORTLAND • ANN ARBOR

## TABLE OF CONTENTS

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### Tab

Opinion Letter

Exhibit One: Methodology and Assumptions

Exhibit Two: Compliance Status

### Schedules

Summary and Conclusions .....	A
2008E Debt Service Reserve Fund - Unrestricted Portion.....	B
2008D Interest Account (Bond Proceeds Portion) .....	C
2015 Escrow Fund .....	D
Transferred Proceeds Analysis .....	E

### Appendices ..... F

- I. Sources and Uses of Funds
- II. Bond Yield Calculation
- III. 2008E Bond Valuation
- IV. Remaining Swaps Payments and Receipts
- V. Allocation of Remaining Swap Termination Payment
- VI. Swaps Payments and Receipts
- VII. Allocation of Swap Termination Payment
- VIII. Swap Termination Payment Amortization Schedule
- IX. Yield for Allocation of 2005C Swap Termination Payment
- X. 2008E Bonds Debt Service to Stated Maturity



July 31, 2019

Ms. Bond Issuer  
Treasurer  
Any County  
123 Main Street  
Any City, Any State 012345

\$74,100,000  
New Jersey Educational Facilities Authority  
Revenue Refunding Bonds,  
Any University Issue  
\$49,760,000 2008 Series D  
\$24,340,000 2008 Series E

*Arbitrage Rebate and Yield Restriction  
Compliance Report for the Period  
June 30, 2013 through June 30, 2018*

Dear Mr. Issuer:

At the request of the Any Educational Facilities Authority (the "Authority"), we have prepared the accompanying report (the "Report") regarding the accrued arbitrage rebate liability (the "Rebate Liability") and the accrued yield restriction liability (the "Yield Restriction Liability") of the Authority with respect to the investment of gross proceeds of the above-referenced obligations (referred to separately as the "2008D Bonds" and the "2008E Bonds" and collectively as the "Bonds") in nonpurpose investments for the above-referenced period (the "Computation Period"). The calculations in the Report have been prepared under the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and the United States Treasury Regulations effective as of July 1, 1993, as amended (the "1993 Regulations").

The findings are summarized in Schedule A1 of the Report. The methodology and assumptions used in determining the Rebate Liability and the Yield Restriction Liability are summarized in Exhibit One of the Report.

We have reviewed the following documents and records:

- records provided by The Bank of New York Mellon (the "Trustee"), detailing the investment and expenditure of gross proceeds of the Bonds, including the actual earnings received on such investments, and the actual or deemed prices received for such investments upon disposition;
- records provided by the Trustee regarding the principal and interest payments on the Bonds;
- records provided by Allied Irish Bank and TD Bank regarding the letter of credit fees with respect to the Bonds;
- data provided by the Swap Provider (as defined below) regarding the swap payments and receipts with respect to the Bonds;
- the portions of the Official Statements detailing the terms and redemption provisions of the Bonds;
- the portions of the Remarketing Memorandum detailing the terms and redemption provisions of the 2008D Bonds;
- the Irrevocable Direct Pay Letter of Credit, dated as of November 16, 2010, issued by TD Bank, with respect to the 2008D Bonds (the "TD Letter of Credit");
- the Tax Certificate of the New Jersey Educational Facilities Authority as to Arbitrage and Compliance with Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended, including the exhibits thereto, with respect to the Bonds (the "Tax Certificate");
- the Tax Certificate as to Arbitrage and as to Compliance with Provisions of Section 103(A) of the Internal Revenue Code of 1986, as Amended, including the exhibits thereto (the "2005C Tax Certificate"), with respect to the 2005C Bonds (as defined in Exhibit One);
- the Arbitrage and Tax Certificate of the Authority, including the exhibits thereto (the "2015C Tax Certificate"), with respect to the 2015C Bonds (as defined in Exhibit One);
- the Arbitrage and Tax Certificate of the Authority, including the exhibits thereto (the "2017D Tax Certificate" and collectively with the 2015C Tax Certificate, the "Refunding Tax Certificates"), with respect to the 2017D Bonds (as defined in Exhibit One);
- the Verification Report, prepared by Causey Demgen & Moore Inc., dated December 11, 2008, with respect to the Bonds (the "2008 Verification Report");
- the Verification Agent Report, prepared by Mercadien, P.C., dated July 14, 2015, with respect to the 2015C Bonds (the "2015 Verification Report");
- the Verification Agent Report, prepared by AMTEC, dated June 29, 2017, with respect to the 2017D Bonds (the "2017 Verification Report");
- the Interest Rate Swap Confirmation, dated August 17, 2005, between Citibank N.A., New York (the "Swap Provider") and Seton Hall University (the "University"), with respect to the 2005C Bonds (the "2005C Swap Confirmation");
- the Interest Rate Swap Confirmation, dated May 18, 2006, between the Swap Provider and the University, with respect to the 2006A Bonds (the "2006A Swap Confirmation");
- the Termination Agreement, dated June 21, 2017, between the Swap Provider and the University, with respect to the Bonds (the "Swap Termination Agreement");
- the opinion of Bond Counsel (as defined below) described in the Remarketing Memorandum, dated November 9, 2010, that the substitution of the TD Letter of Credit for the AIB Letter of Credit, as defined in the Remarketing Memorandum, and the adoption of the amended and restated resolutions do not adversely affect the exclusion from gross income of the interest on the Bonds for Federal income tax purposes;

Mr. Issuer  
July 31, 2019  
Page 3

- the Arbitrage Rebate and Yield Restriction Compliance Report for the 2005C Bonds, prepared by Hawkins, Delafield & Wood LLP, dated February 13, 2009, for the period April 18, 2005 through January 8, 2009 (the "2005C Final Compliance Report");
- the Interim Arbitrage Rebate Analysis for the 2006A Bonds (as defined in Exhibit One), prepared by Bond Logistix LLC, dated August 29, 2007 for the period June 1, 2006 through June 30, 2007 (the "2006A Prior Rebate Report"); and
- the Arbitrage Rebate and Yield Restriction Compliance Report for the Bonds, prepared by Hawkins Delafield & Wood LLP, dated July 16, 2013, for the period December 11, 2008 through June 30, 2013 (the "Fifth Year Compliance Report").

With the consent of the Authority, we have relied on, without independent verification, the information that is contained in the above-referenced documents, records and data and the advice that was provided by the Authority, the Trustee, the Swap Provider and Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel") with respect to such information for the purposes of calculating the Rebate Liability and the Yield Restriction Liability. We express no opinion as to the completeness, accuracy or suitability of such information for such purposes. Except as stated herein with respect to rebate and yield restriction matters relating to the Bonds, we express no opinion as to the exclusion of the interest on the Bonds from gross income for purposes of Federal income taxation nor with respect to any arbitrage rebate or yield restriction compliance of any other tax-exempt obligations that have been refunded by the Bonds or that have refunded the Bonds.

Based on the advice of Bond Counsel with respect to the remarketing of the 2008D Bonds on November 16, 2010 and based on the Remarketing Memorandum, the 2008D Bonds are not treated as "reissued" for Federal income tax purposes when they were remarketed.

Based on and subject to the foregoing, it is our opinion that the methodology used in computing the Rebate Liability and the Yield Restriction Liability is in conformance with the Code and the 1993 Regulations.

The terms of our engagement are such that we have no obligation to update the Report because of events occurring, or data or information coming to our attention, subsequent to the date of the Report.

We are furnishing the Report to the Authority solely for its benefit and the benefit of the University and the Trustee. The Report is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our prior written consent.

Very truly yours,

Hawkins Delafield & Wood LLP

1. Purpose of the Bonds: As stated in the Tax Certificate, the 2008D Bonds were issued for the purpose of providing funds which were used by the University to: (i) currently refund \$28,287,500 portion of the Authority's outstanding \$57,750,000 Revenue Bonds, Seton Hall University Issue, 2005 Series C (the "2005C Bonds"); (ii) currently refund the outstanding \$20,200,000 of the Authority's Revenue Refunding Bonds, Seton Hall University Issue, 2006 Series A (the "2006A Bonds" and collectively with the 2005C Bonds, the "Prior Bonds"); and (iii) pay certain costs of issuing the 2008D Bonds.

As stated in the Tax Certificate, the 2008E Bonds were issued for the purpose of providing funds which were used by the University to: (i) currently refund the \$21,737,500 portion of the outstanding 2005C Bonds; (ii) fund a debt service reserve fund; and (iii) pay certain costs of issuing the 2008E Bonds.

The portion of the Prior Bonds refunded by the Bonds is called the "Refunded Bonds." Capitalized terms have the meanings ascribed thereto in the Tax Certificate.

2. Defeasances and Early Redemptions: As stated in Section 2.1. of the 2015C Tax Certificate, the outstanding 2008E Bonds were advance refunded and redeemed by the Authority's \$22,205,000 Revenue Refunding Bonds, Seton Hall University Issue, 2015 Series C (the "2015C Bonds"). As a result, the 2008E Bonds will be redeemed in their entirety on July 1, 2019. As stated in Section 2.1. of the 2017D Tax Certificate, the outstanding 2008D Bonds were currently refunded and redeemed by the Authority's \$39,520,000 Revenue Refunding Bonds, Seton Hall University Issue, 2017 Series D (the "2017D Bonds" and collectively with the 2015C Bonds, the "Refunding Bonds"). As a result, the 2008D Bonds was redeemed in their entirety on June 29, 2017.
3. Bond Year: Consistent with the Fifth Year Compliance Report, each Bond Year ends on June 30 or on the final redemption date of the Bonds.
4. Prior Rebate or Yield Reduction Payments: The Authority has advised that no rebate or yield reduction payment has been made to the United States Treasury Department with respect to the Bonds.
5. One Issue: Pursuant to Section 4.G of the Tax Certificate, the 2008D Bonds and the 2008E Bonds are treated as a single issue for purposes of Section 148 of the Code.
6. Fair Market Value: Each investment purchased or sold is assumed: (i) to be at fair market value, (ii) except as specified herein, not to include any brokerage or other acquisition fees, and (iii) to be an arm's-length transaction which did not reduce the Rebate Liability or the Yield Restriction Liability with respect to the Bonds.
7. Broker's Commissions and Sweep Fees: Broker's commissions, sweep fees, or similar fees paid in connection with any guaranteed investment contracts or similar investments purchased with gross proceeds of the Bonds that are treated as administrative expenses are not taken into account in determining the yield on such investments.

8. Yield Determination: Except as specified herein, all yields are computed on the basis of a 30/360 day year, compounded semiannually. Present values and future values are computed on the basis of a 30/360 day year with semiannual compounding.
9. Bond Yield:
- (a) The 2008D Bonds were issued as variable rate bonds and the 2008E Bonds were issued as fixed rate bonds. The 2008D Bonds were redeemed in their entirety on June 29, 2017. Pursuant to 1993 Regulations Section 1.148-4(d), the Bonds are treated as a variable yield issue from the issue date of the Bonds to June 30, 2018 (the "Variable Period"), and are treated as a fixed yield issue thereafter through the final maturity date of the Bonds (the "Fixed Period"). During the Variable Period, the Bonds are treated as a variable yield issue under 1993 Regulations Section 1.148-1(b) because the yield on such issue was not fixed and determinable as of the issue date using the assumptions and rules provided in 1993 Regulations Section 1.148-4(b). The yield on the Bonds during the Variable Period is calculated pursuant to 1993 Regulations Section 1.148-4(c). 1993 Regulations Section 1.148-3(e)(1)(ii) permits, after the first required payment date, the yield on the Bonds to be determined consistently either at the end of each Bond Year or at the end of each fifth Bond Year. The yield on the Bonds is computed as a single yield for the Computation Period (see Appendix II). Optimization of the Bond Yield to minimize the Rebate Liability and the Yield Restriction Liability was not performed as such liabilities are zero.
- (b) As stated in Section 4.N of the Tax Certificate, the University has previously entered into the 2005 Swap Agreement and the 2006 Swap Agreement which constitute Qualified Hedges for the 2005C Bonds and the 2006A Bonds (the "Prior Swaps"), respectively, and such Prior Swaps were deemed terminated on December 11, 2008 with deemed termination payments in the amounts of \$5,618,813.58 for the 2005C Bonds and \$2,297,003.32 for the 2006A Bonds. As stated in the definition of "Yield" in Section 1 of the Tax Certificate, the deemed termination payments with respect to the Prior Swaps are treated as payments on the Bonds and are taken into account in determining the yield on the Bonds and payments and receipts under the 2008D Swaps with respect to the 2008D Bonds are taken into account in determining the yield on the Bonds effective July 2, 2009. As further stated in Section 4.N of the Tax Certificate, the Swap Agreements were re-identified to be Qualified Hedges for the 2008D Bonds effective July 2, 2009 (the "2008D Swaps"). As described in Section 4.N of the Tax Certificate, the on-market portions of the 2008D Swaps are treated as "qualified hedges" under 1993 Regulation Section 1.148-4(h) and the on-market payments made and received pursuant to the 2008D Swaps are taken into account in determining the yield on the Bonds. Pursuant to Sections (B)(3) and (B)(4) of Schedule C to the Tax Certificate, the fees paid by the Swap Provider to the swap advisor with respect to the 2008D Swaps are not included in the on-market fixed rate payments of the 2008D Swaps. As stated in the Swap Termination Agreement, the 2008D Swaps were terminated on June 29, 2017 and the University made a termination payment in the amount of \$4,872,000 to the Swap Provider. The Tax Certificate executed in connection with the issuance of the 2017D Bonds is silent on the treatment of such termination payment.

- (c) The Authority has advised that no other qualified hedge (as defined in the 1993 Regulations) has been entered into with respect to the Bonds. Accordingly, no other qualified hedge payments and receipts are taken into account in determining the yield on the Bonds.
  - (d) The issue price of the Bonds is based on the initial public offering prices and/or yields set forth in the Official Statements.
  - (e) As stated in Section 4.M of the Tax Certificate, the fees paid for the Letter of Credit are treated as "qualified guarantee" fees under 1993 Regulations Section 1.148-4(f) and based on the advice of the Authority, such fees are taken into account in determining the yield on the Bonds.
10. Funds and Accounts: Gross proceeds of the Bonds may be or have been held in the following funds and accounts as described in the Tax Certificate, the 2005C Tax Certificate and the Refunding Tax Certificate or shown in the records and data we have reviewed. Each fund or account subject to the rebate and/or the yield restriction requirements is known as a Gross Proceeds Fund. Certain Gross Proceeds Funds that qualify as a bona fide debt service fund pursuant to 1993 Regulations Section 1.148-1(b) are known collectively as part of the Bona Fide Debt Service Fund:
- (a) 2005C & 2006A Redemption Account: *Gross Proceeds Fund (no investment activity during the Computation Period)*
  - (b) 2005C Rebate Fund: *Gross Proceeds Fund (no investment activity during the Computation Period)*
  - (c) 2008D Project Fund: *Gross Proceeds Fund (no investment activity during the Computation Period)*
  - (d) 2008D Costs of Issuance Fund: *Gross Proceeds Fund (no investment activity during the Computation Period)*
  - (e) 2008E Project Fund: *Gross Proceeds Fund (no investment activity during the Computation Period)*
  - (f) 2008E Costs of Issuance Fund: *Gross Proceeds Fund (no investment activity during the Computation Period)*
  - (g) 2015 Escrow Fund: *Gross Proceeds Fund*
  - (h) 2008E Debt Service Reserve Fund: *Gross Proceeds Fund*
  - (i) Debt Service Funds: *Part of the Bona Fide Debt Service Fund*
    - i. Interest Accounts: *Each, part of the Bona Fide Debt Service Fund (to the extent used to pay debt service on the Bonds) and Gross Proceeds Fund (to the extent proceeds of the bonds deposited therein)*
    - ii. Principal Accounts: *Each, part of the Bona Fide Debt Service Fund*
  - (j) 2008E Project Mort Account: *Contains no gross proceeds*
  - (k) 2008E REN REP Funds: *Contains no gross proceeds*
  - (l) 2008D Remarketing Account: *Contains no gross proceeds*
  - (m) 2008D Purchase Account: *Contains no gross proceeds*

The Debt Service Funds, including the Interest Accounts (to the extent used to pay debt service on the Bonds) and the Principal Accounts therein, are collectively called the "Debt Service Funds and Accounts."

Except for the foregoing funds and accounts, it is assumed that gross proceeds of the Bonds are not held during the Computation Period in any other funds and accounts of the Authority, the University or their respective agents.

11. Bona Fide Debt Service Fund: Pursuant to Section 148(f)(4) of the Code and 1993 Regulations Section 1.148-7, the Bona Fide Debt Service Fund is not taken into account in determining the Rebate Liability: (a) for Bond Years in which the Bona Fide Debt Service Fund does not have earnings greater than \$100,000; or (b) if gross proceeds of the Bonds are expended for the governmental purposes for which the Bonds are issued in the amounts and within the periods applicable to the 6-month, 18-month or 24-month rebate spend-down exception to the extent any such exception is applicable to the Bonds. For Bond Years for which the Debt Service Funds and Accounts are determined not to qualify as a Bona Fide Debt Service Fund, such funds and accounts are taken into account in determining the Yield Restriction Liability. Based on the Trustee's records, the Debt Service Funds and Accounts qualify as a Bona Fide Debt Service Fund and the earnings in the Bona Fide Debt Service Fund do not exceed \$100,000 in each Bond Year during the Computation Period; therefore, such funds and accounts are not taken into account in determining the Rebate Liability and the Yield Restriction Liability.
12. 2008E Debt Service Reserve Fund: As stated in Section 4.E. of the Tax Certificate, the amount of proceeds on deposit in the 2008E Debt Service Reserve Fund shall not exceed the lesser of: (i) 10% of the sale proceeds allocable to the 2008E Bonds, (ii) the maximum annual debt service on the 2008E Bonds, and (iii) 125% of the average annual debt service on the 2008E Bonds. Under the Code and the 1993 Regulations: (a) the amount of gross proceeds of the 2008E Bonds held in the 2008E Debt Service Reserve Fund that does not exceed the sum of the reasonably required reserve amount and the minor portion amount (collectively, the "Unrestricted Portion") is not subject to yield restriction but is subject to rebate; and (b) the amount in excess of the Unrestricted Portion (the "Yield Restricted Portion") is subject to yield restriction. For the purposes of the Report, the 2008E Debt Service Reserve Fund consists of: (i) the 2008E Debt Service Reserve Fund - Unrestricted Portion; and (ii) the 2008E Debt Service Reserve Fund - Yield Restricted Portion. Based on the Trustee's records, the amount of proceeds held in the 2008E Debt Service Reserve Fund does not exceed the Unrestricted Portion for any period longer than one year during the Computation Period. Based on the foregoing, the amount of proceeds of the 2008E Bonds held in the 2008E Debt Service Reserve Fund is not subject to yield restriction during the Computation Period.
13. Expenditures: All amounts withdrawn from the Gross Proceeds Funds are assumed to be expended for the purposes of the Bonds on the day they are withdrawn and such expenditures are assumed to involve a current outlay of cash for a governmental purpose of the Bonds.
14. Transferred Proceeds: Pursuant to 1993 Regulations Section 1.148-9, proceeds of the Refunded Bonds become transferred proceeds of the Bonds and cease to be proceeds of the Refunded Bonds on each date that proceeds of the Bonds are used to pay principal of the Refunded Bonds (i.e., the transfer dates). Subject to the spending exceptions to the rebate requirement, such proceeds become subject to rebate or yield restriction with respect to the Bonds as of the transfer dates. As of the issue date of the Bonds, unexpended proceeds of the



2005C Bonds were held in the 2005C Project Fund, the Broker Dealer Account, the 2005C Rebate Fund and the 2008E Project Fund. A portion of such proceeds became transferred proceeds of the Bonds on January 8, 2009, the first and only transfer date. See the Fifth Year Compliance Report for the transferred proceeds analysis. The Authority has advised that all proceeds of the 2006A Bonds were expended as of the issue date of the Bonds and hence, did not become transferred proceeds of the 2006A Bonds.

Pursuant to 1993 Regulations Section 1.148-9, proceeds of the 2008E Bonds become transferred proceeds of the Refunding Bonds and cease to be proceeds of the 2008E Bonds on each date that proceeds of the Refunding Bonds are used to pay principal of the 2008E Bonds (i.e., the transfer dates). Subject to the spending exceptions to the rebate requirement, such transferred proceeds become subject to rebate or yield restriction with respect to the Refunding Bonds as of the transfer dates. Contrary to Section 3.13. of the 2015C Tax Certificate and as shown in the Trustee's records, unexpended proceeds of the 2008E Bonds were held in the 2008E Debt Service Reserve Fund of the 2008E Bonds and such proceeds were transferred to the 2015 Escrow Fund as of the issue date of the 2015C Bonds. Portions of such unexpended proceeds became and will become transferred proceeds of the Refunding Bonds beginning on July 1, 2016 and ending on July 1, 2019. See Schedule E1 for transferred proceeds analysis. As stated in Section 3.12 of the 2017D Tax Certificate and as shown in the Trustee's records, all proceeds of the 2008D Bonds were expended as of the issue date of the 2017D Bonds; and, hence, such proceeds did not become transferred proceeds of the 2017D Bonds.

15. Common Funds: Proceeds of the Bonds and other funds of the Authority deposited in the 2008D Interest Account are allocated to investments and interest earnings by applying a pro-rata allocation methodology, and to expenditures by applying a direct trace methodology (see Schedule C2). The interest earnings are allocated among such investments based on the average balance of each investment as of each interest payment date.

Proceeds of the Refunding Bonds and the proceeds of the Bonds held in the 2008E Debt Service Reserve Fund deposited in the 2015 Escrow Fund are allocated to investments, expenditures and interest earnings by applying a pro-rata allocation methodology based on initial deposits (see Schedule D3).

16. Spending Exceptions to the Rebate Requirement: No spending exceptions to the rebate requirement are applicable for the Computation Period. Spending exceptions to the rebate requirement for the first five year computation period are discussed in the Fifth Year Compliance Report.
17. Election into September 26, 2007 Proposed Regulations: The Authority has advised that it has elected to apply Section 1.148-3(d)(4) of the Proposed Regulations published on September 26, 2007 with respect to the computation date credit amount.



1. As set forth in Schedule A1 of th, no positive Rebate Liability or Yield Restriction Liability accrued as of June 30, 2018; therefore, no payment is required to be made to the United States Treasury Department.
2. Except for proceeds of the Bonds held in the 2015 Escrow Fund which are invested at less than the Bond Yield, all proceeds of the Bonds have been allocated to expenditures as of February 4, 2016. No Rebate and Yield Restriction Liability should accrue after June 30, 2018 unless: (a) there is a change with respect to the investment of gross proceeds of the Bonds; or (b) gross proceeds of the Bonds subject to rebate or yield restriction under the Code and the 1993 Regulations hereafter arise (e.g., insurance and condemnation proceeds, etc.).

BLX 

PERSPECTIVE • EXPERIENCE • PROCESS





**RESPONSE TO REQUEST FOR PROPOSALS FOR  
ARBITRAGE COMPLIANCE SERVICES**

## **New Jersey Educational Facilities Authority**

August 2, 2019

**PROJECT MANAGER**

**Robin Schlimgen**

Managing Director

T 480.539.4084

E [rschlimgen@blxgroup.com](mailto:rschlimgen@blxgroup.com)



BLX Group LLC

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Mesa, AZ 85204  
Ph 480 539 0912 Fx 480 539 4266  
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August 2, 2019

New Jersey Educational Facilities Authority  
103 College Road East, Second Floor  
Princeton, NJ 08540  
Attention: Brian Sootkoos

Re: Request for Proposal for Arbitrage Compliance Services

Ladies and Gentlemen:

On behalf of BLX Group LLC ("BLX"), I am pleased to submit the attached proposal in response to the New Jersey Educational Facilities Authority's (the "Authority") Arbitrage Rebate Compliance RFP. ***Having provided the requested services to the Authority since 1996, we believe that our familiarity with the Authority's service needs makes us uniquely qualified to understand the technical complexities of the Authority's debt profile and strict reporting specifications.*** BLX draws upon deep expertise supporting municipal offerings with decades of client service experience paired with advanced processes, methodologies and technology.

Since its inception 30 years ago, BLX has been a subsidiary of Orrick, Herrington & Sutcliffe LLP ("Orrick"). Orrick has been providing quality municipal finance legal services for over one hundred years, has ranked first nationally as bond counsel for most of the last two decades, and encompasses the largest and most experienced public finance tax group of its kind. BLX consultants work with Orrick tax and bond attorneys to ensure that the legal aspects of each analysis have been appropriately addressed.

We understand the scope of the proposed engagement and are highly qualified to perform the arbitrage rebate services the Authority is seeking. BLX will provide such services in accordance with both federal tax law requirements and best practices. Our qualifications are supported by three important elements foundational to delivering certainty, resourcefulness, and timely reporting to our clients:

**(1) Perspective**

- The in-depth knowledge and experience of our professionals, along with the exceptional variety and scope of our engagements, give our team unsurpassed expertise and a unique perspective.
- Our working relationship with Orrick enables us to monitor the continual changes in the municipal finance environment, to understand their potential impact on our clients, to develop strategies that protect and advance each client's interests, and ultimately to identify the single best technical approach to any particular analysis. Our reports are delivered with an Orrick legal opinion that attests that the calculations are prepared in accordance with the Treasury Regulations.

**(2) Experience**

- Our senior professionals have been with the firm for many years and have decades of experience handling a broad range of engagements for a wide variety of clients. There are few situations, client needs, regulatory complexities or legal situations that we have not previously encountered and successfully handled.
- Our degreed and educated staff provide responsive and reliable customer service as well as on-site training. Our clients know the BLX professionals they rely upon will be part of their team for years to come.
- Our team members are familiar with the legal and regulatory constraints within which our clients must operate. We understand the needs and expectations of officials at the IRS and other regulatory agencies.



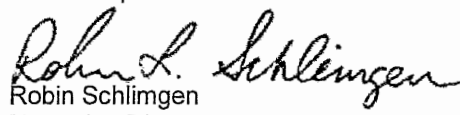
New Jersey Educational Facilities Authority  
August 2, 2019

(3) Process

- We utilize vetted and efficient data collection methods and resources.
- We have instituted policies and procedures to ensure that all analyses reflect the most recent version of the Treasury Regulations as well as all beneficial elections available thereunder.
- Our processes include multiple levels of rigorous internal reviews and checks and balances to ensure accuracy and to confirm that possible alternatives are identified and compared.

Partnering with BLX and taking advantage of our strong tax and analytical skill set and competitive pricing is the best choice for a successful, yet cost-effective engagement. I will continue to serve as your relationship manager and primary point of contact. In that role, I will be responsible for leading an open dialogue within BLX and with the Authority. I am excited about the prospect of our continued working together and look forward to addressing any questions you may have. I can be reached at **480.539.4084** or via e-mail at **rschlimgen@blxgroup.com**.

Very truly yours,  
BLX Group LLC

  
Robin Schlimgen  
Managing Director

## TABLE OF CONTENTS

### COVER LETTER

### CONTENTS

### PAGE

1. ASSIGNED PROFESSIONALS	1
2. FIRM OVERVIEW	10
3. AFFILIATION WITH TAX ATTORNEYS	17
4. REFERENCES	18
5. EVIDENCE OF PROFESSIONAL LIABILITY INSURANCE COVERAGE	20
6. FINANCIAL CONDITION	20
7. PROPOSED ENGAGEMENT LETTER	20
8. SAMPLE REPORTS	20
9. OPINION LETTER	20
10. SOFTWARE CAPABILITY	20
11. NEW JERSEY PRESENCE	21
12. PARTICIPATION OF WOMEN AND MINORITIES AT BLX	21
13. ADDITIONAL CONSIDERATION	22
14. PROPOSED LOCATION	23
15. NEW JERSEY BUSINESS REGISTRATION	23
16. PROPOSED FEES	24
17. LITIGATION	25
18. CONFLICTS OF INTEREST	25
19. REQUIRED DOCUMENTS AND FORMS	25

### APPENDICES

- A. ORGANIZATIONAL CHART
- B. BLXPORTAL
- C. PROFESSIONAL LIABILITY INSURANCE – EVIDENCE/SAMPLE CERTIFICATE
- D. STATEMENT OF FINANCIAL CONDITON
- E. ENGAGEMENT LETTER
- F. SAMPLE REPORTS
- G. REQUIRED DOCUMENTS AND FORMS



## 1. ASSIGNED PROFESSIONALS

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(s) who will have primary responsibility for the engagement. Provide brief resumes including relevant experience for those individuals.

The core team that BLX will assign to the Authority's engagement consists of BLX's most experienced and appropriately skilled professionals. All core team members will be available on a full-time basis as needed. Robin Schlimgen will serve as Project Manager and will address the Authority's day-to-day concerns and/or needs.

### Project Manager and Primary Contact

Robin Schlimgen, Managing Director  
BLX Group LLC  
1910 S. Stapley Drive, Suite 115, Mesa, AZ 85204  
PH (480) 539-4084 / FX (480) 539-4266  
rschlimgen@blxgroup.com

**Project Manager:** Robin Schlimgen, Managing Director of BLX, serves as Project Manager for many of BLX's larger arbitrage rebate engagements and will continue to serve as Project Manager for this proposed engagement. Ms. Schlimgen will address any day-to-day concerns and/or needs of the Authority and will coordinate efforts with other team members. She will also assist with analytical strategy and report design and review. Ms. Schlimgen is one of BLX's most senior professionals and has a broad range of public finance experience, which combined with her project management expertise, has consistently resulted in successful transactions and great client satisfaction. In addition, Ms. Schlimgen has worked closely with members of the Authority with our current engagement and is extremely knowledgeable of its debt program and idiosyncrasies. She will be fully committed to delivering BLX's industry-leading services to you and your team and is available 7 days a week via phone or e-mail. Furthermore, she routinely conducts and is available for complimentary site visits as needed. She last visited the Authority in September 2018 and provided an arbitrage training session.

**Legal Analysis:** Richard Chirls, Tax Partner at Orrick, will provide the legal analysis which is an integral part of our services. While we will expand on this point later in the proposal, it is worth observing here that Mr. Chirls is not simply a sole-practitioner attorney like that available to other compliance firms; he represents and is supported by the entire Orrick Tax Group, which has handled more volume than that of any competing group over the last two decades.

<i>Personnel/Title</i>	<i>Role</i>	<i>Office Location</i>	<i>Tenure at BLX/ORRICK</i>	<i>Industry Experience</i>
Robin Schlimgen Managing Director	Project Manager Strategy/Report Review	Phoenix	12 years	28 years
Alan Bond Managing Director	Strategy/Local Liaison Report Review	New York	22 years	26 years
Sandee Stallings COO/Managing Director	Strategy Report Review	Dallas	20 years	30 years
Caleb Lansky Managing Director	Report Production	New York	12 years	12 years
Laura Gausden Associate Director	Report Production	Phoenix	12 years	15 years
Jessing King Associate Director	Report Production	Dallas	12 years	12 years
Richard Wright Senior Consultant	Report Production	Phoenix	4 years	4 years
Richard Chirls Partner, Orrick	Legal Analysis	New York	30+ years	30+ years

**Resumes of BLX Project Team Members****Robin Schlimgen**

Managing Director

**PHOENIX**

T: (480) 539-4084

E: rschlimgen@blxgroup.com

**INDUSTRY EXPERIENCE**

28 Years

**TENURE AT BLX**

12 Years

**EDUCATION**

University of Arizona

BS Finance &amp; Real Estate, 1990

*cum laude*

Karl Eller

Entrepreneurship Participant

**MEMBERSHIPS**

AGFOA and WFOA

Robin is a Managing Director and head of BLX's Phoenix office (which opened in the Spring of 2007). She is a 28-year veteran of arbitrage compliance services.

Robin gained the majority of her experience while working in the arbitrage rebate services group at Ernst and Young where she served as Senior Manager in charge of the Arizona practice for 16 years. During her tenure at Ernst and Young, she was responsible for the office and project management of the Arizona rebate practice.

Her experience at BLX includes the preparation of hundreds of complex arbitrage rebate reports, and the coordination of workflow to ensure the timely preparation of calculations. She conducts technical reviews for a wide variety of financings, and trains new arbitrage consultants. She has also spoken to several regional associations about arbitrage rebate and yield restriction regulations.

Robin has gained considerable experience with the various complexities of student loan financings, variable rate issues, and yield period optimization. She is attuned to the unique structure and complexities of universities as well as a variety of other issuers. Robin personally serves as project manager for many of BLX's largest clients, including the New York City Municipal Water Finance Authority, Bay Area Toll Authority, Orange County, New Jersey Higher Education Assistance Authority, and New Jersey Infrastructure Bank.



**Alan Bond**

Managing Director

**NEW YORK**

T: (212) 506-5275

E: abond@blxgroup.com

**INDUSTRY EXPERIENCE**

26 Years

**TENURE AT BLX**

22 Years

**EDUCATION**

Southern Methodist University

BA in Finance, 1990

**FINRA LICENSE**

Series 65 Investment Advisor Rep

(2001 to Present)

Alan serves as Managing Director of BLX's New York office. In addition to overseeing the day-to-day activities of the BLX professionals located in New York, Alan is responsible for BLX's most recent practice area, Post-Issuance Tax Compliance. He has been a featured panelist at numerous conferences across the United States discussing the importance of post-issuance tax compliance reporting requirements for 501(c)(3) nonprofit organizations. Alan has personally served as project manager for many of BLX's largest clients, including the States of New York and Connecticut, the cities of Chicago and Cleveland, as well as municipal agencies such as the Missouri Higher Education Loan Authority, the New York State Urban Development Corporation, and the Empire State Development Corporation. He will serve and will be available as local liaison for the Authority.

Alan joined BLX in 1997. Prior to that, he was an Assistant Vice President with the Public Finance Department of Rauscher Pierce Refsnes, Inc. (now RBC Capital Markets) in Dallas, Texas, providing arbitrage rebate services to many large issuers in the Southwest from 1993 to 1997.

**Sandee Stallings****Chief Operating Officer /  
Managing Director****DALLAS****T: (214) 989-2701****E: sstallings@blxgroup.com****INDUSTRY EXPERIENCE****30 Years****TENURE AT BLX****20 Years****EDUCATION**Nebraska Wesleyan University  
BS in Business Administration,  
Finance, 1986**FINRA LICENSES**Series 50 Municipal Advisor Rep  
(August 2017 to Present)  
Series 63 Uniform Securities Rep  
(2004 to Present)  
Series 65 Investment Advisor Rep  
(1996 to Present)  
Series 7 General Securities Rep  
(1990 to 2015)**MEMBERSHIPS**GTOT, NABL, and GFOA  
Texas Women in Public Finance

Sandee is BLX's Chief Operating Officer. A senior member of BLX's management team with 30 years of public finance experience, she heads BLX's Compliance Services, which encompasses Arbitrage Rebate and Yield Restriction Compliance, Post-Issuance Compliance, Secondary Market Disclosure, and Program Administration Services. Sandee is responsible for all aspects of project management, client services, work quality and the overall operations of our compliance and consulting services nationwide. She oversees production in the Los Angeles, Phoenix, Dallas, Tampa, and New York offices.

In addition to her management responsibilities, Sandee is an industry leader in monitoring compliance of tax-exempt financings for all types of issuers of municipal bonds. Her expertise, which includes the highly complicated areas of student loan and housing bond structures, is enhanced by her close working relationship with Orrick Tax Partners.

She joined BLX's predecessor organization, the Financial Services Group of Orrick, in 1999 when it acquired the Arbitrage Rebate Consulting Group of Dain Rauscher Incorporated (Dain). From 1994 through 1999, as Vice President and Manager, she was responsible for the oversight of the Dain Group. For the five years between 1989 and 1994, she directed the daily functions of the Arbitrage Rebate Services Group at First Southwest Company and was instrumental in the establishment of that practice.

From 1986 to 1989, Sandee was associated with the Federal Reserve Bank of Dallas and the Federal Reserve Board in Washington, D.C. where she performed audits of bank holding companies and Federal Reserve branches, respectively.

**Caleb Lansky**

Managing Director

**NEW YORK**

T: (212) 506-5262

E: [clansky@blxgroup.com](mailto:clansky@blxgroup.com)**INDUSTRY EXPERIENCE**

12 Years

**TENURE AT BLX**

12 Years

**EDUCATION**

Syracuse University

BA in Psychology,

Minor in Economics, 2003

New York University

MS in Finance &amp; Dev., 2006

Caleb joined BLX in January 2007 and serves as Managing Director of the New York office. He began his BLX career specializing in the preparation of complex arbitrage rebate analyses and providing tailored debt advisory services and calculations to state and local governments and 501(c)(3) nonprofit organizations.

Currently, Caleb is responsible for co-managing BLX's Post-Issuance Compliance practice group. He also serves as project manager for BLX's largest post-issuance compliance clients, including the Art Institute of Chicago, California Institute of Technology, and Pacific Retirement Services. He has played a key role in constructing the analytical and quantitative models used by the Post-Issuance Compliance group and led the development of BLX SKAN™, a web-based service from BLX designed to assist nonprofit organizations in navigating the complexities of the new Schedule K of IRS Form 990.

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**Laura Gausden**

Associate Director

**EDUCATION**University of Utah  
BS in Economics, 2002**PHOENIX**

T: (480) 539-0927

E: lgausden@blxgroup.com

**INDUSTRY EXPERIENCE**

15 Years

**TENURE AT BLX**

12 Years

Laura joined BLX's Phoenix office in the Spring of 2007. As an Associate Director, she is responsible for completing arbitrage rebate calculations for a wide variety of clients and bond issues, including the Authority. She also prepares and analyzes the data required to perform arbitrage rebate calculations. Her experience includes performing complex rebate calculations, many of which involve variable rate bond issues with SWAP agreements, commingled fund allocations, spending exception tests, and yield restriction analyses. She is also in charge of training new staff for the Phoenix office.

Representative List of Experience: Arizona Agribusiness & Equine Center, Inc. (AZ), CentraState Healthcare System (NJ), Chabot-Las Positas Community College District (CA), City of Brea (CA), City of Carson (CA), Clark County Regional Flood Control District (NV), Cochise County Community College District (AZ), Corporation for Independent Living (CT), Eskaton Properties, Incorporated (CA), Geisinger Health System (PA), Gilbert Public Schools (AZ), Gonzaga University (WA), Hawaii Pacific University (HI), Hobart and William Smith Colleges (NY), Holy Name Hospital (NJ), MedStar Health (MD), Middlesex County Improvement Authority (NJ), Northwestern University (IL), National Development Council (WA), **New Jersey Educational Facilities Authority (NJ)**, New Jersey Higher Education Student Assistance Authority (NJ), New Jersey Infrastructure Bank (NJ), New York City Municipal Water Finance Authority (NY), Oregon Coast Community College District (OR), Pinal County (AZ), Queen Creek Unified School District No. 95 of Maricopa County (AZ), San Diego County Water Authority (CA), San Francisco Bay Area Toll Authority (CA), San Mateo County Community College District (CA), Santa Clara County (CA), St. Ann's Home for the Aged (NJ), State of Connecticut (CT), The Ohio State University (OH), Town of Oro Valley (AZ), Whitworth University (WA), Willamette University (OR), Youngstown State University (OH)

**Jessica King**

Associate Director

**EDUCATION**

Baylor University

BBA in Finance and Management, 2007

**DALLAS**

T: (214) 989-2713

E: jking@blxgroup.com

**INDUSTRY EXPERIENCE**

12 Years

**TENURE AT BLX**

12 Years

Jessica joined BLX in May 2007. Her responsibilities include preparing arbitrage rebate, yield restriction, and acquired purpose investment analyses. Since joining BLX, Jessica has prepared more than 2,200 arbitrage calculations for various issuers. Many of the bond issues she works on require complex analytical work such as variable rate yield calculations, interest rate swaps, parity/pooled reserve fund allocations, debt service fund analyses, interest earnings analyses, and the uncommingling of multiple funds.

In addition to her background in arbitrage rebate and yield restriction compliance, Jessica has recently expanded her focus by assisting our Post Issuance Compliance Services Group in New York. Her responsibilities for that group range from the preparation of Schedule K Forms (i.e., attachments to Form 990) to the measurement of private use over the term of tax-exempt bonds for 501(c)(3) organizations and municipalities to ensure compliance with the full spectrum of their post-issuance requirements.

Representative List of Experience: Albuquerque Municipal School District #12 (NM), Atlantic Housing Partners (FL), Baptist Health Care (FL), CED Construction, Inc. (FL), Central New Mexico Community College (NM), City and County of San Francisco (CA), City of Cleveland (OH), City of Slaton (TX), City of Taft (CA), Dignity Health (CA), Edcouch-Elsa Independent School District (TX), Florida Housing Finance Corporation (FL), Huntington Park Public Financing Authority (CA), Irvine Unified School District (CA), Ithaca College (NY), Jenks Public Schools (OK), Lake Travis Independent School District (TX), LAXFUEL Corporation (CA), Midlothian Independent School District (TX), Montgomery County (TX), Nevada Hand (NV), New Jersey Housing and Mortgage Finance Agency (NJ), Ohio Housing Finance Agency (OH), Opportunity Village Foundation (NV), Phoenix Union High School District No. 210 of Maricopa County (AZ), Rady Children's Hospital San Diego (CA), San Francisco Municipal Transportation Agency (CA), San Francisco Port Commission (CA), Tahlequah Public Schools (OK), Texas Department of Housing & Community Affairs (TX), Texas Department of Transportation (TX), Tomball Independent School District (TX), Urban Housing Communities (CA)

**Richard Wright**

Senior Consultant

**EDUCATION**Texas Christian University  
BS in Finance, 1997**PHOENIX**

T: (480) 444-7543

E: rwright@blxgroup.com

**INDUSTRY EXPERIENCE**

4 Years

**TENURE AT BLX**

4 Years

Richard Wright joined BLX's Phoenix office in 2015. As a Senior Consultant, he is responsible for the production of arbitrage rebate calculations for government and corporate clients, including several issuers with complex parity reserve funds. He also prepares and analyzes the data required to perform arbitrage rebate calculations. His experience includes performing complex rebate calculations, many of which involve variable rate bond issues, commingled fund allocations, spending exception tests, and yield restriction analyses.

Representative List of Experience: Amphitheater Unified School District No. 10 (AZ), Arizona Western College (AZ), Chabot-Las Positas Community College District (CA), City of Brea (CA), City of Buckeye (AZ), City of Carson (CA), City of Schenectady (NY), Clark County Regional Flood Control District (NV), Cochise County Community College District (AZ), Covanta Holding Corporation (NJ), Geisinger Health System (PA), Gonzaga University (WA), Hawaii Pacific University (HI), Hobart and William Smith Colleges (NY), King County (WA), MedStar Health (MD), Middlesex County Improvement Authority (NJ), Midwestern University IL), National Development Council (WA), New Jersey City University (NJ), **New Jersey Educational Facilities Authority (NJ)**, New Jersey Higher Education Student Assistance Authority (NJ), Orange County (CA), Oregon Department of Administrative Services (OR), Pinal County (AZ), San Diego County Water Authority (CA), State of Utah (UT), The United Methodist Homes of New Jersey (NJ), Town of Oro Valley (AZ), University of Arizona (AZ), University of Washington (WA), Youngstown State University (OH)

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**Richard Chirls**

Partner, Orrick

**NEW YORK**

T: (212) 506-5250

E: rchirls@orrick.com

**INDUSTRY EXPERIENCE**

30+ Years

**TENURE AT ORRICK**

30+ Years

**EDUCATION**

University of Pennsylvania

B.S., cum laude, 1973

University of Pennsylvania Law School

J.D., 1976

New York University School of Law

LL.M., Taxation, 1979

**MEMBERSHIPS**

National Association of Bond Lawyers,

President (1990 – 1991) &amp; Chair, annual tax seminar

NABL Bernard P. Friel Medal for distinguished serv. PF (2008)

American Bar Association, Section of Taxation,

Tax Exempt Finance

Committee, Chair (1989 – 1991)

NYS Bar Association, Tax Section,

Tax Exempt Finance Committee, Chair (1984 – 1986)

Congressman Beryl Anthony's Comm. on Public Finance

Richard Chirls, a New York tax partner, focuses his practice on the tax aspects of public finance transactions. He has served as the head of Orrick's nationally recognized Public Finance Tax Group.

With over 30 years of experience, Richard is widely recognized as one of the nation's foremost authorities, having broad experience with tax exempt financings and related transactions involving governmental and not-for-profit entities. His expertise and stature in the public finance community was recognized by the National Association of Bond Lawyers' highest award for his career of distinguished service in public finance.

Richard focuses on new products, including the development of new and creative financing techniques for governments, non-profits and investment bankers. He regularly works on transactions throughout the country. However, in his home office in New York City, he leads the relationship with the Port Authority of New York and New Jersey, serving as counsel on well over 100 transactions over a period of more than 20 years and has headed the tax work in connection with every financing of a cultural facility relating to museums and performing arts in New York City over this same period. Richard has worked on the tax aspects of several of the largest and most complex public private partnership (P3) transactions in recent years. He frequently acts as special tax counsel to issuers and underwriters of municipal finance issues.

Richard also conducts the defense to IRS challenges to the tax-exempt status of municipal bonds. He was the lead tax attorney among the joint defense group of 17 investment banking firms that settled the original IRS/SEC/DOJ "yield burning" allegations and subsequently has represented investment banking firms and issuers in connection with investigations involving alleged "yield burning" and "bid-rigging" and other violations of arbitrage restrictions. His work on IRS investigations of tax exempt bonds has covered a broad range of situations, including small issue IDBs, excess private use of governmental and not-for-profit projects, arbitrage driven structures, excess unexpended bond proceeds and the status of community development districts as political subdivisions. The results of these investigations have ranged from the prompt and favorable closing of examinations to complex settlements involving multiple transaction participants and federal regulatory agencies. He has experience with the IRS Voluntary Closing Agreement Program (VCAP) and the resolution of investigations through technical advice from the IRS Office of Chief Counsel and the IRS Office of Appeals. Richard's booklet "An Introduction to IRS Audits of Tax-Exempt Bonds" is a popular resource of information for the public finance community.

Richard's practice also involves significant experience with post-issuance tax law compliance such as arbitrage rebate and yield restriction requirements and rebate refund claims (together saving issuer clients many millions of dollars of arbitrage costs), as well as private use monitoring and relief.

## 2. FIRM OVERVIEW

A description of your organization's capabilities, qualifications, and experience with performing arbitrage compliance services for governmental issuers of municipal securities with complex programs including, but not limited to, variable rate debt issues, swap transactions, transferred proceeds, hedges, other derivative structures, commingled funds, and pooled transactions.

### EXECUTIVE SUMMARY

BLX's overarching objectives in any engagement are to provide certainty and attentive client service. We are distinguished in our ability to meet this goal via three core principles:

- (i) a broad **perspective** grounded in the regulatory domain and acquired by working in concert with Orrick's Public Finance Tax Group and developing industry standards on the proper application of arbitrage rebate regulations for nearly three decades. BLX can address circumstances requiring methodological discretion and provide confidence that the ultimate approach has been verified by the nation's leading tax experts.
- (ii) a rigorous **procedural and technical approach** ensuring that all analyses are accurate and providing a superior client experience. We address a broad range of municipal and client requirements by utilizing an arsenal of methodologies and by hosting educational forums. Our advanced online platforms and processes are designed in-house by a team of software engineers working in concert with our industry experts to minimize risk and to cost-efficiently prepare analyses while maintaining consultative flexibility. We adhere to strict IRS and client deadlines and provide complimentary access to a secure online portal.

We also offer onsite training and host an annual post-issuance compliance conference to deliver an enriching client experience. We provided onsite training for the Authority in September 2018.

- (iii) a responsive **degreed and experienced staff** dedicated to delivering analyses within the established deadlines. As one of the country's largest providers of arbitrage rebate compliance services, BLX has 34 full-time professionals, strategically located in five fully-staffed offices nationwide. BLX personnel assigned to this engagement would be in our Phoenix, New York, and Dallas Offices. Their long tenure, coupled with the transparency of BLX's reports, will ensure the fluid sharing of information and provide continuity in the event of staff turnover at the Authority.

BLX is a value-added partner with the requisite credentials to manage the Authority's compliance requirements. We have encountered and successfully tackled a similar scope of work in literally thousands of arbitrage compliance engagements.

### CAPABILITIES

BLX is a go-to strategic partner for your post-issuance compliance requirements.

- (i) **We staff 34 full time consultants**, strategically located nationwide. We are headquartered in Los Angeles and have fully-staffed offices in Dallas, New York, Phoenix, and Tampa. BLX is thereby uniquely positioned to meet your scheduled requirements and respond quickly to requests for additional support.
- (ii) **Our large-scale production is seamless**. BLX prepares about 3,400 arbitrage rebate reports annually. We have in place the resources to address the Authority's current and future needs with no interruption to our procedures or strain on our consultants.
- (iii) **Our rigorous system of built-in checks and balances** ensures compliance with laws governing arbitrage rebate and also ensures that the Authority receives the best arbitrage consulting services available.
- (iv) **We continually invest in technology** to enhance our clients' experience: (a) Our internal tracking software notifies the members of the proposed team well in advance of scheduled computation dates, allowing us to maintain a smooth work-flow and react promptly to unforeseen circumstances. Consequently, we have the capacity to consistently exceed the Authority's expectations with regard to timely and accurate reporting. (b) We advocate transparency and provide complimentary access to the BLXPortal, a secure service that allows our clients to access detailed information about their rebate



engagements, view rebate reports, review scheduled computations, and upload bond documents and investment records. (c) BLX Digital, our team of 3 full-time software engineers, partners with our 34 consultants to deliver accurate and efficiently produced reports.

- (v) **Since we served as one of the Authority's most recent arbitrage consultants**, we have the information for the various bond issues in our office, the matters are already set up in our database, and we are uniquely aware of the various complexities surrounding your various bond issues.

Given our capabilities, BLX will thereby be able to continue to dedicate resources to the Authority immediately upon engagement.

#### EXPERIENCE DIFFERENTIATORS

The Authority's desired scope of services aligns with BLX's corporate philosophy and procedures. Our aptitude at handling the unique characteristics of Authority bonds comes from a strong foundation of successful engagements with issuers similar to the Authority. ***Having worked with the Authority as one of their arbitrage compliance consultants since 1996, we have a more comprehensive understanding of the Authority's issues than any other arbitrage rebate firm. In the course of our engagement we have performed over 1,300 arbitrage rebate analyses and legal opinions for more than 200 of the Authority's bond issues. In the last five years, BLX has completed an annual average of 30 reports within the Authority's strict timeline without compromising quality and has provided frequent advice and guidance to members of the Authority, both during the period the reports are being completed and throughout the rest of the year.*** Our unique differentiators provide peace of mind and certainty.

- (i) Our clients benefit greatly from BLX being a **wholly-owned subsidiary of Orrick with unlimited access to tax expertise**. Being a subsidiary of a law firm, BLX holds itself accountable to the highest standards of the Treasury Department's Circular No. 230 which governs tax practitioners. Orrick tax partners are on the front lines closing bond deals, providing legal guidance, receiving updated educational information, working with the IRS on various tax matters, and attending and presenting at seminars across the nation. BLX receives regulatory updates from the Orrick tax partners and routinely consults with them on technical complexities. We have access to these additional resources at no charge to the Authority.
- (ii) **Senior BLX consultants average more than 20 years of experience** in arbitrage compliance and public finance. Their tenure enabled them to become experts and thoroughly master the post-issuance compliance domain surrounding debt offerings. This expertise allows us to accommodate even the most unusual and complex circumstances and to apply beneficial analytical alternatives when available. BLX consultants are recruited from strong educational and occupational backgrounds and undergo rigorous financial, technical, and regulatory training by nationally recognized experts.
- (iii) **BLX is a national authority and leader on post-issuance compliance education** We host annual post-issuance compliance workshops, conduct onsite training for numerous clients, and we routinely provide conference presentations. We also host webinars to keep clients apprised of regulatory developments and best practices on a variety of topics, ranging from continuing disclosure to private use and post-issuance compliance. In addition to gaining valuable insight and staying up-to-date through Orrick, our staff includes an associate member of the National Association of Bond Lawyers who disseminates timely regulatory updates.
- (iv) Under Orrick's careful guidance, BLX consultants have accumulated **extensive experience interfacing with IRS agents** and are familiar with their operating procedures. The IRS and other federal agencies have greatly increased their scrutiny of all tax aspects of state and local government bonds. In addition to responding to random audits, BLX consultants have processed and retrieved over \$66 million in refund claims for their clients. Some of these claims materialized due to changes in the interest rate environment while others stem from BLX consultants optimizing the analysis of a prior consultant who failed to identify the lowest legally permissible rebate liability.

In light of the IRS's increased enforcement efforts, we strongly believe that BLX's depth of financial expertise, combined with our pulse on regulatory matters and direct exposure with the IRS, provides the highest level of comfort available.

### EXPERIENCE

BLX Group is registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) as a municipal advisor. Since our inception 30 years ago, we have grown to become the largest provider of arbitrage rebate consulting services in the country.

Our ability to consistently engage and maintain clients through geographic reach, depth of resources, and breadth of experience are all strong indicators that BLX has succeeded at providing the highest quality technical and client services available in the industry. Our familiarity with a variety of debt profiles and service needs has been accumulated through this rich and diverse experience. The proficiency we have acquired through our enduring tenure, along with the technical knowledge of our seasoned staff, make BLX distinctly qualified to fulfill the Authority's scope of work cost-effectively without sacrificing quality.

We maintain long-standing engagements with many of the nation's largest and most sophisticated issuers. Our technical, financial and regulatory expertise is evidenced by the fact that we are often asked to assist investment banking, financial advisory, consulting, and law firms with complex structurings and problem-solving, especially in the realm of correctly applying federal tax law and arbitrage requirements. This level of technical proficiency far surpasses what is required for many arbitrage analyses, but enables BLX to handle complex analyses and to provide issuers with a high degree of comfort that all analyses are accurate.

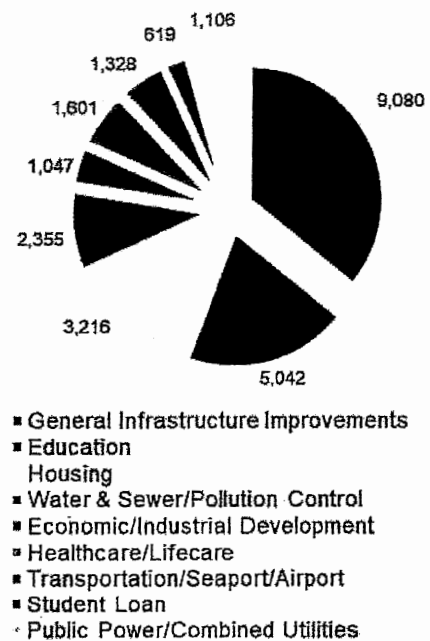
BLX's arbitrage rebate practice represents the full spectrum of issue types and technical complexities. As illustrated in Table 1, we have worked on thousands of analyses involving commingled funds, transferred proceeds, and variable rate debt (with or without hedges). These are some of the most challenging analyses; they require a thorough understanding of the legal, economic, and technical aspects of arbitrage computations. Furthermore, and as shown in Chart 1, our practice is seasoned and fortified by the breadth of public and private industry segments we have serviced; we have clients in sectors ranging from education, healthcare, and general infrastructure, to housing, student loan, and public power. This rich and diverse experience enables us to immediately recognize debt and investment features, spend less time figuring out the issue's structure, and spend more time optimizing the analysis of any given bond issue.

In addition, our procedural approach, our process of checks and balances, and our quick access to Orrick's expert legal resources give us a distinct advantage not only in recognizing and appropriately addressing structures with which we have prior experience, but also in isolating the single best approach for structures for which no precedent exists. Our expertise allows us to accommodate even the most unusual and complex circumstances, and to apply beneficial analytical alternatives when available.

**Table 1: Experience Highlights**

	# of Issues	Par (\$trillion)
<b>Overall</b>	<b>25,383</b>	<b>\$2.013</b>
Fixed	21,617	\$1.680
Variable	3,777	\$0.333
<b>Refunding Issues</b>	<b>9,840</b>	<b>\$1.030</b>
<b>Commingled Funds</b>	<b>9,554</b>	<b>\$0.866</b>

**Chart 1: Issues Engaged by  
Industry Segment**



### TECHNICAL RESOURCES AND PROFICIENCY

BLX's strength and longevity are derived from our extensive technical resources, proficiency, and the oversight provided by Orrick. As you will notice from our firm organizational chart included as *Appendix A*, BLX has 12 Managing Directors, each bringing tremendous intellectual resources and talent to our firm. A firm does not amass and retain that amount of quantitative talent without an environment of challenging work, diligence and mutual respect. This work environment differentiates us and provides peace of mind and certainty for our clients in the following ways:

**Efficient Operations:** As demonstrated below, BLX deploys its resources such that each is dedicated to the component of a given rebate calculation that makes that resource most efficient. Our professionals spend less time on information collection and data entry, and more time analyzing and applying regulatory knowledge to uncover the approach that produces the best result for their clients. Accordingly, our professionals gain more exposure and acquire expertise you can rely on in a wide variety of scenarios.

<i>Allocation of BLX Resources</i>	<i>Document &amp; Statement Compilation</i>	<i>Data Entry</i>	<i>Financial Modeling</i>	<i>Technical Modeling</i>	<i>Regulatory Review</i>
Orrick Tax and Bond Partners					•
BLX Associate & Managing Directors			•	•	•
BLX Senior & Managing Consultant		•	•	•	
BLX Consultant	•	•	•		
BLX Support Staff	•				

**Attentive Service:** We prioritize the perspectives and sensitivities of each client. Having provided arbitrage consulting services to tax-exempt issuers in every U.S. State and Territory, we are poised to provide you with recommendations, guidance, and support that is right for your organization. Our team is committed to addressing your service needs every step of the way.

**Advanced Technology:** We use proprietary spreadsheet-based templates rather than commercial software because of the flexibility they afford our clients. A pre-designed system is limited to built-in methodologies. We recognize that the best answer is often produced from an approach that is rarely used. Our flexible technological platform is in place to give you the certainty that contingencies can be vetted out. We have invested substantially in technology to enhance our clients' experience: **(a)** Our internal tracking software notifies the members of the proposed team well in advance of scheduled computation dates, allowing us to maintain a smooth work-flow and react promptly to unforeseen circumstances. Consequently, we have the capacity to consistently exceed the Authority's expectations with regard to timely and accurate reporting. **(b)** We advocate transparency and provide complimentary access to the BLXPortal, a secure web-based service that allows our clients to access detailed information about their rebate engagements, view rebate reports, review scheduled computations, and upload bond documents and investment records. A quick view of some of the detailed bond issue information available on the BLXPortal is shown in *Appendix B*.

**SCOPE OF SERVICES**

To continue to ensure the certainty of your results, our procedures entail a multiplicity of reviews by increasingly experienced consultants, each of whom approaches the analysis with a distinct and fresh viewpoint. The entire process is then validated with a legal review by Orrick's expert tax lawyers. The procedures put in place to meet your scope of services, and deliver findings you can count on, are outlined below. Methodological examples applicable to your debt profile are included in next page.

<b>PHASE I</b>		<b>DISCOVERY</b>	
<b>Data Collection</b>		Identify the most efficient and cost-effective sources and compile legal documents and investment records not already in our possession.	
<b>New Matter</b>		Open virtual files and track a unique matter for each of your bond transactions in our database. Our tickler system ensures that reports are delivered on time and that pertinent details can be accessed by the BLX professionals involved in the production, review, and delivery of your analyses.	
<b>Validation</b>		Confirm issue is subject to the rebate and/or yield restriction requirements via a thorough review of available tax documents.	
<b>Assignment</b>		Assign transaction to a consultant based upon issue type, complexity, and similarity to prior experience. Determine whether it is legally required or advisable to undertake a given analysis in conjunction with one or more related issues.	
<b>PHASE II</b>		<b>MODELING</b>	
<b>Strategy</b>		Working with a senior BLX professional and/or Orrick tax partner, consultant reviews legal documents to uncover any unusual or unique elements impacting initial analytical direction. Together, they review your documents and circumstances to identify proceeds subject to rebate and/or yield restriction and determine which methodologies and elective exceptions are best suited for you.	
<b>Execution</b>		Consultant calculates the arbitrage yield, identifies and separately accounts for all proceeds (e.g., transferred proceeds and commingled funds), determines the value of unexpended proceeds, applies the arbitrage yield to your net non-purpose investments cash flow to determine its future value, and generates your rebate and yield restriction liabilities.	
<b>PHASE III</b>		<b>VALIDATION</b>	
<b>Senior Review</b>		Drafts are reviewed by a BLX director. Alternative allocation and valuation approaches are discussed, agreed upon, and executed. The director determines if elective regulatory provisions will improve your results.	
<b>Tax Review</b>		Throughout the validation process, the consultant works with one or more Orrick tax partners to ascertain that applicable rules and regulations were followed, and to ensure that a complete tax analysis has been performed.	
<b>Verification</b>		Consultant incorporates any modifications to the methodology, and senior BLX professional verifies the accuracy of the final analysis.	
<b>PHASE IV</b>		<b>DISBURSEMENT</b>	
<b>Final Report</b>		A final report is assembled and delivered to you within 30 days of the computation date. It includes a summary of methodologies, assumptions, and conclusions, a legal opinion attesting that your analysis was prepared in accordance with applicable federal tax law, and any necessary filing materials (including IRS Form 8038-T and payment explanations).	
<b>Tickler Update</b>		Update the relevant elements of our database tracking system to automatically notify our team in advance of the next anticipated computation date.	
<b>Portal Access</b>		Once a report is issued, it is tagged as a portal document. You can view the report through our online portal access and peruse through a summary of your outstanding issues (including last and next computation dates, next IRS filing date, and most recent rebate and yield restriction liabilities).	
<b>Confirmation</b>		We will ensure you are in possession of the report, that the service has been executed to your satisfaction, and answer any questions about the analysis.	

**EXPERIENCE WITH PERFORMING ARBITRAGE COMPLIANCE SERVICES FOR ISSUERS WITH COMPLEX PROGRAMS - APPLYING METHODOLOGICAL DISCRETION**

To deliver optimum results, BLX carefully evaluates beneficial elections and alternate allocation and valuation methods at both the bond and program levels. We integrate the results of individual analyses into an overarching and consistently applied strategy to not only ensure the certainty of our findings but to support an exemplary post-issuance program. The following examples illustrate how utilizing methodological discretion benefits our clients.

**Commingled Funds:** Commingled funds arise when proceeds subject to rebate are commingled with other types of monies (e.g., proceeds eligible for an exception, proceeds of another tax-exempt issue, or non-bond proceeds). An "allocation analysis" is undertaken to allocate investments and expenditures to each type of monies. Various consistently applied approaches are allowed under the regulations. BLX carefully weighs in the parameters of a given bond issue and program to identify which permissible methodology yields the optimal economic result.

**How?** BLX has performed multiple allocation analyses for a transportation authority in the state of New York that have resulted in cumulative rebate payment savings of over \$3.5 million.

**Transferred Proceeds:** Transferred proceeds arise in connection with refunding and refunded bonds and can significantly complicate the process of identifying gross proceeds of a particular bond issue. Transferred proceeds can involve multiple bond issues originally subject to different versions of the regulations. Our legal and technical expertise enable us to flesh out the intricacies and differences between successive versions of the regulations and to pinpoint when to make beneficial elections.

**How?** We have performed transferred proceeds analyses for virtually every issuer type and tax-exempt debt instrument. BLX prepared rebate analyses with transferred proceeds associated with multiple refunding bonds, as well as proceeds commingled in a large parity reserve fund on behalf of a large international airport. These turn-key allocation and optimization analyses enabled the issuer to recover rebate payments totaling over \$3.2 million from the IRS.

**Market vs. Present Value of Securities:** The regulations allow several methods of valuing securities held as of a computation date, transferred proceeds date, or other applicable allocation date. Because rebate analyses are based on non-purpose payments and receipts through computation and transferred proceeds dates, securities held as of such dates must be valued to represent a receipt or disposition of principal and accrued interest. The regulations allow such valuations to be at either market value, present/accreted value, or plain par - valued at 100 if purchased at a "de minimis" discount or premium. The selection can have a tremendous impact on the bottom line rebate liability. BLX evaluates the merits of these three valuation methods on a case-by-case basis.

**How?** BLX performed an allocation and valuation analysis for a large electric authority in Georgia that resulted in approximately \$2.5 million in arbitrage rebate payment savings. In addition, we analyzed the investment holdings of a large California school district and performed an allocation analysis which eliminated a \$695,000 rebate liability.

**Variable Rate Bonds, Qualified Guarantees, and Derivatives:** Variable rate bond yield calculations are more complex than fixed rate analyses; instead of determining the yield over the life of the issue using the expected debt service, the yield is determined using actual payments for a specific time period. The flexibility to use different combinations of yield periods in determining bond yields allows us to optimize your rebate liability by comparing the bond yield and the investment yield for "slices" of the computation period. In addition, qualified guarantees and derivatives (such as interest rate swaps and caps) add another layer of complexity. We are experienced in the review of the associated closing documents to validate the inclusion of qualified guarantee fees and qualified hedge transactions. While we boast an active derivative advisory practice and are well versed in the proper amortization of upfront qualified guarantee and hedge termination

fees, BLX professionals work closely with Orrick tax attorneys to ensure that the treatment of each letter of credit and derivative is based on solid legal reasoning and analysis.

**How?** BLX has saved our clients millions of dollars as a result of variable rate bond yield optimization. The bond yield is an important benchmark, and we recognize that it's in your best interest for us to capture all eligible outlays in determining it.

**Universal Cap Provisions:** The Universal Cap provisions state that, starting (at the latest) with the end of the first bond year that follows the second anniversary, the balance of proceeds allocated to a bond issue for arbitrage rebate purposes must not exceed the value of the outstanding bonds. A legally accurate and economically optimal application of the Universal Cap provisions is one of the most important areas requiring methodological discretion in order to achieve the most favorable result.

**How?** BLX obtained a \$1.2 million arbitrage rebate refund from the IRS for a large city in Washington. The bond issues in question utilized a common reserve structure, and a prior rebate provider had missed a requirement to apply the universal cap provision which had a beneficial impact for the city. BLX consultants worked closely with IRS representatives, undertook the complex and lengthy re-allocation analysis, arrived at a final result \$1.2 million lower than amounts previously paid, and subsequently obtained the refunds for the issuer.

**Pooled Transactions:** In the case of pooled bond issues or parity issues with a common reserve fund, we believe that BLX's methodological approach gives us a distinct advantage in tailoring our analyses to meet the requirements specific to a given analysis. BLX uses specially modified Microsoft Excel spreadsheet templates to perform arbitrage rebate analyses. Including the Authority itself, BLX has experience with a number of issuers that issue pooled bonds.

**How?** BLX has assisted numerous clients with complex reserve fund allocations involving both equity and bond proceeds further complicated by transferred proceeds allocations. Additionally, we have managed issues with more than 150 includable investment accounts.



### 3. AFFILIATION WITH TAX ATTORNEYS

A description of any affiliation or relationship with qualified tax attorneys who may provide an opinion of tax counsel. Provide brief resumes including relevant experience for those individuals.

BLX works closely with tax and bond attorneys at Orrick, our parent company, to ensure the legal aspects of your analyses are appropriately addressed. Our services include the necessary transparency to document your tax position:

**Global Perspective:** Orrick handles roughly 500 bond counsel transactions per year, which represents more than 12% of the U.S. market share. BLX's body of knowledge is shaped by routine interactions with Orrick's innovative public finance and non-profit attorneys. This exposure enables us to gain a broad perspective on regulatory trends and best practices for your post-issuance compliance program. We understand tax law applications and make impactful decisions based upon the synergy gained by working with 20 diverse Orrick public finance practitioners (including 11 partners).

**Legal / Professional Opinion:** Arbitrage analyses are complex enough, and the results delivered from competing firms vary enough, that a professional opinion matters. BLX delivers each analysis with an Orrick legal opinion attesting that it conforms to the appropriate Treasury Regulations. The Orrick legal opinion carries with it the credentials of an institution that has provided quality legal services to municipal issuers and borrowers for almost 100 years. The Orrick opinion, supported by its underlying knowledge base, has far more weight under scrutiny than that of a sole practitioner or certified public accountant.

**Legal Developments:** The effects of important changes to Treasury Regulations and proposed legislation impacting tax-exempt finance are debated and openly discussed in e-mail threads that include the entire Orrick public finance group, of which BLX is a part. Therefore, BLX is often aware of regulations being considered and the positions bond and tax counsels are likely to take on prospective changes. Furthermore, Sandee Stallings is an associate member of the National Association of Bond Lawyers and receives notices of all regulatory updates as they occur. BLX has a strong commitment to tracking legal developments at the federal level to ensure our practice areas are up to date on all municipal compliance requirements.

**IRS Audits:** During IRS audits, we believe the Authority should be relieved that we are not an independent firm or have bond counsel on "retainer" but rather feel confident that BLX's depth of financial expertise and Orrick's legal expertise provides issuers with the highest level of comfort available. We are confident that BLX's direct experience with the IRS and its audit agents on arbitrage-related matters greatly surpasses that of any other firm.

**Tax Law Changes:** We see tax law changes as potential opportunities to provide additional benefit to our clients. Although most changes in tax law are applicable prospectively, many are retroactively available by election. Our approach is to first carefully analyze the changes in tax law and then develop a transaction profile for issues that are or may be affected from an arbitrage or yield restriction perspective. For example, when the 1993 Regulations were introduced we developed a list of the pros and cons of electing into the 1993 Regulations. By utilizing this check list, we were able to efficiently identify candidates that might benefit from electing into the 1993 Regulations and notified our clients accordingly.

BLX works closely with Orrick to provide all of the legal resources necessary to fulfil this engagement. Under Orrick's careful guidance, BLX consultants have accumulated extensive experience interfacing with IRS agents and are familiar with their regulatory interpretations. Our collaborative team is fully versed in Sections 103 and 148 of the Internal Revenue Code and related Treasury Regulations - the relevant sections of the Code pertaining to arbitrage rebate and yield restriction compliance. Carefully sorting through the different rules set forth in prior versions of the Tax Regulations and making the proper permitted beneficial elections can reduce rebate liabilities by hundreds of thousands of dollars. A legal review is important to reach an optimal result that is fully compliant with the Treasury Regulations in a variety of complex areas such as commingled funds, transferred proceeds, and universal cap.

BLX readily recognizes opportunities and routinely takes advantage of alternative methodologies when it can be ascertained that present value savings will be achieved. The table to the right summarizes some of the methodologies BLX has applied, and the approximate cumulative savings achieved as a result.

<b>Methodology</b>	<b>Savings</b>
Allocation and Valuation Analyses	\$16 Million
Variable Rate Optimizations	\$9 Million
Various Elections	\$6 Million
Rebate Refund Requests Successfully Retrieved	\$66 Million

#### 4. REFERENCES

A representative list of at least five (5) clients serviced by the referenced servicing location and a description of the services provided. Please provide a contact name and phone number for each listed client.

Company	New Jersey Higher Education Student Assistance Authority, NJ
Contact	Arthur Quaranta, Controller
Phone/E-mail	(609) 588-3300 / Arthur.Quaranta@hesaa.org
Project Highlights	BLX has provided arbitrage rebate and acquired purpose investment services for the Authority's fixed and variable rate issuances, since 2007. From 2002 to 2007, Ms. Schlimgen worked with the Authority while employed by Ernst & Young LLP. These complex calculations include many swaps with various swap terminations. Orrick has also assisted the Authority with an IRS audit.

Company	Middlesex County Improvement Authority, NJ
Contact	Lory Cattano, Chief Financial Officer
Phone/E-mail	(609) 655-5141 / lory.cattano@mciauth.com
Project Highlights	BLX was engaged in 2009 to provide arbitrage rebate calculations for the Authority's various bond issues, including pooled issues. From 1999 to 2007, Ms. Schlimgen worked with the Authority while employed by Ernst & Young LLP.

Company	University of Washington, WA
Contact	Chris Malins, Senior Associate Treasurer
Phone/E-mail	(206) 616-1103 / seamline@u.washington.edu
Project Highlights	BLX has provided arbitrage rebate services to the University since 2007 for all of their outstanding bond issues. From 2000 to 2007, Ms. Schlimgen worked with the University while employed by Ernst & Young LLP. BLX was able to significantly reduce an IRS rebate payment owed by the University by selecting an earlier bond year.

Company	University of Arizona, AZ
Contact	Marie Langlais
Phone/E-mail	(520) 626-7338 / mlanglais@email.arizona.edu
Project Highlights	BLX has provided arbitrage rebate services to the University since 2006. We have provided these services for all the University's various bond issues. We have provided arbitrage training to the University's staff.

Company	Bay Area Toll Authority, CA
Contact	Catherine Cam, Associate Financial Analyst
Phone/E-mail	(510) 817-5882 / ccam@mtc.ca.gov
Project Highlights	BLX has provided arbitrage rebate services to BATA since 2002. BATA is a very high volume issuer and their calculations include complex swap transactions and terminations along with a commingled reserve fund. The reserve fund has both a bond proceeds and an equity component.



**HIGHER EDUCATION EXPERIENCE**

Since BLX's inception, we have been providing issuers of higher education tax-exempt debt with in-depth, transparent, and easy to follow reports regarding their rebate and yield restriction liabilities and acquired purpose investment liabilities. BLX consultants are well versed with these types of issuances and their complexities, such as multiple project funds, parity (commingled) reserve funds and their required allocation, debt service fund analyses, application of rebate exceptions to borrowers, variable rate bond yield calculations, conversions of variable rate bonds to fixed rate, as well as refundings and their related transferred proceeds. In some cases, we also provide universal cap analyses. BLX has worked with over **140** public and private universities and colleges, board of regents and higher education authorities and has prepared more than **4,400** arbitrage analyses and legal opinions for **1,050** bond issues.

To demonstrate our experience working with higher education institutions across the country, provided below is a representative listing of higher education engagements. Most of the calculations for these issuers require at least one, if not more of the complex analyses described above.

**Representative List of Higher Education Engagement**

Alcorn State University (MS)	Midwestern University (IL)
Arizona Western College (AZ)	New Jersey Educational Facilities Authority (NJ)
Bard College (NY)	New Jersey Higher Ed. Student Assist Authority (NJ)
Boise State University (ID)	New Mexico State University (NM)
California State University (CA)	Occidental College (CA)
Carnegie Mellon University (PA)	Oregon Coast Community College District (OR)
Catholic University of America (DC)	Oregon Health and Science University (OR)
Central New Mexico Community College (NM)	Regents of the University of California (CA)
Chabot-Las Positas Community College District (CA)	Saint Mary's University (TX)
Chapman University (CA)	San Diego Community College District (CA)
Citrus College (CA)	San Mateo County Community College District (CA)
Claremont McKenna College (CA)	Santa Clara University (CA)
Clemson University (SC)	Santa Monica College (CA)
Coastal Carolina University (SC)	South Carolina State University (SC)
Cochise County Community College District (AZ)	Stanford University (CA)
College of Charleston (SC)	Syracuse University (NY)
College of the Desert (CA)	Texas State University System (TX)
Columbia College Chicago (IL)	The Ohio State University (OH)
Contra Costa Community College District (CA)	University of Arizona (AZ)
DePaul University (IL)	University of Dayton (OH)
Emerson College (MA)	University of San Diego (CA)
Florida State University Schools (FL)	University of South Carolina (SC)
Fordham University (NY)	University of Southern California (CA)
Gonzaga University (WA)	University of the Pacific (CA)
Harvey Mudd College (CA)	University of Washington (WA)
Hawaii Pacific University (HI)	Whitworth University (WA)
Hobart and William Smith Colleges (NY)	Willamette University (OR)
Ithaca College (NY)	Winthrop University (SC)
Loyola Marymount University (CA)	Youngstown State University (OH)
Midlands Technical College (SC)	

**5. EVIDENCE OF PROFESSIONAL LIABILITY INSURANCE COVERAGE**

Evidence of satisfactory professional errors and omissions liability insurance coverage with limits of at least \$5 million.

Provided as *Appendix C* is evidence of our Professional Liability insurance coverage.

**6. FINANCIAL CONDITION**

Evidence of the organization's sound financial condition (e.g. a copy of the most recent audited financial statements).

Provided as *Appendix D* is a statement of our financial condition.

**7. PROPOSED ENGAGEMENT LETTER**

A copy of the organization's proposed engagement letter. Please Note that (a) the engagement letter must include by reference, all terms and conditions included in this Request For Proposal (the "RFP"), (b) the Authority is not permitted to provide indemnification in any form, and (c) any agreement must be subject to the laws of the State of New Jersey.

Please see *Appendix E* for a copy of BLX's standard form of engagement.

**8. SAMPLE REPORTS**

A copy of sample reports anticipated to be issued for this engagement, including bond yield calculation with a swap, transferred proceeds analysis, commingled funds analysis and any report with an associated investment agreement. Reports must include assumptions and methodology.

Please see *Appendix F* for copies of BLX's sample reports which reflect the work to be issued under any future engagement.

**9. OPINION LETTER**

A copy of the opinion letters which would accompany each report – opinions to include one certifying the mathematical correctness of the calculations, accompanied by an opinion of tax counsel regarding compliance with applicable laws and regulations.

Please see *Appendix F* for a copies of the opinion letters issued by BLX (Tab 1 of the sample analyses) and by Orrick (Tab 2 of the sample analyses) which accompany each report.

**10. SOFTWARE CAPABILITY**

A brief description of the software used by your firm and the firm's ability to receive data and disseminate reports electronically.

**Software:** BLX uses proprietary spreadsheet-based templates to perform its arbitrage rebate analyses, preferring the flexibility such specially modified spreadsheets provide. During an extensive training program, each of our consultants is trained to build bond sizing, escrow sufficiency verification, and arbitrage rebate financial models "from scratch," starting with a blank spreadsheet. This means that all of our consultants have intimate knowledge of spreadsheet usage, the mechanics of yield calculation, transferred proceeds analyses, and commingled funds analyses. Consequently, BLX consultants are capable of developing novel financial models, creating schedules as necessary to optimally address the requirements of a particular analysis.

By contrast, most competing consulting firms have invested in some sort of arbitrage rebate calculation software. In the cases we are aware of, the individual that programmed the software is not a full-time employee of the firm utilizing the software. Since the variety of complexities that may arise in the process

of performing calculations for refundings and pooled bonds is unpredictable, it is unclear how a single software application could possibly account for all such circumstances, or, how it could possibly be economical to have the software engineer constantly update the code to make the necessary accommodations.

BLX applications operate on a LAN/WAN network structure with a Windows 2010 operating system. Real-time data losses are mitigated by a redundant disk array server structure. Daily backups of all BLX files are sent off-site to a secure facility for archive and recovery purposes.

**Ability to receive data and disseminate reports electronically:** As one of the Authority's current arbitrage rebate compliance providers, BLX currently retrieves trustee data electronically from the Authority's trust banks, reducing the administrative burden on both the trustee and BLX and therefore increasing efficiency.

## 11. NEW JERSEY PRESENCE

Describe your firm's physical presence in the State of New Jersey, including number of offices, number of employees and the type of business activity conducted in the State.

While BLX does not maintain an office in New Jersey, it has built relationships with clients and issuers in the State through its New York, Dallas and Phoenix-based personnel. Our New York office provides relatively local proximity and responsiveness to our New Jersey clients, and BLX professionals can be on-site when necessary and/or appropriate on short notice. BLX's experience in New Jersey includes providing regulatory compliance services to numerous New Jersey tax-exempt issuers since 1995. Provided below is a partial listing our current engagements in the State of New Jersey: CentraState Healthcare System, Covanta Holding Corporation, Elizabeth Development Company, Friends Retirement Concepts, Inc. Arbor Glen of Bridgewater, Holy Name Hospital, Job Haines Home, Middlesex County Improvement Authority, Morris Hall/St. Lawrence, Inc., New Jersey City University, New Jersey Educational Facilities Authority, New Jersey Higher Education Student Assistance Authority, New Jersey Housing and Mortgage Finance Agency, New Jersey Infrastructure Bank, New Jersey Transit Corporation, Princeton Montessori Society, Rider University, St. Ann's Home for the Aged, Tenafly Board of Education, The Delbarton School, The United Methodist Homes of New Jersey, Tobacco Settlement Financing Corporation, and Union County Improvement Authority.

## 12. PARTICIPATION OF WOMEN AND MINORITIES AT BLX

Please describe the participation of women and minorities in your firm. Indicate the percentage of your firm that is owned by women and/or minorities.

BLX currently employs 45 individuals, 28 are women and minorities. Of these 28 individuals, 13 are managing and associate directors, 6 are consultants, and 9 are administrative support.

### 13. ADDITIONAL CONSIDERATION

Please provide any additional information or documentation that you feel will assist the Authority in evaluating your organization and its ability to service the Authority.

BLX's unique combination of relevant experience, resources, and expertise allows us not only to provide the Authority with the highest quality of service, but to do so most efficiently and effectively. BLX will ensure that all aspects of Treasury's arbitrage rebate and yield restriction regulations have been appropriately applied both to calculations performed by BLX, as well as to calculations performed by the Authority and reviewed by BLX. Standard to our service approach is the assurance that all calculations and reviews will be performed in a timely and efficient manner and will incorporate supporting schedules, notes and assumptions. Additionally, upon the Authority's request and in order to assist the Authority in tracking its portfolio of outstanding debt, BLX will provide the Authority with a tailored summary report detailing pertinent data (including required computation dates and current rebate liability) in connection with all issues for which BLX is engaged. Further, BLX consultants are available to the Authority staff on a full-time basis to review calculations, and to provide general advice and/or guidance when needed.

**IRS Refund Requests:** Having successfully assisted the Authority in the recovery more than **\$666,175** in rebate overpayments, and over **\$66** million in rebate overpayments for more than **200** separate claims, BLX has the requisite expertise, experience and procedures in place to assist its issuer and borrower clients with the intricacies of the arbitrage rebate refund process.

As is the case of the other services BLX provides to the public finance community, BLX's rebate refund request services are designed to minimize the administrative burden placed on its clients. For that reason, BLX typically assumes power of attorney for the obligated party during the refund request process. This can minimize, or eliminate additional legal and consulting fees and reduce the time to process the request by eliminating redundant "cross-talk" between the obligor, the IRS, BLX, and Orrick.

The Authority cannot retain a consultant with more IRS refund experience, or with the financial and legal resources that BLX and Orrick bring to the Authority. IRS agents are familiar with BLX's report format and supporting schedules which helps speed the refund recovery process significantly. As a result of the combination of these factors, BLX may be able to expedite the refund process, minimizing the opportunity cost of unrecovered and uninvested rebate overpayments.

Additional areas in which BLX has special expertise and can be of assistance are listed below:

- Continuing Disclosure Reporting
- Defeasance Analyses
- Economic Life Calculations
- Escrow Structuring and Restructuring
- Private Use Analyses
- Swap Advisory Services

**Post Issuance Compliance:** BLX is uniquely situated to provide a wide range of post issuance services. BLX, working together with Orrick's Public Finance and Tax Group, is well positioned to provide the Authority with the highest level of services regarding the various private-use limitations and other relevant post issuance obligations applicable to tax-exempt bonds. These services include:

- Reviewing whether impermissible private-use may occur as a result of use of bond financed facilities under management or service contracts, leases, research contracts, output contracts, change in use and any other agreements for comparable special entitlements that result in private-use of the financed property;
- With respect to conduit borrowers that are Section 501(c)(3) organizations, assistance in completing the new IRS Form Schedule K ("Supplemental Information on Tax-Exempt Bonds"), which must be filed annually with the IRS;

- Providing annual reports regarding private-use and related post issuance tax matters;
- Developing and Reviewing of post issuance policies and checklists;
- Offering Schedule K assistance services through online proprietary BLXSKAN software; and
- Providing full or half day educational seminars or teleconferences on post issuance tax compliance.

**Education:** BLX has provided value added rebate training to the Authority in the past, as recently as September 2018, and would like to continue and improve upon this practice as part of the prospective engagement. We take an individualized approach to providing arbitrage rebate consulting services. Open communication allows us to achieve a clear understanding of the unique characteristics, circumstances, and objectives of each client. Issuer education is an important aspect of our arbitrage consulting services.

Every year, BLX consultants are invited to speak at national and local conferences, and by individual firms specializing in public finance that desire more education for their clients. Topics range from arbitrage rebate, post-issuance compliance, investing bond proceeds, to current market conditions and other related topics. Additionally, BLX provides issuers with our own annual public finance workshops in different regions of the country. These one-day workshops are aimed at keeping attendees apprised of recent developments in the area of public finance, while providing an opportunity to earn CPE credits and network with fellow issuers. Orrick Tax Counsel also plays an active role in these workshops. On November 2019, we will conduct our sixth annual conference for nonprofit borrowers and conduit issuers.

#### **14. PROPOSED LOCATION**

Please indicate the location where the services will be performed.

The proposed services to the Authority will be performed in the United States, specifically in BLX's Arizona, New York, and Dallas offices staffed with 20 public finance professionals. Furthermore, BLX has more than 10 additional consultants from other BLX offices available to the Authority, as needed.

#### **15. NEW JERSEY BUSINESS REGISTRATION CERTIFICATION**

Please provide a copy of your firm's current New Jersey business registration certification (or interim registration).

Please see *Appendix G* for a copy of BLX's New Jersey business registration certificate.

## 16. PROPOSED FEES

Submit a comprehensive itemized list of services and the respective costs including the hourly rate charged for adhoc consulting services 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.

When comparing the fees listed below to those of other firms, the Authority should keep in mind that BLX does not attach additional fees for the legal consultation provided by Orrick's expert tax counsel in the preparation of rebate analyses. Other firms lacking this resource might require billing the Authority hourly for such resources in the event that any complexities arise with regard to a specific analysis, making their proposed cost appear artificially low. On the other hand, a firm that foregoes enlisting the services of expert tax counsel in order to avoid charging the Authority for such services runs the very real risk of causing the Authority to make unnecessary rebate payments to the IRS, or causing the Authority to be out of compliance with the applicable Treasury Regulations.

Please consider the following when you compare our fees to those of other respondents:

- We understand the complexities that arise in the Authority's varying issue types;
- Most respondents are not accustomed to or anticipating the complex nature of the Authority's bond issues and might bid significantly less;
- Given the anticipated complexities, another provider may not complete each report as efficiently and as accurately as BLX;
- Each BLX report is bolstered by an Orrick legal opinion;
- BLX has delivered reports in a very timely manner while listening to the Authority's needs and meeting their demands; and
- Examples of calculation complexities include:
  - (i) Uncommingling project funds and large pooled funds (including properly reallocating investment agreement and money market income across pool participants as trustee statements often do not reflect the proper application of such interest);
  - (ii) Completing yield optimization calculations for variable rate issues;
  - (iii) Properly allocating hedge and qualified fee payments;
  - (iv) Reallocating expenditures between two or more bond issues; and
  - (v) Properly allocating transferred proceeds between multiple bond issues.

### **Base Fees:**

Engagement Fee (one-time fee, per issue)	WAIVED
Annual Report Fee (first year report)	\$1,400
Annual Report Fee (update of any prior report)	\$1,250
Opinion Letter (No Rebate Due)	\$700

### **Additional Fees:**

Pooled Issues	
0 to 25 accounts	\$0
Each additional 25 accounts or fraction thereof	\$150
Transferred Proceeds Analysis	\$250

BLX's proposed fee schedule will remain in effect for the duration of the initial and any elective contracting periods. Such fees would also apply to any future bond issuances of the Authority not covered in the RFP.

Also provided in Appendix G is a completed Exhibit A (Fee Proposal to NJEFA).

**17. 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.

Identify whether your firm's or any employee's ability to practice have been suspended or revoked by any federal, state or local government or agency thereof. If so, provide the details leading to the suspension, the duration of the suspension and the dates the suspension began and the date of reinstatement.

Neither BLX nor its owners, principals or employees are involved in any pending, concluded or threatened litigation and/or investigations, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests which might materially affect our ability to serve the Authority.

**18. CONFLICTS OF INTEREST**

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

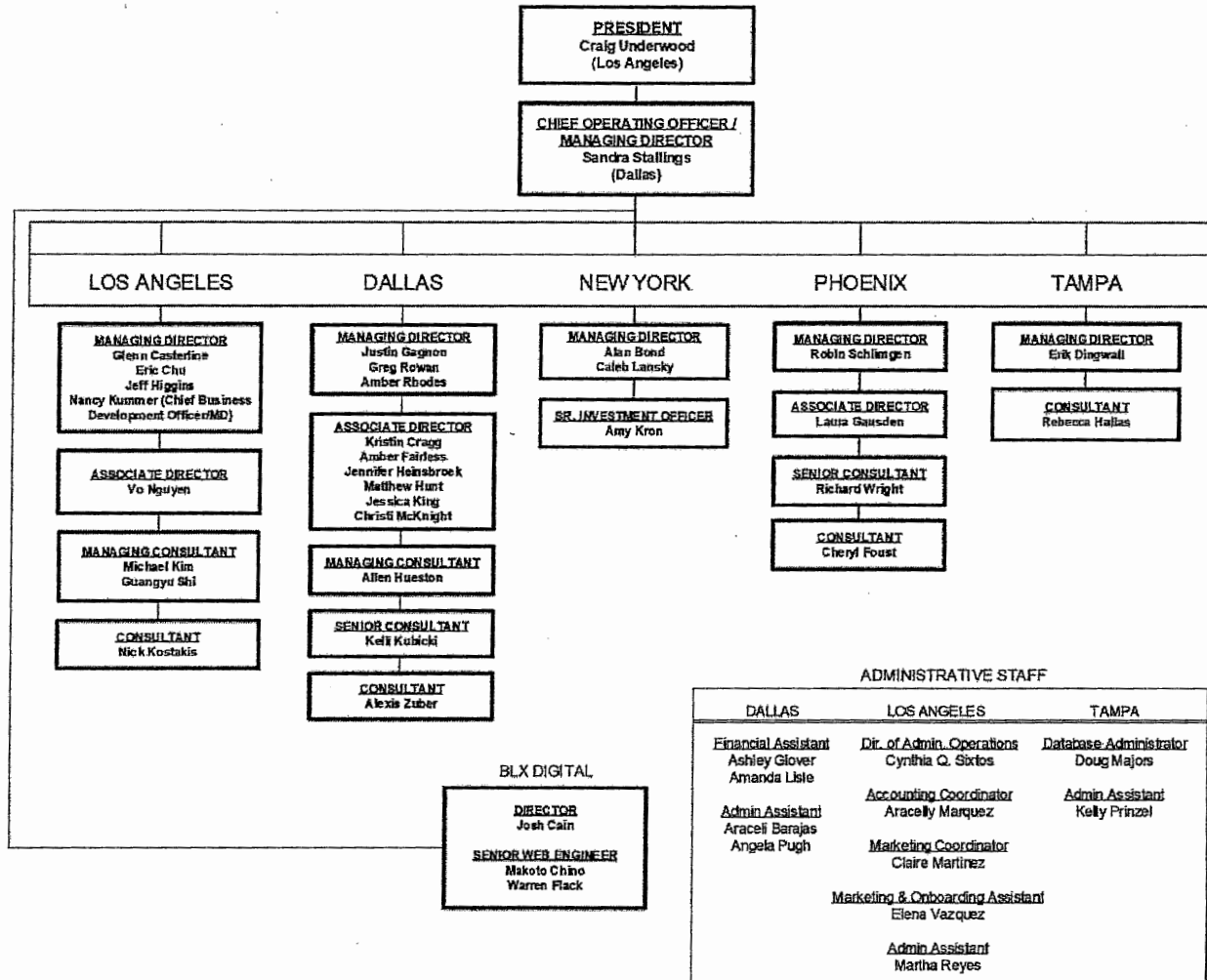
BLX is not aware of any conflicts of interest that may arise in connection with providing the services described herein to the Authority and its college and University clients. In the event that a conflict in the form of simultaneous representation of adverse, or potentially adverse parties, does arise, we would first seek waivers from both parties based on it being very unlikely that a position we took as rebate counsel would benefit one party while harming the other. In the absence of such waivers, we would excuse ourselves from one or both client relationships based on all facts and circumstances.

**19. 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 Appendix G, attached hereto, for the required documents and forms.

**APPENDIX A – ORGANIZATIONAL CHART**





# APPENDIX B – BLX PORTAL

BLXPortal Home Rebate Matters

Relationship Manager: Sandra Stallings Josh Cain / BLX

Matter Detail / Anytown IFA 2012A Bonds

Current client: City of Anytown

All Issuers - All Statuses - PDF Pdf matter st

## Bond Issue

Lease Rev Bds, Series 2015  
Water Rev Ref Bds, Series 2014  
Infrastructure Rev Ref Bds, Series 2014 A

\$22,395,000  
Anytown Infrastructure Financing Authority  
Infrastructure Revenue Refunding Bonds  
Series 2012A

## Anytown IFA 2012A Bonds

Cap Improv Rev Ref Bds, Series 2012

Anytown IFA Civic Center 2009A Bonds

Civic Center 2009B Bonds

Water Rev Bds, Series 2006

Ltd Ob Improv Bds, Randy Way

Infrastructure Rev Ref Bds, Series 2005 A

## BLX Contacts

### PROJECT MANAGER

Nancy Kummer  
(213) 612-2215  
nkummer@blxgroup.com

### RELATIONSHIP MANAGER

Sandra Stallings  
(214) 989-2701  
sstallings@blxgroup.com

## Matter Details

Matter #	612-12882	Latest Report	09/02/2016
Opened	09/02/2012	Next Report	09/02/2021
Total Rebate and YR Payments	\$0.00	Next 5th Year	09/02/2021

## Issue Details

Dated Date	06/20/2012	CUSIP	037833100
Issue Date	06/20/2012		

## Reports

Comp. Date	Remaining Proceeds	Cumulative Rebate Liability	Yield Restriction Liability
09/02/2016 PDF	\$80,008.36	(\$21,006.94)	(\$3,596.61)



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
11/28/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> MARSH RISK & INSURANCE SERVICES 345 CALIFORNIA STREET, SUITE 1300 CALIFORNIA LICENSE NO. 0437153 SAN FRANCISCO, CA 94104	<b>CONTACT</b> NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS:
CN102668209-BLX1-E&O-18-19	<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A : XL Specialty Insurance Company INSURER B : Starr Indemnity & Liability Company INSURER C : INSURER D : INSURER E : INSURER F :
<b>INSURED</b> BLX GROUP LLC 777 SOUTH FIGUEROA STREET, SUITE 3200 LOS ANGELES, CA 90017	<b>NAIC #</b> 37885 38318

**COVERAGES**      **CERTIFICATE NUMBER:** SEA-003521289-17      **REVISION NUMBER:** 2

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG \$ \$ \$ \$ \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) \$ \$ \$ \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE AGGREGATE \$ \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N <input checked="" type="checkbox"/> N/A					PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT \$ \$ \$
A	PROFESSIONAL LIABILITY			11/28/2018	11/28/2019	SEE ATTACHMENT
B	INVESTMENT COMPANY			11/28/2018	11/28/2019	SEE ATTACHMENT

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

REF: EVIDENCE OF PROFESSIONAL LIABILITY COVERAGE  
||||||| TO WHOM IT MAY CONCERN |||||||

THIS IS A CLAIMS MADE POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY ONLY APPLIES TO CLAIMS FIRST MADE DURING THE POLICY PERIOD.

## CERTIFICATE HOLDER

## CANCELLATION

BLX GROUP LLC 777 SOUTH FIGUEROA STREET, SUITE 3200 LOS ANGELES, CA 90017	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE of Marsh Risk & Insurance Services Raquel Idefonzo <i>Raquel Idefonzo</i>

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AGENCY CUSTOMER ID: CN102668209LOC #: San Francisco**ADDITIONAL REMARKS SCHEDULE**Page 2 of 2

AGENCY MARSH RISK & INSURANCE SERVICES		NAMED INSURED BLX GROUP LLC 777 SOUTH FIGUEROA STREET, SUITE 3200 LOS ANGELES, CA 90017
POLICY NUMBER		
CARRIER	NAIC CODE	EFFECTIVE DATE:

**ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,  
FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

PROFESSIONAL LIABILITY  
POLICY EFFECTIVE DATE: 11/28/2018  
POLICY EXPIRATION DATE: 11/28/2019

PRIMARY POLICY #: ELU158859-18  
PRIMARY CARRIER: X.L. SPECIALTY INSURANCE COMPANY  
AGGREGATE LIMIT: \$5,000,000  
DEDUCTIBLE: \$250,000  
RELATED CLAIMS FOR E&O

1ST EXCESS LAYER POLICY #: 1000057498181  
1st EXCESS CARRIER: STARR INDEMNITY & LIABILITY COMPANY  
\$5M EXCESS \$5M ANNUAL AGGREGATE

THIS IS A CLAIMS MADE POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY ONLY APPLIES TO CLAIMS FIRST MADE DURING THE POLICY PERIOD.

**APPENDIX D – STATEMENT OF FINANCIAL CONDITION  
(FOR INTERNAL USE ONLY)**

BLX Group LLC is a wholly-owned subsidiary of Orrick, Herrington and Sutcliffe, LLP. BLX does not maintain separate accounting records from Orrick, and being a private entity, Orrick does not make public its financial statements. If provided an ironclad confirmation from the Authority that BLX and Orrick financial information will remain confidential, we can provide additional information. In the meantime, to provide insight into the financial strength of our entire business entity, below is an overview regarding our financial strength.

BLX and Orrick have long recognized that our financial health matters to our clients and impacts our ability to deliver client service and invest for the future. Orrick is committed to maintaining one of the strongest balance sheets in the legal industry. Orrick is recognized by three of the leading industry watchers – Citigroup Law Firm Banking Group, Wells Fargo's Law Firm Banking Group and PricewaterhouseCoopers – to be among the healthiest U.S.-origin law firms.

Orrick is primarily financed by capital contributions from partners upon admittance to the firm and annually and currently has over \$174 million in paid-in capital, a very high level relative to peer firms. Orrick consistently looks for opportunities to conserve financial resources and limit borrowing, including cost-savings initiatives, judicious use of bank lines of credit, renegotiations of long-term leases, and negotiating favorable office renovation and build-out terms. For example, most of the firm's support functions are located at a Global Operations Center in Wheeling, West Virginia, which has a substantially lower cost structure than the major metropolitan areas.

Orrick's \$974 million in 2018 revenue was derived from a diverse group of more than 23 practice groups, almost evenly split between transactional and litigation practices and with approximately 21% of revenue generated outside of the United States. No individual office represents more than 21% of revenue, no individual practice group represents more than 13% of revenue, and no single client represents more than three percent of our revenue.

PricewaterhouseCoopers LLP, Orrick's auditors, rendered a clean financial opinion for the firm for its 2018 fiscal year. We can provide additional financial information about Orrick subject to completion of a non-disclosure agreement or otherwise ensuring Orrick's financial information is not subject to public disclosure.



BLX Group LLC

1910 S Stapley Drive, Suite 115

Mesa, AZ 85204

Ph 480 539 0912 Fx 480 539 4266

blxgroup.com

August 2, 2019

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

Re: Arbitrage Rebate Compliance Services

Ladies and Gentlemen:

This letter is to confirm the engagement of BLX Group LLC ("BLX") by the New Jersey Educational Facilities Authority (the "Obligor") for the purpose of performing calculations relating to the arbitrage and rebate requirements contained in the Internal Revenue Code (the "Code") and the legal advice described below and according to terms and conditions included in the Request For Proposal dated July 18, 2019. The calculations are to be performed with respect to the bond issue(s) approved by the issuer (the "Bonds") applying applicable federal tax rules.

BLX will calculate the amount of rebate liability with respect to the Bonds once per year as of the end of each bond year (unless specifically directed in writing otherwise by the Obligor) and as of the final maturity or redemption of the Bonds (each such date on which a rebate calculation is performed is referred to herein as a "Rebate Calculation Date") applying regulations of the United States Department of the Treasury ("Treasury") in effect on such Rebate Calculation Date. In addition, if a "penalty in lieu of rebate" election under Code Section 148(f)(4)(C)(vii) has been made by the Obligor with respect to the Bonds, BLX will calculate, every six months, the amount of such "penalty" as of the end of each six-month period beginning on the date of issue of the Bonds (each such date on which a penalty calculation is performed is referred to herein as a "Penalty Calculation Date"). (The term "Calculation Date" as used herein shall refer to a Rebate Calculation Date or a Penalty Calculation Date, as appropriate.) In addition, if required or requested by the Obligor, BLX will include in each report delivered to the Obligor an analysis of compliance with applicable arbitrage yield restrictions. With respect to each Calculation Date, BLX will prepare or cause to be prepared schedules reflecting the relevant calculations and the assumptions involved and will deliver a rebate or penalty liability report addressed to the Obligor as to the amount of the rebate or penalty liability as of such Calculation Date.

At the Obligor's election, which election is made by the Obligor's signature of this engagement letter, each such rebate or penalty liability report will include a legal opinion provided by the law firm, Orrick, Herrington & Sutcliffe LLP ("Orrick"). BLX will engage Orrick to represent BLX for the purpose of providing legal oversight and review as it deems necessary to render its opinion that the computations shown in the report are mathematically accurate and were performed in accordance with applicable federal law and regulations. No attorney-client relationship exists between Orrick and the Obligor by virtue of this engagement or the provision of the Orrick legal opinion. BLX is not a law firm and is not providing any legal advice to you. The Obligor undertakes to provide or cause to be provided to BLX all such relevant data, as specified by BLX from time to time, and shall cooperate with all reasonable requests of BLX in connection therewith. The Obligor also agrees to inform BLX of any actual or planned early redemption of the Bonds at its earliest opportunity.



BLX is not being engaged hereunder, and BLX is not hereby obligated, to undertake any of the following: (1) independently determine whether securities allocable to proceeds of the bonds were purchased at fair market value within the meaning of the Treasury Regulations; (2) perform an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds; (3) perform calculations or other research as to the desirability of elections or selections that may be available under applicable federal tax law; (4) review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program except for rebate and penalty liability to the extent set forth in this engagement letter; (5) consider any information obtained by BLX pursuant to this engagement for any purpose other than determining such rebate and penalty liability; and (6) update any report delivered hereunder because of events occurring, changes in regulations, or data or information received, subsequent to the date of delivery of such report. Should the Obligor desire BLX to undertake any of the foregoing, such work will be the subject of a separate engagement and a separate fee, if any. In addition, BLX will be entitled to rely entirely on information provided by the Obligor and the Trustee and/or their agents and assigns without independent verification. The fee with respect to the Bonds will be determined pursuant to Exhibit A hereto. Report Fees are due upon delivery of each report by BLX. This engagement is terminable by either party by written notice to the other, such termination to be effective immediately; provided that, if BLX terminates this engagement prior to delivering any calculations, the engagement fee (if previously paid) shall be refunded. BLX shall be entitled to assign its rights and obligations under this engagement in whole or in part upon prior written notice to the Obligor; provided that no such notice is required so long as Orrick retains the obligation to deliver legal opinions hereunder. No additional fees will be charged by Orrick for providing the legal services described herein. BLX will separately compensate Orrick for such services.

BLX and/or Orrick may have client relationships with other parties involved in some manner with the Bonds or the Obligor (for example, underwriters, trustees, rating agencies, insurers, credit providers, lenders, contractors, developers, advisors, investment advisors/providers/brokers, public entities and others) whether with respect to the Bonds or some unrelated matter(s). However, to the extent that a conflict-of-interest is created by this engagement, the Obligor hereby waives any such conflict. If this engagement letter is satisfactory, please have an authorized official execute one copy and return it to the undersigned.

Very truly yours,

BLX Group LLC

Robin Schlimgen  
Managing Director

Accepted:

**New Jersey Educational Facilities Authority**

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

Print Name/Title: \_\_\_\_\_

Date: \_\_\_\_\_

E-mail Address: \_\_\_\_\_



BLX Group LLC  
1910 S. Stapley Drive, Suite 115  
Mesa, AZ 85204  
p. 480 539 0912 f. 480 539 4266

**\$154,110,000**  
**Anytown Educational Facilities Authority**

Revenue Refunding Bonds  
University Issue, Series 2006J

INTERIM ARBITRAGE REBATE ANALYSIS

For the Computation Period:  
December 14, 2006 – June 30, 2014

**TABLE OF CONTENTS**

Transmittal Letter

Opinion by Orrick, Herrington & Sutcliffe LLP

Notes and Assumptions

The Bonds

- Schedule A - Summary of Rebate and Yield Restriction Analyses
- Schedule B - Sources & Uses of Funds
- Schedule C - Annual Debt Service & Production
- Schedule D - Semi-Annual Debt Service
- Schedule E - Arbitrage Yield Calculation

Rebate Computations

- Schedule F - Escrow Fund
  - 1. Remaining Balance Analysis
  - 2. Net Nonpurpose Investments Cash Flow
  - 3. Escrow Valuation
- Schedule G - Costs of Issuance Fund
  - 1. Remaining Balance Analysis
  - 2. Net Nonpurpose Investments Cash Flow
- Schedule H - 2003L Construction Fund
  - 1. Remaining Balance Analysis
  - 2. Net Nonpurpose Investments Cash Flow
- Schedule I - 2003L Debt Service Reserve Fund
  - 1. Remaining Balance Analysis
  - 2. Net Nonpurpose Investments Cash Flow
- Schedule J - 1997D Renewal & Replacement Fund
  - 1. Remaining Balance Analysis
  - 2. Net Nonpurpose Investments Cash Flow
  - 3. Commingled Fund Adjustment Analysis
- Schedule K - 1997D Debt Service Reserve Fund
  - 1. Remaining Balance Analysis
  - 2. Net Nonpurpose Investments Cash Flow
- Schedule L - 1997E Debt Service Reserve Fund
  - 1. Remaining Balance Analysis
  - 2. Net Nonpurpose Investments Cash Flow
- Schedule M - 2003L Rebate Fund
  - 1. Remaining Balance Analysis
  - 2. Net Nonpurpose Investments Cash Flow



**TABLE OF CONTENTS**

Appendix A - Transferred Proceeds Ratio Analysis - 2003L Bonds  
Appendix B - Plain Par Adjustment Analysis - 2003L Bonds  
Appendix C - Transferred Proceeds Ratio Analysis - 1997DE Bonds  
Appendix D - Plain Par Adjustment Analysis - 1997DE



September 29, 2014

Anytown Educational Facilities Authority  
123 Fifth Avenue  
New York, NY 00000-0000

Re: \$154,110,000  
Anytown Educational Facilities Authority  
Revenue Refunding Bonds  
University Issue, Series 2006J  
Interim Arbitrage Rebate Analysis  
Computation Period: December 14, 2006 through June 30, 2014

Ladies and Gentlemen:

This report (the "Report"), which is being delivered to you pursuant to our engagement letter, consists of computations and the assumptions on which such computations are based with respect to the rebate liability of the Anytown Educational Facilities Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period").

The computations herein are based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing the Report based on information supplied to us. Our engagement did not include determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of the Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on the information provided to us without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability and yield restriction liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. We are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability and yield restriction liability. Also, we have no obligation to update this Report because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

For the Interim Computation Period December 14, 2006 through June 30, 2014:

Allowable Yield on Investments:	4.256365%
Cumulative Rebate Liability:	<u>\$33,028.68</u>
Yield Restriction Liability:	<u>\$0.00</u>

Ninety percent (90%) of the Cumulative Rebate (reduced by any applicable computation date credit) and Yield Restriction Liabilities are required to be rebated to the United States no later than 60 days after June 30, 2016 (the end of the tenth Bond Year). Such Cumulative Rebate and Yield Restriction Liabilities are subject to change, however, pursuant to computations undertaken up to and including June 30, 2016. Additionally, should the Bonds be retired prior to June 30, 2016, 100% of the Cumulative Rebate (reduced by any applicable computation date credits) and Yield Restriction Liabilities as of such retirement date will become due and payable within 60 days.

This Report has been furnished to the Authority solely for its benefit and the benefit of the conduit borrower of the Bonds. The Authority may provide a copy of the Report to the conduit borrower and the Trustee. The Report is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our prior written consent.

No client relationship has existed or exists with any party other than the Authority and our firm in connection with the Bonds or by virtue of this Report.

Very truly yours,



BLX Group LLC



ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP  
51 W 52<sup>ND</sup> STREET  
NEW YORK, NY 10019  
tel 212-506-5000  
fax 212-506-5151  
WWW.ORRICK.COM

September 29, 2014

Anytown Educational Facilities Authority  
123 Fifth Avenue  
New York, NY 00000-0000

Re: \$154,110,000  
Anytown Educational Facilities Authority  
Revenue Refunding Bonds  
University Issue, Series 2006J  
Interim Arbitrage Rebate Analysis  
Computation Period: December 14, 2006 through June 30, 2014

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to our engagement to provide certain legal services and accompanies a report (the "Report") prepared on the date hereof by BLX Group LLC ("BLX") consisting of computations and the assumptions on which such computations are based with respect to the rebate liability of the Anytown Educational Facilities Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period"). In particular, we note that our opinion is specifically subject to the notes and assumptions contained in the Report.

The opinion expressed herein is based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report and in this opinion may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing this opinion, based on information supplied to us by you, BLX, and U.S. Bank National Association (the "Trustee"). Our engagement did not include work performed by prior counsel, independent determination (other than determinations made on the basis our review of documentation and information provided to us) of which funds were subject to or exempt from rebate and yield restriction, determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of the Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on information provided by you, BLX, and the Trustee without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability and yield restriction liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. No opinion is expressed on any matter other than rebate liability and yield restriction liability to the extent set forth below, and we are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability and yield restriction



liability. Also, we have no obligation to update this opinion because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

Based on and subject to the foregoing, and subject to the notes and assumptions contained in the Report, in our opinion, the computations shown in the Report were performed in accordance with applicable federal law and regulations and reflect the following:

For the Interim Computation Period December 14, 2006 through June 30, 2014:

Allowable Yield on Investments:	4.256365%
Cumulative Rebate Liability:	<u>\$33,028.68</u>
Yield Restriction Liability:	<u>\$0.00</u>

This Report has been furnished to the Authority solely for its benefit and the benefit of the conduit borrower of the Bonds. The Authority may provide a copy of the Report to the conduit borrower and the Trustee. The Report is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our prior written consent.

No attorney-client relationship has existed or exists with any party other than the Authority and our firm in connection with the Bonds or by virtue of this opinion.

Very truly yours,

*Orrick, Herrington & Sutcliffe LLP*

ORRICK, HERRINGTON & SUTCLIFFE LLP

**NOTES AND ASSUMPTIONS**

1. The Dated Date of the Bonds is December 14, 2006.
2. The Issue Date of the Bonds is December 14, 2006.
3. The Interim Computation Period is December 14, 2006 to June 30, 2014.
4. Consistent with Section 6.1 of the Arbitrage and Tax Certificate, the Bonds constitute one issue for federal taxation purposes and are not treated as part of any other issue of governmental obligations.
5. The Issuer has selected June 30, 2007, as the end of the first Bond Year with respect to the Bonds for purposes of determining installment computation dates. Subsequent Bond Years end on each successive June 30 until no Bonds remain outstanding.
6. Computations of yield are based on a 360-day year and semiannual compounding.
7. For debt service, yield, and investment cash flow purposes, all payments and receipts with respect to the Bonds and proceeds thereof are accurately set forth in the schedules contained herein. No early redemptions of principal have taken place or been provided for. We are not aware of any hedging arrangement (such as an interest rate swap) that would affect the yield on the Bonds. For purposes of determining the yield on the Bonds, the issue price is based on the offering prices and yields of the Bonds as set forth in the Official Statement.
8. The purchase price of each investment is at fair market value, exclusive of brokerage commissions, administrative expenses, or similar expenses and is representative of an arm's length transaction which did not reduce the rebate amount required to be paid to the United States. We are not aware of any broker fees that were paid by any party with respect to any investment contracts acquired with gross proceeds.
9. The Bonds are not "refunded" bonds. The Bonds are "refunding" bonds, the proceeds of which were used to advance refund the Issuer's State University Issue, Series 1997 D, Series 2001 F, Series 2002 F, Series 2003 E, and Series 2003 L (the "Prior Bonds"), and, therefore, give rise to transferred proceeds from the Prior Bonds pursuant to Treasury Regulations Section 1.148-9(b). Accordingly, proceeds of the Prior Bonds cease to be treated as proceeds of the Prior Bonds and instead are treated as proceeds of the Bonds as proceeds of the Bonds are used to discharge principal of the Prior Bonds. The extent to which such transfers occur with respect to the 2003 L and 1997 D Bonds is set forth on Appendix A and Appendix C, respectively. The transfers with respect to the 2001 F will occur on July 1, 2011 and the transfers with respect to the 2002F and 2003E Bonds occurred on July 1, 2010. However, as of July 1, 2010, no such proceeds of the 2002F or 2003E Bonds remained unexpended, and therefore, no such proceeds have or will become transferred proceeds of the Bonds.

10. The only funds established relating to the Bonds are the following:
  - Escrow Fund
  - Costs of Issuance Fund
  - Interest Fund
  - Principal Fund

In addition, the 1997 D Debt Service Reserve, 1997 E Debt Service Reserve, 1997 D Renewal & Replacement, 2003L Construction, 2003L Rebate, and 2003L Debt Service Reserve Funds contain transferred proceeds of the Bonds.
11. The Interest and Principal Funds collectively constitute a bona fide debt service fund and are not taken into account in determining Cumulative Rebate Liability pursuant to Section 148(f)(4)(A) of the Internal Revenue Code.
13. We have endeavored to distinguish between proceeds of the Bonds subject to the rebate requirement and other monies which have been commingled in the 1997 D Renewal & Replacement, 1997 D Debt Service Reserve, 1997 E Debt Service Reserve, 1997 D Renewal & Replacement, 2003L Construction, 2003L Rebate and 2003L Debt Service Reserve Funds. The "uncommingling" in the 1997 D Renewal & Replacement Fund was based on the allocation of expenditures to Bond proceeds first. The "uncomminglings" in the 1997 D Debt Service Reserve, 1997 E Debt Service Reserve, 1997 D Renewal & Replacement, 2003L Construction, 2003L Rebate and 2003L Debt Service Reserve Funds were based on a pro-rata allocation of proceeds to investments and expenditures.
14. Consistent with Section 4.3 of the Arbitrage and Tax Certificate, we have treated the fee paid for the bond insurance as a payment for a "qualified guarantee" within the meaning of Treasury Regulations Section 1.148-4(f).
15. The applicable computation date credits were taken into account in determining Cumulative Rebate Liability. See Schedule A herein. Pursuant to Proposed Treasury Regulations, dated September 26, 2007, for any Bond Year ending on or after September 26, 2007, a computation date credit in the amount of \$1,400 or higher (as adjusted in the future for inflation as described in said Regulations) is applicable. We have assumed the Issuer has elected to apply this provision of the Proposed Regulations to the Bonds.
16. Proceeds of the Prior Bonds invested in the Construction Fund beyond the three year temporary period after the Refunded Bond's Issue Date may not be invested at a yield that is materially higher than the yield on the Bonds. The yield on investments allocable to the proceeds of the Bonds that are held beyond the end of such temporary period may be determined by taking into account yield reduction payments paid to the United States as provided in Treasury Regulations Section 1.148-5(c). As set forth in Schedule A herein, the yield on the investments allocated to the proceeds of the Bonds on or after January 15, 2007, is not materially higher than the yield on the Bonds.

17. The Cumulative Rebate and Yield Restriction Liabilities calculated herein are based on investment records for the period from the Issue Date through April 1, 2014. The Cumulative Rebate and Yield Restriction Liabilities calculated as of such date have been future valued at the yield on the Bonds and the allowable yield on investments to June 30, 2014 in order to provide an estimate of the Issuer's liabilities as of that date. Actual Cumulative Rebate and Yield Restriction Liabilities as of June 30, 2014 may differ from the liability set forth above based on investment activity for the period from April 2, 2014 to June 30, 2014.



**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
2019 BUDGET VARIANCE ANALYSIS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

**EXECUTIVE SUMMARY**

**Net Operating Income**

The NJEFA concluded June with a year-to-date net operating loss in the amount of \$86,405 based on year to date revenues of \$1,424,268 and expenses of \$1,510,673.

**Revenues**

Year-to-date actual revenues were \$115,350 less than projected due to fewer transactions closing during the first six months of the year than projected.

**Expenses**

Actual operating expenditures for the first six month of the year were under budget by \$373,673 primarily due to timing of expenditures and staff vacancies.

**Exhibits**

<b><u>Report</u></b>	<b><u>Page</u></b>
Actual vs. Budget Report	1
Operating Account – Vendor Payments	2
Summary of Construction Funds	3

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

	Month Ended June 30, 2019			Year-To-Date June 30, 2019		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b><u>Operating Revenues</u></b>						
Annual Administrative Fees	\$208,454	\$206,603	\$ 1,851	\$ 1,241,471	\$ 1,239,620	\$ 1,851
Initial Fees	-	118,750	(118,750)	65,870	237,500	(171,630)
Investment Income	33,479	10,417	23,062	116,927	62,498	54,429
	<u>\$ 241,933</u>	<u>\$ 335,770</u>	<u>\$ (93,837)</u>	<u>\$ 1,424,268</u>	<u>\$ 1,539,618</u>	<u>\$ (115,350)</u>
<b><u>Operating Expenses</u></b>						
Salaries	\$102,421	\$123,172	\$ 20,751	\$ 721,823	\$ 800,608	\$ 78,785
Employee Benefits	39,463	72,055	32,592	261,851	432,332	170,481
Provision for Post Ret. Health Benefits	29,167	29,167	-	175,000	174,998	(2)
Office of The Governor	2,083	2,083	-	12,502	12,502	-
Office of The Attorney General	10,417	10,417	-	62,498	62,498	-
Sponsored Programs & Meetings	154	817	663	3,357	4,898	1,541
Telecom & Data	2,845	2,833	(12)	14,694	17,002	2,308
Rent	16,445	16,667	222	96,940	99,998	3,058
Utilities	1,978	2,167	189	12,174	12,998	824
Office Supplies & Postage Expense	2,938	2,250	(688)	8,028	13,500	5,472
Travel & Expense Reimbursement	31	1,417	1,386	3,358	8,498	5,140
Staff Training & Conferences	-	3,583	3,583	10,770	21,502	10,732
Insurance	4,308	4,307	(1)	25,845	25,842	(3)
Publications & Public Relations	-	2,238	2,238	1,187	13,422	12,235
Professional Services	10,195	18,500	8,305	59,745	110,998	51,253
Dues & Subscriptions	3,370	7,458	4,088	18,554	44,752	26,198
Maintenance Expense	1,230	1,500	270	8,313	9,000	687
Depreciation	3,630	3,167	(463)	14,034	18,998	4,964
Contingency	-	-	-	-	-	-
	<u>230,675</u>	<u>303,798</u>	<u>73,123</u>	<u>1,510,673</u>	<u>1,884,346</u>	<u>373,673</u>
<b>Net Operating Income</b>	<u>\$ 11,258</u>	<u>\$ 31,972</u>	<u>\$ (20,714)</u>	<u>\$ (86,405)</u>	<u>\$ (344,728)</u>	<u>\$ 258,323</u>

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Type	Date	Nm	Name	Memo	Account	Accrual Basis Amount
Bill Pmt -Check	06/04/2019	EFT	NJSHBP	06/19 Covg	Accounts Payable	22,435.47
Bill Pmt -Check	06/04/2019	EFT	NJSHBP	06/19 Covg	Accounts Payable	3,058.51
Bill Pmt -Check	06/13/2019	1001	100 & RW CRA, LLC	00518,005609	Accounts Payable	12,342.91
Bill Pmt -Check	06/13/2019	1002	CDW Government, Inc.	SHG3107	Accounts Payable	152.79
Bill Pmt -Check	06/13/2019	1003	DocuSafe	119973	Accounts Payable	172.07
Bill Pmt -Check	06/13/2019	1004	Garden State Fire & Safety	41300	Accounts Payable	77.50
Bill Pmt -Check	06/13/2019	1005	GMIS International	300005409	Accounts Payable	100.00
Bill Pmt -Check	06/13/2019	1006	Government News Network	84163-G	Accounts Payable	340.00
Bill Pmt -Check	06/13/2019	1007	Lexis Nexis	3092065539	Accounts Payable	18.82
Bill Pmt -Check	06/13/2019	1008	Nelson, Steven	Employee Benefits, Exp Reimb	Accounts Payable	147.96
Bill Pmt -Check	06/13/2019	1009	Panera Bread	607011302786	Accounts Payable	154.33
Bill Pmt -Check	06/13/2019	1010	Polar Inc.	056254	Accounts Payable	119.65
Bill Pmt -Check	06/13/2019	1011	Refinitive Global Markets Inc.	96684255	Accounts Payable	760.00
Bill Pmt -Check	06/13/2019	1012	SS&C Technologies, Inc	INV499258 DBC	Accounts Payable	12,625.00
Bill Pmt -Check	06/13/2019	1013	The Wall Street Journal	041212250423 06/2019-06/2020	Accounts Payable	539.88
Bill Pmt -Check	06/13/2019	1014	UPS	2Y687X219	Accounts Payable	37.84
Bill Pmt -Check	06/13/2019	1015	Verizon Wireless	9831278774	Accounts Payable	300.61
Bill Pmt -Check	06/13/2019	1016	W.B. Mason Company, Inc.	ISO962619	Accounts Payable	375.83
Bill Pmt -Check	06/13/2019	1017	Yang, Ellen	05302019 5/30/19 Travel	Accounts Payable	18.62
Bill Pmt -Check	06/26/2019	1018	Comcast	060719 June Inv	Accounts Payable	81.68
Bill Pmt -Check	06/26/2019	1019	Dell Marketing L.P.	10319162390 JO, SS	Accounts Payable	3,664.03
Bill Pmt -Check	06/26/2019	1020	NJ OIT Fiscal Services	2019May	Accounts Payable	1,261.07
Bill Pmt -Check	06/26/2019	1021	State Of New Jersey Department Of Labor	12/2018 0-221-829-511/000-00	Accounts Payable	25.50
Bill Pmt -Check	06/26/2019	1022	The Hartford	Acct 12566813 WC7/11/19-7/1/20	Accounts Payable	3,517.00
Bill Pmt -Check	06/26/2019	1023	Treasurer, State of New Jersey - Pinnacle	01-June-2019	Accounts Payable	1,201.73
Bill Pmt -Check	06/26/2019	1024	Zions Bank	06/17/2019 6/19-6/20 Custody Fee	Accounts Payable	1,500.00
						65,028.80

**New Jersey Educational Facilities Authority**  
**Summary of Construction Funds**  
**As of June 30, 2019**

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<b><u>Private</u></b>						
Stevens Institute of Technology	2017 Series A	Various Renov & Improvements, Refund 1998 I, 2007 A	\$ 76,911,558.14	\$ (60,288,198.96)	\$ 16,623,359.18	78%
Rider University	2017 Series F	Academic & Residential Facilities, Science & Technology Bldg	44,228,160.45	(18,593,712.99)	25,634,447.46	42%
Georgian Court University	2017 Series G&H	Various Capital Improvements & Renovations, Refund 07 D, H	7,874,383.16	(217,338.37)	7,657,044.79	3%
Sub Total			<u>\$ 129,014,101.75</u>	<u>\$ (79,099,250.32)</u>	<u>\$ 49,914,851.43</u>	
<b><u>Public</u></b>						
Montclair State University *	Series 2014 A	Various Refundings and Capital Projects	\$ 156,675,111.09	\$ (148,232,451.65)	\$ 8,442,659.44	95%
New Jersey City University	Series 2015 A	Various Renovations & Improv, Refund 02 A, 08 E	37,869,656.10	(34,807,875.89)	3,061,780.21	92%
Stockton University	Series 2016 A	Science Center, Academic Bldg, Quad Project	26,207,528.53	(23,771,578.99)	2,435,949.54	91%
Ramapo College of New Jersey	Series 2017 A	Refund 06 I, Renov Library, Learning Center	11,278,830.75	(892,303.18)	10,386,527.57	8%
William Paterson University of New Jersey	Series 2017 B	New Residence Hall	30,427,779.25	(30,427,779.25)	0.00	100%
Sub Total			<u>\$ 262,458,905.72</u>	<u>\$ (238,131,988.96)</u>	<u>\$ 24,326,916.76</u>	
<b><u>Other Programs</u></b>						
Equipment Leasing Fund	Series 2014 A&B	Acquisition and Installation of Equipment	\$ 101,266,893.00	\$ (94,529,159.25)	\$ 6,737,733.75	93%
Technology Infrastructure Fund	Series 2014	Development of Technology Infrastructure	41,313,667.00	(37,869,102.45)	3,444,564.55	92%
Capital Improvement Fund	Series 2014 A-D	Capital Improvements	191,905,596.00	(185,566,567.76)	6,339,028.24	97%
Facilities Trust Fund	Series 2014	Construct, Reconstruct, Develop & Improve Facilities	219,977,164.00	(193,732,819.94)	26,244,344.06	88%
Capital Improvement Fund	Series 2016 B	Capital Improvements	146,700,261.19	(119,674,815.94)	27,025,445.25	82%
Sub Total			<u>\$ 701,163,581.19</u>	<u>\$ (631,372,465.34)</u>	<u>\$ 69,791,115.85</u>	
<b>Grand Total</b>			<u><u>\$1,092,636,588.66</u></u>	<u><u>\$ (948,603,704.62)</u></u>	<u><u>\$ 144,032,884.04</u></u>	

**NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY  
2019 BUDGET VARIANCE ANALYSIS  
FOR THE SEVEN MONTHS ENDED JULY 31, 2019**

**EXECUTIVE SUMMARY**

**Net Operating Income**

The NJEFA concluded July with a year-to-date net operating loss in the amount of \$82,895 based on year to date revenues of \$1,630,480 and expenses of \$1,713,375.

**Revenues**

Year-to-date actual revenues were \$125,767 less than projected due to fewer transactions closing during the first seven months of the year than projected.

**Expenses**

Actual operating expenditures for the first seven month of the year were under budget by \$342,890 primarily due to timing of expenditures and staff vacancies.

**Exhibits**

<b><u>Report</u></b>	<b><u>Page</u></b>
Actual vs. Budget Report	1
Operating Account – Vendor Payments	2
Summary of Construction Funds	3

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

	Month Ended July 31, 2019			Year-To-Date July 31, 2019		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b><u>Operating Revenues</u></b>						
Annual Administrative Fees	\$206,212	\$206,212	\$ -	\$ 1,447,683	\$ 1,445,832	\$ 1,851
Initial Fees	-	-	-	65,870	237,500	(171,630)
Investment Income	-	10,417	(10,417)	116,927	72,915	44,012
	<u>\$ 206,212</u>	<u>\$ 216,629</u>	<u>\$ (10,417)</u>	<u>\$ 1,630,480</u>	<u>\$ 1,756,247</u>	<u>\$ (125,767)</u>
<b><u>Operating Expenses</u></b>						
Salaries	\$102,421	\$123,172	\$ -20,751	\$ 824,244	\$ 923,780	\$ -99,536
Employee Benefits	42,064	72,055	29,991	303,915	504,387	200,472
Provision for Post Ret. Health Benefits	-	29,167	29,167	175,000	204,165	29,165
Office of The Governor	2,083	2,083	-	14,585	14,585	-
Office of The Attorney General	10,417	10,417	-	72,915	72,915	-
Sponsored Programs & Meetings	-	817	817	3,357	5,715	2,358
Telecom & Data	2,704	2,833	129	17,398	19,835	2,437
Rent	16,445	16,667	222	113,385	116,665	3,280
Utilities	2,132	2,167	35	14,306	15,165	859
Office Supplies & Postage Expense	1,006	2,250	1,244	9,034	15,750	6,716
Travel & Expense Reimbursement	89	1,417	1,328	3,447	9,915	6,468
Staff Training & Conferences	3,265	3,583	318	14,035	25,085	11,050
Insurance	4,272	6,528	2,256	30,117	32,370	2,253
Publications & Public Relations	-	2,238	2,238	1,187	15,660	14,473
Professional Services	8,712	10,167	1,455	68,457	121,165	52,708
Dues & Subscriptions	2,357	7,458	5,101	20,911	52,210	31,299
Maintenance Expense	2,396	1,500	(896)	10,709	10,500	(209)
Depreciation	2,339	3,167	828	16,373	22,165	5,792
Contingency	-	-	-	-	-	-
	<u>202,702</u>	<u>297,686</u>	<u>94,984</u>	<u>1,713,375</u>	<u>2,182,032</u>	<u>468,657</u>
<b>Net Operating Income</b>	<u>\$ 3,510</u>	<u>\$ (81,057)</u>	<u>\$ 84,567</u>	<u>\$ (82,895)</u>	<u>\$ (425,785)</u>	<u>\$ 342,890</u>

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

<u>Institution</u>	<u>Issue</u>	<u>Description</u>	<u>Bond Proceeds</u>	<u>Net Disbursed</u>	<u>Balance</u>	<u>% Complete</u>
<b><u>ivate</u></b>						
Stevens Institute of Technology	2017 Series A	Various Renov & Improvements, Refund 1998 I, 2007 A	\$ 76,911,558.14	\$ (66,911,208.43)	\$ 10,000,349.71	87%
Rider University	2017 Series F	Academic & Residential Facilities, Science & Technology Bldg	44,228,160.45	(18,526,146.09)	25,702,014.37	42%
Georgian Court University	2017 Series G&H	Various Capital Improvements & Renovations, Refund 07 D, H	7,874,383.16	(205,996.66)	7,668,386.50	3%
Sub Total			<u>\$ 129,014,101.75</u>	<u>\$ (85,643,351.18)</u>	<u>\$ 43,370,750.58</u>	
<b><u>ublic</u></b>						
New Jersey City University	Series 2015 A	Various Renovations & Improv, Refund 02 A, 08 E	37,869,656.10	(34,802,884.26)	3,066,771.84	92%
Stockton University	Series 2016 A	Science Center, Academic Bldg, Quad Project	26,207,528.53	(23,767,053.85)	2,440,474.68	91%
Ramapo College of New Jersey	Series 2017 A	Refund 06 I, Renov Library, Learning Center	11,278,830.75	(936,488.43)	10,342,342.32	8%
Sub Total			<u>\$ 75,356,015.38</u>	<u>\$ (59,506,426.54)</u>	<u>\$ 15,849,588.84</u>	
<b><u>Other Programs</u></b>						
Equipment Leasing Fund	Series 2014 A&B	Acquisition and Installation of Equipment	\$ 101,266,893.00	\$ (94,665,410.19)	\$ 6,601,482.81	93%
Technology Infrastructure Fund	Series 2014	Development of Technology Infrastructure	41,313,667.00	(37,880,769.10)	3,432,897.90	92%
Capital Improvement Fund	Series 2014 A-D	Capital Improvements	191,905,596.00	(185,566,567.76)	6,339,028.24	97%
Facilities Trust Fund	Series 2014	Construct, Reconstruct, Develop & Improve Facilities	219,977,164.00	(199,114,937.49)	20,862,226.51	91%
Capital Improvement Fund	Series 2016 B	Capital Improvements	146,700,261.19	(121,391,092.06)	25,309,169.13	83%
Sub Total			<u>\$ 701,163,581.19</u>	<u>\$ (638,618,776.60)</u>	<u>\$ 62,544,804.59</u>	
<b>Grand Total</b>			<u><u>\$ 905,533,698.32</u></u>	<u><u>\$ (783,768,554.32)</u></u>	<u><u>\$ 121,765,144.01</u></u>	



