

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

March 3, 2008

SPECIAL MEETING MINUTES

Members of the Authority present: Joseph McNamara, Vice Chairman; James Kelly, representing the Acting State Treasurer; Bernie Piaia representing the Commissioner of Education; Michael Sheridan representing the Commissioner of the Department of Banking and Insurance; Marilyn Davis representing the Commissioner of the Department of Labor and Workforce Development; Angie McGuire representing the NJ Commerce Commission, and, Public Members: Raymond Burke, and Timothy Carden; First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member.

Present via phone: Carl Van Horn, Chairman; Public Members: Steve Plofker, Philip Kirschner; and Rodney Sadler, Non-Voting Member.

Absent from the meeting: Thomas Manning, Public Member and Carmen Twillie Ambar, Alternate Public Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; bond counsel for the Authority; Bette Renaud, Aimee Mannachio Nason, Deputy Attorney Generals, Nancy Feldman, Office of Public Finance and guests.

Chairman Van Horn called the meeting to order at 11:00 a.m.

In accordance with the Open Public Meetings Act, Ms. Franzini announced that notice of this meeting has been sent to the *Star Ledger* and the *Trenton Times* at least 48 hours prior to the meeting, and that a meeting notice has been duly posted on the Secretary of State's bulletin board at the State House.

Chairman Van Horn requested that Vice Chairman Joseph McNamara run the meeting.

MINUTES OF AUTHORITY MEETING

The first item of business was to approve several actions and delegation of actions to an authorized officer of the Authority to adjust the Authority's portfolio of auction rate bonds. Any and all actions are subject to the consent of the State Treasurer and final review and approval of the documentation by the Attorney General's Office and Bond Counsel.

Ms. Franzini introduced Nancy Feldman, Director of the Office of Public Finance. Also participating via teleconference were Susan Fisher and Rob Romano from the Office of the Attorney General. Ms. Franzini explained that the proposed actions resulted from a change in the market place in regard to bond insurance companies exposure in the sub-prime market. She stated that this has occurred on a national level. She also explained the Office of the Attorney General and the Office of Public Finance have been closely reviewing the situation. The Office of Public Finance had been looking at how the issue impacts all state debt and is in the process of prioritizing actions for the most favorable fiscal impact.

Ms. Feldman then presented the proposed actions. Board Member Tim Carden asked Ms. Feldman or Ms. Franzini to clarify if specific actions would be brought back to the Board

for approval. Ms. Franzini responded that the Authority is seeking delegated approval for actions that correspond with the parameters set out in the Board Memorandum. These parameters are, including but not limited to, for the 2005 series Q1-Q8, 2007 Series T1-T7 and 2004 Series H1-H4 bonds:

- Interest rate mode conversion or refunding of each of the subseries of bonds to variable rate demand obligations, fixed rate bonds or put bonds. The maximum true interest cost on fixed rate bonds is 6%, the maximum rate on variable interest rate bonds is as defined under "Maximum Rate" under the existing documentation, the final maturities will be no later than the existing final maturities of these bonds, the maximum placement agent's fee on a remarketing is \$3.00 per \$1,000 of bonds remarketed as variable rate bonds and \$6.00 per \$1,000 of bonds remarketed as fixed rate bonds, and the maximum underwriter's discount is \$6.00 per \$1,000 on refunding bonds issued.
- Addition of a letter of credit or a standby bond purchase agreement or other credit enhancement to some or all sub-series, in order to provide liquidity for the periodic optional and mandatory tenders for each sub-series. Each liquidity provider must have a long-term rating or short term rating by any two of the Rating Agencies of Aa3/VMIG-1, AA-/A-1 and AA-/F-1. The interest rate on bonds purchased by the Standby Purchaser shall not exceed the Maximum Rate; the term can not exceed seven (7) years; and the term-out period for the Authority to repay amounts payable under the liquidity facility can not be less than three (3) years.
- Removal and cancellation of previously purchased credit enhancements
- Appointment of appropriate professionals to assist in the execution of the restructuring strategy including but not limited to remarketing agents, financial advisor, bond counsel, trustee and in the case of a refunding, underwriters.. All decisions will be made in collaboration with the Authority staff, the Office of Public Finance, the Office of the Attorney General and Bond Council. Any action that is outside of the parameters set forth would be brought back to the Board. Board Member Joseph McNamara asked if this plan is a solution to the current issue or a new long term approach to bond finance. Ms. Feldman responded that in long term we may seek to do fewer floating rates and more fixed rate transactions.

Further, permit amendments to the swaps related to each of the bond issues, or the entering into new swaps, to assist in restructuring the cash flows under the existing swaps, including but not limited to:

- amendments to offset the cash flows under the swaps for a period of time
- restructuring to manage the volatility in the existing swaps during periods when bonds are paying interest at a different frequency
- sale of a cancellation option to a counterparty, the proceeds of which would be deposited into bond accounts under the resolution and would be used to pay for the costs of the conversion of bonds to variable rate demand obligations or other interest rate modes.

For the 2004 BEIP Series A and B, including but not limited to:

- Interest rate mode conversion or refunding of each of the series of bonds to variable rate demand obligations, fixed rate bonds or put bonds

- Addition of a letter of credit or a standby bond purchase agreement or other credit enhancement, in order to provide liquidity for the periodic optional and mandatory tenders for each sub-series.
- Removal and cancellation of previously purchased credit enhancements
- Appointment of appropriate professionals to assist in the execution of the restructuring strategy including but not limited to remarketing agents, financial advisor, bond counsel, trustee and in the case of a refunding, underwriters.

1. NJ Economic Development Authority, School Facilities Construction Bonds, 2005 Series Q1-Q8
2. NJ Economic Development Authority, School Facilities Construction Bonds, 2007 Series T1-T7
3. NJ Economic Development Authority, School Facilities Construction Bonds, 2004 Series H1- H4

MOTION TO APPROVE: Mr. Piaia SECOND: Mr. Carden AYES: 12

4. NJ Economic Development Authority, Business Employment Incentive Program, 2004 Series A & B

MOTION TO APPROVE: Mr. Carden SECOND: Mr. Piaia AYES: 12

Ms. Feldman also noted that there are additional series of bonds for which similar amendments may be requested in the near future, including:

- 1) NJ Economic Development Authority, School Facilities Construction Bonds, 2004 Series J-1 to J-5
- 2) NJ Economic Development Authority, School Facilities Construction Bonds, 2005 Series M-1 to M-6
- 3) NJ Economic Development Authority, Transportation Project Sublease Revenue Bonds, (NJ Transit Light Rail Transit System Project), 2003 Series A and B

Mr. Sadler and Mr. Plofker exited the conference call at this time.

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

PROJECT: Abott Point of Care Inc. and Abbott Diabetes Care Sales **APPL.#21074**

LOCATION: TBD

BUSINESS: medical devices distributor

GRANT AWARD: 45% Business Employment Incentive grant, 7 years

MOTION TO APPROVE: Mr. Piaia SECOND: Mr. Carden AYES: 11

RESOLUTION ATTACHED AND MARKED EXHIBIT 1

PROJECT: Standard Chartered Bank, Inc.

APPL.#21307

LOCATION: Newark/Essex Cty.

BUSINESS: bank

GRANT AWARD: 80% Business Employment Incentive grant, 10 years

MOTION TO APPROVE: Mr. Carden SECOND: Mr. Piaia

AYES: 11

RESOLUTION ATTACHED AND MARKED EXHIBIT 1

PUBLIC COMMENT

There was no comment from the Public.

There being no further business, on a motion by Mr. Carden, and seconded by Mr. Piaia, the meeting was adjourned at 11:30 a.m.

Certification: The foregoing and attachments represent a true and complete summary of the actions taken by the New Jersey Economic Development Authority at its meeting.



Maureen Hassett, Sr. Vice President
Governance & Communication