

**The College of New Jersey**  
**Board of Trustees**  
**December 4, 2007**  
**3:00 p.m.**  
**201 Loser Hall/106 Paul Loser Hall**

**Minutes**

Present: Stacy Holland, Chair; Susanne Svizeny, Vice Chair; Poonam Alaigh; Robert Altman; Brad Brewster; Hazel Gluck; Anne McHugh; Barbara Pelson; Miles Powell; Jenna Klubnick, Student Trustee, Michael Strom, Alternate Student Trustee; Amanda Norvell, Faculty Representative; Tim Clydesdale, Faculty Representative; Lisa McCarthy, Staff Representative; Phil Hernandez, Staff Representative

Not Present: Jorge Caballero; Christopher Gibson, Secretary; Bob Kaye; Jimmy McAndrew; Tricia Mueller

I. Announcement of Compliance

Ms. Holland announced that the requirements of the Open Public Meetings Act concerning public notice of this meeting had been met.

II. Motion to go into closed session

It is moved by Ms. Svizeny, seconded by Ms. McHugh, that the Board go into closed session to discuss personnel actions including Faculty Appointment, Appointment to a Sixth Year with Tenure AY2008-2009; Staff Appointments, Appointments (Temporary), Change of Status, Resignations; One Year Reappointments, Three Year Reappointments; all pending litigation including Pasternack v TCNJ et al., Cseplo v. The College of New Jersey, Stony Brook Construction v TCNJ et al., Syska & Hennessy v TCNJ, Travelers Insurance v TCNJ, and anticipated litigation; and presidential evaluation, items exempt under the Open Public Meetings Act.

III. Closed Session

IV. Resumption of Public Session/Pledge of Allegiance

V. Approval of the Minutes of the October 2, 2007 Public Meeting

It was moved by Ms. Svizeny, seconded by Dr. Altman, that the minutes be approved. The motion carried unanimously.

VI. Report of the President

Dr. Gitenstein gave her report.

VII. Report of the Board Officers

Ms. Holland gave a presentation on the responsibilities and work of the Board.

VIII. Report of the Trustee member of the TSC Corporation

Mr. Heuring gave the report for Mr. Gibson.

IX. Report of the Trustee member of the TCNJ Foundation

Mr. Marcy gave the report for Mr. Kaye.

X. Report of the Trustee Liaison to the New Jersey Association of State Colleges and Universities

There was no report given.

XI. New Business

A. Report of the Executive Committee

Ms. Holland reported for the committee.

1. Personnel Actions

a. Faculty – Appointment, Appointment to a Sixth Year with Tenure AY2008-2009 - Attachment A

It was moved by Ms. Gluck, seconded by Ms. Svizeny, that the resolution be approved. The motion carried unanimously.

b. Staff – Appointments, Appointments (Temporary), Change of Status, Resignations, One Year Reappointments, Three Year Reappointments – Attachment B

It was moved by Ms. Svizeny, seconded by Ms. Gluck, that the resolution be approved. The motion carried unanimously.

B. Report of the Academic Affairs Committee

Dr. Alaiigh reported for the committee.

C. Report of the Student Life and Enrollment Management Committee

Dr. Altman reported for the committee.

D. Report of the Audit, Risk Management and Compliance Committee

Ms. McHugh reported for the committee.

1. Resolution Approving Waivers of Advertising for College Business Purposes (Audit, Risk Management and Compliance Committee) - Attachment C

It was moved by Ms. Svizeny, seconded by Dr. Altman, the resolution be approved. The motion carried unanimously.

E. Report of the Finance and Investment Committee

Ms. Svizeny reported for the committee.

1. Resolution Concerning the Submission of the Fiscal Year 2009 State Budget Request – Attachment D

It was moved by Mr. Brewster, seconded by Dr. Altman, the resolution be approved. The motion carried unanimously.

2. Resolution Approving a Debt Management Policy – Attachment E

It was moved by Ms. McHugh, seconded by Mrs. Pelson, that the resolution be approved. The motion carried unanimously.

3. Resolution Approving an Interest Rate Swap Policy – Attachment F

It was moved by Dr. Altman, seconded by Ms. McHugh, that the resolution be approved. The motion carried unanimously.

4. Resolution Approving Waivers of Advertising for College Business Purposes (Finance and Investment) – Attachment G

It was moved by Mr. Brewster, seconded by Ms. Gluck, that the resolution be approved. The motion carried unanimously.

F. Report of the Building and Grounds Committee

Ms. Svizeny gave the report for Mr. Gibson.

1. Resolution Approving Waivers of Advertising for College Business Purposes (Buildings and Grounds) – Attachment H

It was moved by Ms. Gluck, seconded by Ms. McHugh, that the resolution be approved. The motion carried unanimously.

2. Resolution Approving Waivers of Advertising for Construction Contracting Purposes – Attachment I

It was moved by Mr. Brewster, seconded by Dr. Altman, that the resolution be approved. The motion carried unanimously.

XII. Adjournment

The following resolution was moved by Ms. Svizeny, seconded by Dr. Altman. The motion carried unanimously.

Be It

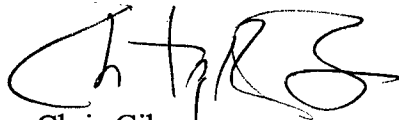
Resolved: That the next public meeting of The College of New Jersey Board of Trustees will be held on Tuesday, February 26, 2008 at a time and location to be announced.

Be It

Further

Resolved: That this meeting be adjourned.

Respectfully submitted,



Chris Gibson,  
Secretary

**Appointments – Faculty**

**Anthony Zoccolillo**

**Psychology**  
**Assistant Professor**  
**Full-Time Temporary**  
**Effective: January 19, 2008**

**To A Sixth Year With Tenure AY2008-2009**

**Jeffrey Erickson**

**Biology**  
**Assistant Professor**

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**New Appointments – Staff**

Matthew Bonomo	Campus Construction Project Specialist N26 Effective: November 5, 2007
Cecila Colbeth	English Program Assistant Effective: October 13, 2007
Christine Kucha	Admissions Program Assistant Effective: November 10, 2007
Thomas Mahoney	Office of the General Counsel General Counsel Effective: November 24, 2007
Karen Paterson	Public Affairs Program Assistant Effective: October 22, 2007
Mary Sanders	Public Affairs Professional Services Specialist 4 Effective: October 27, 2007

**New Appointments – Staff (Temporary)**

Crystal Smith	Collegebound Managing Assistant Director 2 Effective: September 19, 2007 to June 30, 2008
Stephanie Livingston	Collegebound Program Assistant Effective: September 19, 2007 to June 30, 2008
Amanda Winfield-Summiel	Records and Registration Project Specialist N18 Effective: October 13, 2007

**Change in Status – Staff**

Dana Brown  
From: Academic Affairs  
Executive Assistant 7  
To: Development & Alumni Affairs  
Professional Services Specialist 3  
Effective: October 13, 2007

**Resignations – Staff**

Ann DeGennaro  
Center for Academic Success  
Director 2  
Effective: November 7, 2007

Genevieve Perkins  
Auxiliary Services  
Professional Services Specialist 4  
Effective: September 7, 2007

Megan Santosusso  
English  
Program Assistant  
Effective: September 15, 2007

Frank Valenti  
IT and Enrollment Support Services  
Project Specialist N24  
Effective: September 15, 2007

Nicole Vitelli  
Residential Education and Housing  
Professional Services Specialist 4 - 10 month  
Effective: October 27, 2007

**Emeriti – Staff**

Richard Dell  
Athletics  
Effective: September 2, 2007

William Gibbs  
Grounds & Landscape Services  
Effective: November 1, 2007

Walter Lankford  
Network and Technical Services  
Effective: September 29, 2007

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**One Year Reappointments Staff (Effective July 1, 2008 to June 30, 2009)**

Hue-Sun Ahn	Psychological Counseling Services Professional Serv Specialist 2-10month
Elizabeth Alcaro	Records and Registration Professional Services Specialist 3
Alan Bowen	Network and Technical Services Professional Services Specialist 3
Rebecca Breese	Admissions Professional Services Specialist 4
Norma Brown	Nursing Professional Services Specialist 1
Matthew Cesari	Network and Technical Services Professional Services Specialist 3
Sarah Cunningham	Art Gallery Professional Services Specialist 3-10month
John D'Amico	Network and Technical Services Professional Services Specialist 3
Lisa DeMarsico	Graduate Studies Professional Services Specialist 4
Michael Dennis	Student Financial Assistance Professional Services Specialist 3
Leon Duminiak	Chemistry Professional Services Specialist 3
Kevin Fay	Admissions Professional Services Specialist 4
Lyle Fulton	Public Affairs Program Assistant
Dean Glus	Athletics Professional Services Specialist 3
Mary Goldschmidt	English Assistant Director 1

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**One Year Reappointments Staff (Effective July 1, 2008 to June 30, 2009) - continued**

Donna Green	Development and Alumni Affairs Program Assistant
Philip Hernandez	Residential Education and Housing Professional Services Specialist 4-10month
Melanie Hinds	Residential Education and Housing Professional Services Specialist 4-10month
Mary Hopps	Women In Learning and Leadership Assistant Director 3
Philip Jennings	Athletics Professional Services Specialist 3
Jamal Johnson	Admissions Professional Services Specialist 4
Mark Kalinowski	Music Professional Services Specialist 4
Patricia Karlowitsch	School of Business Professional Services Specialist 4
John Kuiphoff	Enterprise Applications Professional Services Specialist 3
Helen Kull	Biology Program Assistant
Wesley LaBar	Records and Registration Professional Services Specialist 4
Michael Mensch	User Support Services Professional Services Specialist 3
Belinda Michael	Development and Alumni Affairs Program Assistant
Katherine Miklosz	Admissions Professional Services Specialist 4
Eric Mobley	Athletics Professional Services Specialist 3

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**One Year Reappointments Staff (Effective July 1, 2008 to June 30, 2009) - continued**

Lisa Monday	Student Center Professional Services Specialist 4
Rasheed Muse	Development and Alumni Affairs Professional Services Specialist 4
Kellie Perkowsky	Residential Education and Housing Professional Services Specialist 4-10month
Paula Rainey	Library Program Assistant
James Slizewski	Records and Registration Professional Services Specialist 4
Brunelle Tellis	Psychology Program Assistant
Michael Wehrle	User Support Services Professional Services Specialist 3
Emily Weiss	Public Affairs Assistant Director 3

**Three Year Reappointments Staff (Effective July 1, 2008 to June 30, 2011)**

Christopher Larthey	User Support Services Professional Services Specialist 3
Susan O'Connor	Music Program Assistant
Kevin Potucek	Communication Studies Assistant Director 2

**Resolution Approving Waivers  
Of Advertising  
For College Business Purposes  
Audit, Risk Management and Compliance**

Whereas: State College Contracts Law permits waivers of advertising for specified purchases in excess of \$28,300, and

Whereas: The Law provides that such waivers shall be approved by The College of New Jersey Board of Trustees, and

Whereas: Waiver requests have been reviewed and are recommended by the Audit, Risk Management and Compliance Committee, a subcommittee of The College of New Jersey Board of Trustees,

Now, Therefore,  
Be It Resolved: The College of New Jersey Board of Trustees approves waivers to the following vendors for purposes as designated herein:

<b>VENDOR</b>	<b>PURPOSE</b>	<b>FUNDING SOURCE</b>
KPMG LLP \$114,500.00	Audit Engagement	College Operating with Charge-backs to Functional Units
Margolis & Associates, LLC \$116,325.00	Security & Safety Consultant	E & G Operating Reserves Housing Operating Reserves

**The College of New Jersey  
Resolution Concerning Submission of the  
FY 2009 Budget Request  
Totaling \$192,663,000**

- Whereas: Under P.L. 1994, C.48, The College of New Jersey Board of Trustees has the power and duty to “Submit a request for state support to the Office of Management and Budget in the Department of Treasury and to the Commission on Higher Education in accordance with the provisions of the law;” and
- Whereas: This budget request must be submitted in accordance with planning guidelines promulgated by the Office of Management and Budget; and
- Whereas: The Treasurer has reviewed with the Finance and Investment Committee of The College of New Jersey Board of Trustees the FY 2009 operating budget request prepared in accordance with the FY 2009 Office of Management and Budget planning guidelines; and
- Whereas: The Finance and Investment Committee of the Board has recommended its approval.
- Therefore, Be  
It Resolved: That the Board of Trustees approves the FY 2009 operating budget request of \$192,663,000 of which \$45,750,000 would be state appropriations.

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**THE COLLEGE OF NEW JERSEY**

**FY 2009 BUDGET REQUEST**

**PROJECTED INCOME**

<b>TUITION AND FEES</b>	<b>61,508,000</b>
<b>APPROPRIATION</b>	<b>45,750,000</b>
<b>FRINGE</b>	<b>22,539,000</b>
<b>GENERAL SERVICE FEE</b>	<b>13,400,000</b>
<b>RESIDENCE LIFE</b>	<b>34,650,000</b>
<b>STUDENT CENTER</b>	<b>3,560,000</b>
<b>SUMMER SCHOOL</b>	<b>2,800,000</b>
<b>COLLEGE SELF SUPPORTING ACCOUNTS</b>	<b>4,304,000</b>
<b>SPECIAL FUNDS REVENUE (Federal &amp; Private Grants)</b>	<b>3,577,000</b>
<b>MISCELLANEOUS INCOME</b>	<b>575,000</b>
	<hr/>
<b>TOTAL BUDGET</b>	<b>\$192,663,000</b>

**APPROPRIATION**

<b>2008 BASE APPROPRIATION</b>	<b>37,040,000</b>
<b>ADDITIONAL BUDGET INITIATIVES:</b>	
<b>AUTHORIZED STATE POSITIONS (Number of Lines - No Dollars)</b>	<b>0</b>
<b>CAMPUS SECURITY ENHANCEMENTS</b>	<b>3,314,000</b>
<b>SCHOLARSHIP FUNDING</b>	<b>3,396,000</b>
<b>BONNER CENTER FOR CIVIC &amp; COMMUNITY ENGAGEMENT</b>	<b>2,000,000</b>
	<hr/>
<b>TOTAL APPROPRIATION REQUEST</b>	<b>\$45,750,000</b>

**The College of New Jersey Board of Trustees  
Resolution Approving A Debt Policy**

**Whereas:** The Higher Education Restructuring Act of 1994 grants The College of New Jersey Board of Trustees the authority to borrow money for the needs of the College, and;

**Whereas:** All debt incurred by the College will be issued pursuant to resolutions approved by the Board of Trustees, and;

**Whereas:** The purpose of the Debt Policy is to provide a basis for prudent use of debt to finance capital projects, and:

**Whereas:** The Debt Policy outlines the guiding principles for the issuance and management of debt to facilitate the College's achievement of its strategic goals, and;

**Whereas:** The attached Debt Policy has been reviewed by the Finance and Investment Committee.

**Therefore,  
Be It**

**Resolved:** That The College of New Jersey Board of Trustees hereby approves the attached Debt Policy, and charges the Finance and Investment Committee with reviewing the policy regularly and recommending any modifications to the full Board for consideration.



## The College of New Jersey

### **Debt Policy and Guidelines**

#### **Overview**

The purpose of the Debt Management Policy is to provide a basis for prudent use of debt to finance capital projects, facilitating the College's achievement of its strategic goals. This policy defines debt to include all short and long term obligations that have the effect of committing the College to future payments.

Major debt issuance via tax-exempt bonds should relate in timing and amounts to the approved Capital Plan. The Capital Plan is intended as a comprehensive statement of major capital work with a general plan of finance. The Plan encompasses the total cost of capital activity, including any new operating costs associated with such capital costs. The goal of management and trustees over the strategic horizon is for all costs in the plan, both capital and operating to be met from identified internal and external funds sufficient to protect the operating budget from significant impact.

#### **Priorities**

Projects will be prioritized if they meet one or more of the following:

- ◆ *Core Mission Test:* The project ties to the core mission
- ◆ *Risk Reduction Test:* The project is considered critical in terms of life/safety or is necessary to comply with environmental or legal standards.
- ◆ *Prudence Test:* The project is held to be essential for maintenance and upkeep at agreed-upon levels.
- ◆ *Self-sufficiency Test:* The project can generate significant revenues to cover the capital and associated operating costs.
- ◆ *Savings Test:* Debt issuance can provide for budgetary savings.

#### **Financing Alternatives**

1. College tax-exempt debt
2. NJ State Capital Bonds
3. Capital Fund Raising
4. TCNJ Capital Reserves
5. Taxable Debt
6. Alternative Funding Opportunities (Partnerships)

#### **Authority**

The College of New Jersey issues bond debt through The New Jersey Educational Facilities Authority (EFA). EFA was created in 1968 to help public and private colleges and universities in New Jersey finance the construction, improvement, acquisition and refinancing of various capital projects

All debt incurred by the College will be issued pursuant to resolutions approved by the Board of Trustees and in accordance with the laws of the State of New Jersey (Higher Education Restructuring Act of 1994). Before any debt can be issued, the College must

## **Debt Policy and Guidelines**

obtain an opinion from bond counsel that the issue complies with applicable State and federal laws. The College will also receive the necessary approvals from the New Jersey State Legislature.

### **Useful Life**

Debt must be related to useful life of asset financed, including conformance with any IRS rules governing useful life calculations in tax-exempt issuance when appropriate.

### **Structure of Debt**

#### ***Interest Rate Swaps***

The College will consider the use of interest rate swaps and other interest rate risk management tools after carefully evaluating the risks and benefits of any proposed transaction in accordance with the College's Interest Rate Swap Policy. By using swaps in a prudent manner, the College can take advantage of market opportunities to minimize expected costs and manage interest rate risk.

#### ***Variable Rate Debt***

Variable rate debt allows the College greater diversification in its debt portfolio as well as reduces its overall interest costs. However, the use of variable rate debt increases interest rate risk that the College must consider as the interest rate is subject to market fluctuations and tax risk

#### ***Fixed Rate Debt***

In low interest rate environments, the College should consider ways to lock in low fixed rates, through conversions, fixed rate debt issuance, and either traditional or synthetic refunding.

In high interest rate environments, the College should consider ways to increase variable rate debt exposure and evaluate other alternatives that will allow the College to reduce its overall cost of capital.

In general, the College should maintain its flexibility and continuously review new products and opportunities to allow it to take advantage of changing interest rate environments and new products or approaches as they become available.

### **Taxable Debt**

The College may use taxable debt for those projects that have an intended use or other characteristics that preclude the use of tax-exempt debt. The College will strive to allocate its available resources among its various capital projects to minimize or eliminate the need to issue taxable debt, thereby minimizing the cost of capital. Any use of taxable debt would require a separate resolution by the Board of Trustees approving such issue.

### **Security**

The preferred security structure is a general obligation of the institution. Stand-alone revenue bonds, bond insurance or other alternatives may be considered, but only when the non-financial benefits are held to outweigh any incremental financial costs.

### **Total Risk Approach**



## **Debt Policy and Guidelines**

In considering the use of a given financing instrument or bond structure, staff and trustees will consider the total risk profile presented by different alternatives. Factors to consider include:

- ◆ Financial risks, such as the variability of interest rates within context of institution's cash flow and balance sheet:
- ◆ Legal risks, such as the impact of bond covenants on future activity; and
- ◆ Operating risks, such as certainty of revenue stream event or operational risks.

### **Bond Ratings**

The College should manage the overall debt level in order to provide appropriate access to capital and to maintain a credit rating deemed acceptable by the Board of Trustees. The minimum target underlying rating for a College bond issue is the single "A" category by the major rating agencies.

The decision to issue additional debt should be primarily focused on the strategic importance of the new facility and not solely on the potential impact of a change in credit ratings. In addition, the College will need to analyze its ability to service any additional debt without adversely impacting operating budgets.

### **Refunding Targets**

The College will monitor its debt portfolio for refunding and/or restructuring opportunities. Advance refunding transactions must weigh the current opportunity against possible future refunding opportunities. Since there are limitations on the number of allowable re-financings, it is important to use re-financing opportunities wisely. In evaluating refunding opportunities, the College will consider the value of the call option to be exercised, including the amount of time to the call date and the amount of time from the call date to maturity. In general, the College will consider refinancing when a current or advanced refunding of debt provides a net present value savings of at least three percent.

### **Financial Ratios**

Financial discipline is a critical component of long-term debt management and therefore a limited number of ratios should be used to monitor the College's debt capacity and debt affordability. These ratios should be consistent with those used in the capital markets and by major credit rating agencies. At the end of each fiscal year, the ratios will be evaluated and compared to appropriate industry medians at specific rating levels.

The following ratios will be calculated using the audited financial statements and reported annually and on a pro forma basis when new debt is issued, and will be revised to reflect any changes in the capital markets and accounting standards:

1. **Actual Debt Service Coverage (x)**

Measures the actual margin of protection for annual debt service payments from annual operations. A higher ratio means that the College has a net revenue stream available to meet its debt burden should economic conditions change.

## **Debt Policy and Guidelines**

2. Peak Debt Service to Operations (%)  
Measures the ability to pay the maximum debt service associated with all outstanding debt and the potential impact on the future operating budgets.
3. Debt to Cash Flow (x)  
Measures total debt outstanding compared to the College's annual operating cash flow. A lower ratio means more cash is available to cover the outstanding debt.
4. Operating Margin (%)  
Measure the institution's capacity to maintain fiscal balance. Positive operating margins provide greater cushion for debt service and operational flexibility.
5. Expendable Resources to Debt (x)  
Measure the coverage of the outstanding debt by financial resources that are ultimately expendable. A higher ratio means more funds are available to cover debt.
6. Expendable Resources to Operations (x)  
Provides a snapshot of financial strength and flexibility by indicating how long the College could function using its expendable reserves without relying on additional resources.

### **Economies of Scale**

Debt financings will be coordinated to the extent practical so that multiple projects needs may be accommodated in a single borrowing, thereby increasing the efficiency of the debt issuance. Since many issuance costs do not vary with the size of a borrowing, a large bond issue increases the efficiency of the financing by spreading fixed costs over greater number of projects.

### **Reporting Requirements**

The Annual Financial Report (audited financial statements), prepared by the College and presented to the Board of Trustees, will discuss the status of all outstanding bond and note indebtedness. The financial statements presented to the Board provide detailed information on the College's outstanding bonds and notes including, by series, the amounts outstanding, interest rates, maturities, summary of the changes in outstanding indebtedness, the associated debt service requirements and fiscal year to date valuation of any related swap.

### **Continuing Disclosure**

The College will provide updated financial information and operating data and timely notice of specified material events to each nationally recognized municipal securities information repository and any State information depository, pursuant to the continuing disclosure requirement of each bond issue.

This policy will be reviewed annually by the Finance and Investment Committee of the Board of Trustees to ensure financial and operational flexibility.

**The College of New Jersey Board of Trustees Resolution  
Approving an Interest Rate Swap Policy**

- Whereas:** The College of New Jersey issues tax exempt bonds through the New Jersey Educational Facilities Authority (the "Authority") and may simultaneously enter into interest rate swap agreements, and
- Whereas:** Any interest rate swap must be authorized by the Board of Trustees of the College of New Jersey evidenced by a board resolution, and
- Whereas:** Interest rate swap agreements are used to take advantage of market opportunities to reduce borrowing costs and interest rate risk on tax exempt debt, and
- Whereas:** Interest rate swap agreements must be tied directly to the College's debt instruments and shall not be used for speculative purposes, and
- Whereas:** The Interest Rate Swap Policy outlines the principles associated with the execution and continued monitoring of the swap agreement, and
- Whereas:** The Treasurer will present a Swap Monitoring Report to the Finance and Investment Committee of the Board of Trustees on a quarterly basis, and
- Whereas:** The attached Interest Rate Swap Policy has been reviewed by the Finance and Investment Committee.

**Therefore,  
Be It  
Resolved:**

That The College of New Jersey Board of Trustees hereby approves the attached Interest Rate Swap Policy and charges the Finance and Investment Committee to review the Policy annually and recommend any suggested updates to the Board of Trustees for approval.

December 4, 2007



The College of New Jersey

## Interest Rate Swap Policy

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# Interest Rate Swap Policy

## A. GENERAL

### 1. Purpose

This policy will govern the use by The College of New Jersey (TCNJ) of interest rate swap transactions for the purpose of either reducing the cost of existing or planned tax exempt debt, or to hedge the interest rate of existing or planned tax exempt debt. By using swaps in a prudent manner, TCNJ can take advantage of market opportunities to reduce costs and reduce interest rate risk. The use of swaps must be tied directly to TCNJ debt instruments. TCNJ shall not enter into swap transactions for speculative purposes.

### 2. Legality/ Approval

Prior to entering into any swap agreement, the College must receive:

- An opinion acceptable to the market from a nationally recognized law firm that the agreement is a legal, valid and binding obligation of the counterparty and that entering into the transaction complies with applicable law.
- An opinion from its Swap Advisor in connection with the agreement to the effect that the terms and conditions of such agreement represent fair market value for such transaction as of its date.
- Approval from the Board of Trustees evidenced by a board resolution authorizing the swap.

## B. FEATURES OF THE AGREEMENTS

### 1. Form of Agreements

Generally, each new Swap Agreement shall contain terms and conditions as set forth in the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement. Each agreement shall also include terms specifying the amount and timing of payments, maturity, security, collateral, defaults, remedies, termination and such other terms, conditions, provisions and safeguards as the College, in consultation with the New Jersey Educational Facilities Authority (NJEFA), legal counsel and Swap Advisor, deems necessary or desirable.

### 2. Terms of Agreements Relating to Interest Rate Swaps

The terms of any Swap should refer to the following guidelines:

- *Downgrade provisions* triggering terminations shall in no event be worse for the College than those affecting the counterparty.
- *Governing law* will be the laws of the State of New Jersey.

## Interest Rate Swap Policy

- *The specified indebtedness related to credit events* in any agreement should be narrowly defined and should refer only to indebtedness of the College that could have a materially adverse effect on the College's ability to perform under the swap.
- *Collateral thresholds* for the swap provider should be set on a sliding scale reflective of credit ratings, size and directional market risk of the transaction. Collateral requirements should be established and based upon the credit ratings of the counterparty or guarantor.
- *Eligible collateral* should generally be limited to U.S. Treasury securities and obligations of Federal Agencies.
- The College (but not counterparty) should generally have the right to *optional termination* of an agreement at "market", at any time over the term of such agreement.
- *Termination value* should be set by utilizing Market Quotation, Second Method, unless the College in consultation with NJEFA deems an alternate method is appropriate.

### 3. Qualified Counterparties

The College shall not enter into an agreement with a counterparty that does not have (1) (a) a general credit rating of at least "A1" or "A+" from one of the nationally recognized statistical rating organizations, as recognized by the Securities and Exchange Commission, or (b) a subsidiary rated "AAA" by at least one nationally recognized statistical rating organization, (2) a minimum capitalization of at least \$100 million and (3) a demonstrated record of successfully executing municipal swap transactions. For each swap agreement, NJEFA shall determine whether to require a higher credit standing from qualified counterparties, after consultation with the College and its swap advisor.

In addition to the rating criteria specified above, the College, where appropriate, will seek additional credit enhancement and safeguards in the form of:

- Contingent credit support or enhancement;
- Collateral consistent with the policies enumerated above;
- Ratings downgrade triggers; or
- Guaranty of parent, if any.

### 4. Methods of Procuring Swaps

Swaps can be procured via competitive bids or on a negotiated basis.

**Competitive** - The competitive bids should include a minimum of three firms with counterparty credit ratings determined as set forth herein.

# Interest Rate Swap Policy

**Negotiated** – On behalf of the College, NJEFA may procure swaps by negotiated methods if a determination is made by the College in consultation with its swap advisor that due to the complexity of a particular transaction, speed of execution or to recognize a good idea, a negotiated bid would result in the most favorable pricing to the College.

## 5. Counterparty Exposure

The College shall endeavor to diversify its exposure to counterparties. To that end, before entering into a swap agreement, it will obtain an evaluation of its exposure to the relevant counterparty or counterparties and how the proposed transaction would affect the exposure. The exposure should be measured in terms of notional amount, mark to market valuation and volatility.

## 6. Term and Notional Amount

In most cases, the appropriate term for a swap agreement shall be the same as for the bonds it is being used to hedge. Similarly, the notional amount of an agreement should amortize at least as quickly as do the bonds it is being used to hedge.

## 7. Pledging of Collateral

As part of any swap agreement, the College may, based on credit ratings of the counterparty, require collateralization or other forms of credit enhancements to secure any or all payment obligations under the agreement. As appropriate, the College, in consultation with NJEFA, legal counsel and its Swap Advisor, may require collateral or other credit enhancement to be posted by the counterparty subject to the collateral threshold amounts specified for such agreement. Additional collateral for decreases in credit ratings of each counterparty and/or increases in threshold mark to market exposure shall be posted by each counterparty in accordance with the provisions contained in the swap agreement. Collateral shall be deposited with a third party trustee, or as mutually agreed upon between the College, NJEFA and the counterparty. The market value of the collateral shall be determined on not less than a weekly basis, or more frequently if the NJEFA determines it is in the College's best interest given the specific collateral.

## 8. Prohibited Agreements

The College will not use swap agreements that:

- (i) Are purely speculative in nature or create extraordinary leverage or risk;
- (ii) Lack adequate liquidity to terminate without incurring a significant bid/asked spread;  
or
- (iii) Provide insufficient price transparency to allow reasonable valuation.

# Interest Rate Swap Policy

## C. EVALUATION AND MANAGEMENT OF THE AGREEMENTS

### 1. Evaluation

The College, along with NJEFA and Swap Advisor, will review the following areas of potential risk. The College will work with NJEFA to have in place procedures to evaluate and understand the risks and to overcome or mitigate them, in the event that unfavorable situations occur:

#### *Interest Rate Risk:*

Interest rate risk is the risk that interest costs on a bond or an agreement will increase and cost more than the rates associated with a fixed-rate obligation. The College, in conjunction with NJEFA will develop procedures to monitor rates on all variable rate bonds and fixed-to-floating Swaps.

#### *Basis Risk:*

Basis risk is the risk of a mismatch between the actual variable interest rate on the College's debt and the variable interest rate on the Index from which any payments under a swap agreement are received.

Prior to entering into any swap agreement, the College and its swap advisor will review the historical relationships and trading differentials between the variable rates on similar bonds and the Index. After entering into any agreement with basis risk, the College will require that NJEFA monitor any such mismatch and evaluate opportunities to reduce or eliminate basis risk at attractive prices.

#### *Termination Risk:*

Termination risk occurs when there is a need to terminate a swap agreement in an interest rate environment that dictates a termination payment by the College or the counterparty.

Each swap agreement will be structured such that the counterparty's right to early termination is limited and such that the counterparty has no optional termination rights. Further, the College will require that a termination payment will be based on an agreement's market value, giving the College the best chance to recover such market value from a replacement counterparty.

#### *Counterparty Risk:*

Counterparty risk occurs when there is the failure of a counterparty to make required payments under a swap agreement. The Swap Monitor retained by NJEFA will monitor exposure levels, ratings thresholds and collateralization requirements and recommend actions that should be taken to enforce remedies when appropriate. The College will consider termination of any counterparty when the ratings fall below the minimum required for entering into the swap agreement.



# Interest Rate Swap Policy

## *Credit Risk:*

Credit risk occurs when an event modifies the credit rating of a counterparty. The Swap Monitor retained by NJEFA will monitor the ratings of the counterparties and their credit enhancers, and in the event of a downgrade will immediately review available remedies, such as collateralization and additional credit enhancement, and recommend the appropriate enforcement action.

## *Liquidity Risk:*

Liquidity risk occurs when there is an inability to renew a liquidity facility on a floating rate bond issue. The College will require that NJEFA evaluate the expected availability of liquidity support for variable rate debt.

## *Tax Risk:*

Tax risk is created by potential changes in the tax laws that could affect payment under a swap agreement. The College in consultation with NJEFA, our Swap Advisor and legal counsel will review the tax events in any proposed agreements, including a discussion of the impact of potential changes in tax law on payments under each swap agreement based on taxable indices.

## **2. Monitoring**

The Swap Monitor retained by NJEFA will monitor the terms, market value, accruals, collateralization, ratings and other critical terms of all swap agreements. For each agreement, the Swap Monitor will report regularly, and as requested, to the College and NJEFA. Such reports will also include various sensitivity analyses.

## **3. Updates to the Policy**

The College staff in consultation with the Swap Advisor and NJEFA shall review this Policy at least annually, and the Treasurer shall submit any suggested updates to the Board of Trustees for approval.

## **4. Terminating Agreements**

### *Optional Termination:*

The College, in consultation with its Swap Advisor, NJEFA and legal counsel, and with advance the approval of the Board of Trustees, may terminate an agreement if it is determined that it is financially advantageous or otherwise appropriate under the circumstances to do so.

### *Mandatory Termination:*

In the event that a swap agreement is terminated as a result of a termination event, such as a default or a decrease in credit rating of either the College or the counterparty, the College along

# Interest Rate Swap Policy

with its Swap Advisor and NJEFA will evaluate whether it is financially advantageous or otherwise appropriate to obtain a replacement swap agreement, or, depending on market value, make or receive a termination payment.

## **D. DISCLOSURE AND FINANCIAL REPORTING**

### **1. Reporting to Finance & Investment Committee of the Board of Trustees**

The Swap Monitoring Report will be presented to the Finance and Investment Committee of the Board of Trustees on a quarterly basis for discussion. At a minimum, the report shall include a list of all swaps with notional value and interest rates, a list of counterparties and their respective credit ratings, mark-to-market values, swap cash flow summary, and other key terms or material events/actions of the counterparty.

### **2. Continuing Disclosure**

The College will take steps to ensure that there is full and complete disclosure of all swap agreements to rating agencies, and in continuing disclosure documents. With respect to its financial statements, the College will adhere to the disclosure guidelines for financial reporting of swaps, as set forth by the Government Accounting Standards Board or other applicable accounting standards.

**RESOLUTION APPROVING WAIVERS  
OF ADVERTISING  
FOR COLLEGE BUSINESS PURPOSES  
(Finance and Investments Committee)**

WHEREAS: State College Contracts Law permits waivers of advertising for specified purchases in excess of \$28,300, and

WHEREAS: The Law provides that such waivers shall be approved by The College of New Jersey Board of Trustees, and

WHEREAS: Waiver requests have been reviewed and are recommended by the Finance and Investments Committee, a subcommittee of The College of New Jersey Board of Trustees,

NOW, THEREFORE,  
BE IT RESOLVED: The College of New Jersey Board of Trustees approves waivers to the following vendors for purposes as designated herein:

<b>VENDOR</b>	<b>PURPOSE</b>	<b>FUNDING SOURCE</b>
StarRez, Inc. \$132,290.00	Housing Module	Housing Operating Reserves
Chicago Music, Inc. \$100,000.00	Celebration of the Arts: Chicago	College Operating Ticket Sales Student Funds through SFB
TA Design \$29,250.00	Design of the TCNJ Magazine	College Operating
Hellenic Education Research Center \$66,836.00	Summer study tour in Greece	Self Funded Revenue
Harlaxton College \$92,928.00	Summer study tour in England	Self Funded Revenue
Forocio Travel Agency \$35,010.00	Summer study tour in Madrid, Spain (Student excursions & ground transportation)	Self Funded Revenue
Casa de Brasil \$42,200.00	Summer study tour in Madrid, Spain (Student residences & classroom facilities)	Self Funded Revenue
Noel-Levitz \$45,000 to \$50,000.00	Enrollment Management Consultant	E&G Operating Reserves

December 4, 2007

**Resolution Approving Waivers  
Of Advertising  
For College Business Purposes  
(Buildings and Grounds)**

**WHEREAS:** State College Contracts Law permits waivers of advertising for specified purchases in excess of \$28,300, and

**WHEREAS:** The Law provides that such waivers shall be approved by The College of New Jersey Board of Trustees, and

**WHEREAS:** Waiver requests have been reviewed and are recommended by the Buildings and Grounds Committee, a subcommittee of The College of New Jersey Board of Trustees,

**NOW THEREFORE,  
BE IT RESOLVED:** The College of New Jersey Board of Trustees approves waivers to the following vendors for purposes as designated herein:

<b>VENDOR</b>	<b>PURPOSE</b>	<b>FUNDING SOURCE</b>
Cody Eckert and Associates, Architects \$55,440	Professional on-call interior design consulting services	College Operating
PMK Group \$11,600	Stormwater permit compliance consulting services	College Operating

December 4, 2007

**Resolution Approving Waivers  
Of Advertising  
For Construction Contracting Purposes**

WHEREAS: State College Contracts Law permits waivers of advertising for specified purchases in excess of \$28,300, and

WHEREAS: The Law provides that such waivers shall be approved by The College of New Jersey Board of Trustees, and

WHEREAS: Waiver requests have been reviewed and are recommended by the Buildings and Grounds Committee, a subcommittee of The College of New Jersey Board of Trustees,

NOW THEREFORE,  
BE IT RESOLVED: The College of New Jersey Board of Trustees approves waivers to the following vendors for purposes as designated herein:

<b>VENDOR</b>	<b>PURPOSE</b>	<b>FUNDING SOURCE</b>
Faridy Veisz Fraytak \$43,725	Professional design services related to the Kendall water infiltration remediation project	Capital Reserves
TBS Services, Inc. \$72,600	Professional design services related to the Ely Allen Brewster water infiltration remediation project	Housing Reserves
TBS Services, Inc. \$88,000	Professional design services related to the Green Hall building envelope remediation project	Capital Reserves
Kimmel Bogrette \$241,230	Professional design services related to the Decker renovation project	1999 Bond
U.S. Laboratories, Inc. \$47,800	Professional consulting services related to the testing and inspection services for the Student Apartment project	2002 Bond
Honeywell International, Inc. \$120,000	Fire alarm projects	Housing Reserves Capital Reserves

December 4, 2007