

**NJIT BOARD OF TRUSTEES
“SPECIAL” MEETING**

Monday, December 28, 2015



New Jersey Institute of Technology
--innovative, entrepreneurial, engaged

Mission

NJIT is the *state's technological research university*, committed to the *pursuit of excellence ---*

- in undergraduate, graduate, and continuing professional *education*, preparing students for productive careers and amplifying their potential for lifelong personal and professional growth;
- in the conduct of *research* with emphasis on applied, interdisciplinary efforts encompassing architecture, the sciences, including the health sciences, engineering, mathematics, transportation and infrastructure systems, information and communications technologies;
- in contributing to *economic development* through the state's largest business incubator system, workforce development, joint ventures with government and the business community, and through the development of intellectual property;
- in *service* to both its urban environment and the broader society of the state and nation by conducting public policy studies, making educational opportunities widely available, and initiating community-building projects.

NJIT *prepares its graduates* for positions of leadership as professionals and as citizens; *provides educational opportunities* for a broadly diverse student body; *responds to needs* of large and small businesses, state and local governmental agencies, and civic organizations; *partners with educational institutions* at all levels to accomplish its mission; and *advances the uses of science, technology, engineering and mathematics (STEM)* as a means of improving the quality of life.

Vision

A preeminent engineering, design, science and technology university known for research and education fostering innovation, entrepreneurship, and engagement.

NEW JERSEY INSTITUTE OF TECHNOLOGY
BOARD OF TRUSTEES

PUBLIC SESSION
December 28, 2015
12:00 PM

Call to Order

1. Notice of Meeting to Public (Statement to be read by Chair)
2. Motion to proceed in Closed Session to discuss matters including Contractual, Real Estate, Personnel and Legal Issues
3. Reconvene Public Meeting
4. Action Items
 - A. Discussion of resolution for submission of CIF Bond Proposal to NJ Secretary of Higher Education
 - B. Discussion of resolution for FY15 audit report GASB 68
5. Adjourn Public Meeting

**1. NOTICE OF MEETING TO PUBLIC (STATEMENT
TO BE READ BY CHAIR)**

BOARD OF TRUSTEES

**STATEMENT TO BE READ AT THE OPENING OF EACH
MEETING OF THE BOARD OF TRUSTEES**

“NOTICE OF THIS”SPECIAL” MEETING WAS PROVIDED TO THE PUBLIC AS REQUIRED BY THE NEW JERSEY PUBLIC MEETING ACT, IN WHICH WAS MAILED AND SENT ELECTRONICALLY TO THE STAR LEDGER, THE HERALD NEWS, AND THE VECTOR ON DECEMBER 17, 2015, AND POSTED ON THE UNIVERSITY WEBSITE. THIS SCHEDULE WAS ALSO MAILED AND SENT ELECTRONICALLY TO THE COUNTY CLERK ON DECEMBER 17, 2015 FOR FILING WITH THAT OFFICE AND POSTING IN SUCH PUBLIC PLACE AS DESIGNATED BY SAID CLERK.”

**2. MOTION TO PROCEED IN CLOSED SESSION TO
DISCUSS MATTERS INCLUDING CONTRACTUAL,
REAL ESTATE, PERSONNEL AND LEGAL ISSUES**

3. RECONVENE PUBLIC MEETING

**4A. APPROVE RESOLUTION FOR CIF BOND
PROPOSAL TO NJ SECRETARY OF HIGHER
EDUCATION**

RESOLUTION

RESOLUTION APPROVING AND AUTHORIZING THE UNDERTAKING AND IMPLEMENTATION OF TWO PROJECTS INCLUDING A CROSS CAMPUS RENEWAL FOR COLLABORATION IN FACULTY MEMORIAL HALL, GUTTENBERG INFORMATION TECHNOLOGY CENTER AND CENTRAL AVENUE BUILDING AND THE IDEAS CENTER AT TIERNAN HALL, ADOPTING THE LONG RANGE CAPITAL PLAN AND AUTHORIZING THE FINANCING OF ALL OR A PORTION OF THE PROJECTS THROUGH PROGRAMS MADE AVAILABLE BY THE STATE OF NEW JERSEY FOR NEW JERSEY INSTITUTIONS OF HIGHER EDUCATION AND OTHER AVAILABLE FUNDING SOURCES; APPROVING AND AUTHORIZING THE FORM OF THE APPLICATION TO THE SECRETARY OF HIGHER EDUCATION FOR PARTICIPATION IN SUCH PROGRAMS AS ARE APPLICABLE TO THE PROJECTS WITH SUCH CHANGES AS ARE APPROVED BY THE OFFICERS OF THE INSTITUTION DESIGNATED HEREIN AND THE SUBMISSION OF THE APPLICATION TO THE SECRETARY OF HIGHER EDUCATION; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ANY AND ALL AGREEMENTS IN CONNECTION WITH UNDERTAKING, IMPLEMENTING AND FINANCING THE PROJECTS IN THE FORM(S) APPROVED BY THE OFFICERS OF THE INSTITUTION EXECUTING SUCH AGREEMENT(S); AND DESIGNATING AND AUTHORIZING THE OFFICERS OF THE INSTITUTION TO TAKE THE AFOREMENTIONED ACTIONS AND TO TAKE ANY AND ALL SUCH OTHER ACTIONS DEEMED NECESSARY OR DESIRABLE TO UNDERTAKE, IMPLEMENT AND FINANCE THE PROJECTS.

WHEREAS: The Board of Trustees (the "Board") of New Jersey Institute of Technology (the "Institution") desires to approve the undertaking, implementation and financing of two Projects: Cross Campus Renewal for Collaboration in Faculty Memorial Hall, Guttenberg Information Technology Center, and the Central Avenue Building, and the Ideas Center at Tiernan Hall (the "Projects"); and

WHEREAS: The Board desires to approve the aggregate costs of the Projects paid or financed through sources in an amount not to exceed \$105,000,000; and

WHEREAS: The Board desires to finance all or a portion of the Projects through one or more of the hereinafter defined Programs made available by the State of New Jersey (the "State") for certain projects of New Jersey institutions of higher education (the "Programs"); and

WHEREAS: The Programs are the Building Our Future Bond Act, (P.L. 2012, c.41 (the "GO Bond Act"); the Higher Education Fund Capital Improvement Fund Act, N.J.S.A. 18A:72A-72 et seq. ("CIF"); and

WHEREAS: The Board has determined that the Projects will assist in serving the needs of its students and providing a benefit to the Institution; and

WHEREAS: The Board desires to approve financing of all or portions of the Projects through the CIF; and

WHEREAS: Portions of the Projects may also be financed by bonds issued by the New Jersey Educational Facilities Authority which bear tax-exempt interest for federal income tax purposes (“Tax-Exempt Bonds”), commercial loans or funds otherwise available to the Institution; and

WHEREAS: In order to provide maximum flexibility and most efficient borrowing costs, the Board wishes to authorize financing the Projects through CIF, issuance of Tax-Exempt Bonds, commercial loans and funds otherwise available to the Institution or any combination thereof (the “Financing Structure”); and

WHEREAS: The Board wishes to approve the form of the Application to be submitted to the Secretary of Higher Education (the “Secretary”) for the Proposed Programs for the Projects, and to designate and authorize officers of the Institution to take necessary and desirable actions to undertake, implement and submit to the Secretary the Application for the Projects; and

WHEREAS: The Board hereby approves the Long Range Facilities Capital Plan of the Institution in the form attached hereto as Exhibit A and authorizes and directs the officers designated in this resolution to include the Long Range Facilities Capital Plan in the Applications approved herein; and

WHEREAS: The Board desires to authorize certain officers of the Institution to determine the Financing Structure which is most economically advantageous to the Institution provided the Financing Structure includes utilization of the Proposed Programs, and take all action necessary or beneficial to accomplish the financing of the Projects including the financing of capitalized interest, if any, and other costs of issuing any debt including, Tax-Exempt Bonds or other financings (“Financing Costs”); and

WHEREAS: The Board reasonably expects to reimburse expenditures for costs of the Projects paid prior to issuance of Tax-Exempt Bonds or any debt bearing interest which is exempt from gross income for federal income tax purposes which will fund an applicable Project(s);

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF NEW JERSEY INSTITUTE OF TECHNOLOGY AS FOLLOWS:

SECTION 1. The Board approves the Projects and authorizes the undertaking, implementation and financing of the Projects in a maximum aggregate amount not to exceed \$105,000,000 (including financing costs). The Board approves the Long Range Facilities Plan of the Institution in the form attached hereto as Exhibit A.

SECTION 2. The Board approves the financing of all or any portion of the Projects through the CIF for which funding will be requested. The Board approves the Application for funding of the Projects through such Programs in the form submitted to the Board and authorizes and directs the herein defined Designated Officers to submit such Application to the Secretary with such changes, modifications and additions as are approved by the Designated Officers and such changes, modifications and additions shall be conclusively evidenced by the submission of the Application to the Secretary. The Board expressly directs and authorizes the Designated Officers to submit the Long Range Facilities Plan in the Application for any Program for which they is required. The Board acknowledges and agrees that approval of the Application and receipt of funds pursuant to the Program(s) will obligate the Institution to: (a) provide funds for the operation and maintenance of the Projects, (b) contribute to the cost of the Projects; (c) pay all or a portion of debt service on Tax-Exempt Bonds issued to fund the Proposed Projects as applicable; and (d) fulfill other conditions imposed under the Program(s) and hereby directs and authorizes the Designated Officers to certify such acknowledgement and agreement as part of the submitted Application. The Designated Officers are hereby authorized and directed to fulfill all conditions of the Proposed Program(s) including without limitation providing for the operation and maintenance of the Projects and using available funds of the Institution to pay for such operation and maintenance and to satisfy conditions of the Proposed Programs to contribute to the cost of Projects and/or debt service on Tax-Exempt Bonds issued to fund the Proposed Programs from available funds of the Institution.

SECTION 3. The Board further approves the financing of all or any portion of the Projects with Tax-Exempt Bonds, commercial loans and other funds available to the Institution and through the Financing Structure determined to be most economically advantageous to the Institution by the President, Sr. Vice President for Finance and Chief Financial Officer, and Interim Vice President for Finance and Treasurer (the "Designated Officers"). The Designated Officers are expressly authorized and directed to determine such Financing Structure provided that the Financing Structure includes utilization of Programs which are approved by the Secretary for financing the Projects.

SECTION 4. The Board Chairperson, Chairperson-Elect, Board Vice Chair(s), the Board Secretary, the President, Sr. Vice President for Finance and Chief Financial Officer, and the Interim Vice President for Finance and Treasurer (each an "Authorized Officer") are each hereby authorized and directed to approve, execute and deliver any and all agreements necessary to undertake, implement and finance the Projects and any and all other financing documents and instruments in the form approved by the Authorized Officers executing the same in the name of and on behalf of the Board of New Jersey Institute of Technology in as many counterparts as may be necessary, and to affix or impress the official seal of the

Institution thereon and to attest the same and such execution and attestation will be conclusive evidence of the approval of the form and content of such agreements and other documents and instruments necessary to undertake, implement and finance the Projects and to pay Financing Costs including through the financing thereof. The Authorized Officers are further authorized and directed to do and perform such other acts and to take such other actions as may be necessary or required, or which may be deemed to be appropriate to implement the purposes of this resolution to undertake, implement and finance the Projects and Financing Costs and the payment and/or repayment thereof.

SECTION 5. This Resolution is a declaration of the official intent of the Institution that the Institution reasonably expects and intends to reimburse expenditures for costs of the Projects paid prior to issuance Tax-Exempt Bonds or other tax-exempt debt issued to fund the Projects/Programs “Applicable Tax-Exempt Debt” in accordance with Treasury Regulation Section 1.150-2 and that the maximum principal amount of the Tax-Exempt Debt expected to be issued to finance costs of the Projects including amounts to be used to reimburse expenditures for such costs paid prior to the issuance of the such Tax-Exempt Debt is \$10,000,000 (including Financing Costs).

SECTION 6. All resolutions, orders and other actions of the Board of the Institution in conflict with the provisions of this resolution to the extent of such conflict are hereby superseded, repealed or revoked.

SECTION 7. This Resolution shall take effect immediately; and be it further

RESOLVED: That no further approvals by the Board are necessary to implement this Resolution.

Holly C. Stern, Esq.
General Counsel and Secretary to the
Board of Trustees
New Jersey Institute of Technology

RESOLUTION

ADOPTED: December 28, 2015

DULY CERTIFIED:

**4B. APPROVE RESOLUTION FOR FY15 AUDIT
REPORT GASB 68**

NEW JERSEY INSTITUTE OF TECHNOLOGY

Impact Statement of GASB 68

Background: GASB 68 accounting and financial reporting requires that actuarially calculated pre- and post-retirement defined benefit net pension liabilities be reflected in the University's annual financial statements.

At the September 17, 2015 meeting of the Board of Trustees, the pre-GASB 68 audited financial statements of the University for the fiscal years ended June 30, 2015 and 2014 were reviewed and accepted.

In a letter from the State of New Jersey, Office of the Secretary of Higher Education, dated November 13, 2015, it indicated "GASB 68 reporting requirements **solely govern financial reporting**. Therefore, the allocation of the liabilities does not result in any change to the longstanding annual State budget tradition (in place since at least 1986) whereby the State pays for institutional fringe costs with reimbursement for certain positions."

On November 13, 2015, the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, provided to the University its allocation of net pension liabilities in order to comply with GASB 68.

Impact on FY15:

- The University adopted GASB 68 effective July 1, 2014.
- GASB 68 does not result in any changes to the State's budget practice of paying for the University's pension costs.
- After receipt from the State of its net pension liabilities, the initially prepared FY 2015 financial statements were updated. The significant changes compared to June 30, 2014 audited financial statement amounts are as follows:
 - Statement of Net Position:
 - increase in net pension liability of \$109.7 million
 - reduction of unrestricted net position of \$109.4 million
 - Statement of Revenues, Expenses, and Changes in Net Position:
 - cumulative effect of change in accounting principle of \$104.0 million
 - pension expense of \$5.9 million
 - Statement of Cash Flows:
 - no impact

Impact on FY16 and beyond:

- It is anticipated that the State will annually provide to the University their actuarially calculated pre- and post-retirement defined benefit net pension liabilities, with an estimated annual increase of approximately \$6.0 million.
- There is no projected impact to the Statement of Cash Flows.
- It is anticipated that GASB 68 will not result in any changes to the State's budget practice of paying for the University's pension costs.

Resolution to Accept FY2015 Audited Financial Statements

Whereas, at the September 17, 2015 meeting of the Board of Trustees, the audited financial statements of the University for the fiscal years ended June 30, 2015 and 2014, prior to the effect of the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, GASB 68), were accepted by the Board of Trustees; and

Whereas, on November 13, 2015, the State of New Jersey, Department of Pensions and Benefits, provided to the University its allocated share of net pension liabilities; and

Whereas, the independent certified public accounting firm of Grant Thornton has completed its audit of fiscal year 2015 financial statements of the University for the effect of the adoption of GASB 68; and

Whereas, the Audit and Finance Committee of the Board of Trustees has reviewed the financial statements and has discussed them with the external auditors and recommends acceptance of the audited financial statements,

Now Therefore Be It Resolved that the Board of Trustees accepts the audited financial statements for the University for the fiscal years ended June 30, 2015 and 2014.

Holly C. Stern, Esq.
General Counsel and Secretary to the
Board of Trustees
New Jersey Institute of Technology

December 28, 2015

5. ADJOURN PUBLIC MEETING