

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

December 21, 2010

MINUTES OF THE SPECIAL MEETING

Members of the Authority present: Al Koepp, Chairman; John Hutchison representing the Lt. Governor's office; James Kelly representing the State Treasurer; Joe Latoof representing the Commissioner of the Department of Labor and Workforce Development; Wayne Staub representing the Commissioner of the Department of Environment Protection; and Public Members: Joseph McNamara, Vice Chairman; Tim Carden, and Laurence Downes.

Present via conference call: Brandon Minde, Assistant Counsel, Governor's Authorities' Unit; Public Members: Marjorie Perry, Charles Sarlo, Raymond Burke, First Alternate Public Member; and Kevin Brown, Third Alternate Public Member.

Absent: Richard Poliner representing the Commissioner of the Department of Banking and Insurance, Public Members: Steve Plofker, Richard Tolson; Elliot M. Kosoffsky, Second Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Bette Renaud, Deputy Attorney General; and guests.

Chairman Koepp called the meeting to order at 10:00 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.

BOND RESOLUTIONS

The next item was the recommendation to: (i) approve the adoption of the Twenty-Sixth Supplemental Resolution authorizing the issuance of the 2011 Refunding Bonds and the 2011 Refunding Notes in the total aggregate principal amount not to exceed \$3.695 billion as well as other matters in connection with the issuance and sale thereof and otherwise described above as well as the amendment, assignment and/or termination, in whole or in part, of the existing swap agreements and the entry into new swap agreements, and the termination, amendment, transfer, extension or substitution of existing letters of credit or standby purchase agreements; (ii) approve several actions and delegation of actions to an Authorized Officer as may be necessary or advisable in order to issue the 2011 Refunding Obligations and to undertake the other transactions described in (i) above on terms which are in the best interest of the State; (iii) authorize the use of the aforementioned professionals and (iv) authorize Authority staff to take all necessary actions incidental to the issuance of the 2011 Refunding Obligations; subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.

MOTION TO APPROVE: Mr. Carden SECOND: Mr. Downes AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Chairman Koepp stated that the action before the board today reflects an exhaustive review of this serious matter and has been reviewed by a team of experienced financial minds including Tim Carden, Larry Downes, Ray Burke and Treasury staff.

Ms. Franzini affirmed that the delegation being granted to her by the Board would result in actions to avoid risk and that the best interests of the State would be taken into account.

Mr. Downes stated that the Authority is taking advantage of extraordinary conditions in the capital market today.

DAG Renaud pointed out that the third paragraph on page five of the memo summarizes the Board's actions succinctly, as follows:

In exercising the Authority's discretion to approve specific transactions authorized under the Twenty-Sixth Supplemental Resolution, it is anticipated that the Authorized Officers of the Authority will make decisions on behalf of the Authority in consultation with the Treasurer and the Swap Advisor and will select the option(s) that are in the best interests of the State and will reduce letter of credit needs, thereby reducing credit and rollover risks, and reduce the notional amount of Swap Agreements in effect under the Resolution, thereby reducing counterparty and basis risks. The Board will be updated upon completion of the transaction.

AUTHORITY MATTERS

The next item was to accept the Hearing Officer's recommendation regarding a contract award protest received from PAETEC Communications, Inc.'s attorney, Mitchell Kizner of Flaster Greenberg, concerning NJEDA's awarding the contract for the services sought in the Request for Qualifications and Proposal (RFQ/P) for Internet Service Provider (ISP)/Voice Over Internet Protocol (VoIP) services (2010-RFQ/P-037) to Data Network Solutions (DNS).

Ms. Franzini summarized the board's previous actions, noting that October 8, 2010, the NJEDA Board approved awarding the 2010-RFQ/P-037 contract to DNS. In its challenge, PAETEC asserts that the award to DNS is without proper basis and is counter to the public interest.

Ms. Wong wrote that PAETEC requested an oral presentation and public hearing; however, the Hearing Officer determined that neither is necessary as enough evidence is available to support her findings.

Ms. Franzini stated that after a thorough review of the evidence in this matter, Ms. Wong has concluded that there was an appearance of impropriety and the remedy was permissible and within the CEO's discretion and she upholds the award to DNS.

**MOTION TO APPROVE: Mr. Latoof SECOND: Mr. McNamara AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2**

Ms. Wong stated she provided notice of the decision to PAETEC 11 days ago, but has received no feedback from them.

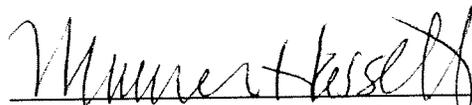
Mr. McNamara asked if PAETEC had any legal options. DAG Renaud stated that they could appeal the decision on the Appellate Court level. They could file a notice of intent to appeal within ten business days, and would need to file an appeal of the final agency decision within 45 business day.

PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion by Mr. Carden, and seconded by Mr. Brown, the meeting was adjourned at 10:45 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, Assistant Secretary