

SENATE, No. 1457

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MARCH 6, 2008

Sponsored by:

Senator RONALD L. RICE

District 28 (Essex)

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Co-Sponsored by:

Senators Cunningham, Ruiz, Girgenti and Redd

SYNOPSIS

Increases EDA bonding limit for the State share of school facilities projects.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 4/8/2008)

1 AN ACT concerning State support for school facilities projects and
2 amending P.L.2000, c.72.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to
8 read as follows:

9 14. Notwithstanding any other provisions of law to the contrary:

10 a. The financing authority shall have the power, pursuant to the
11 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
12 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to
13 issue bonds and refunding bonds, incur indebtedness and borrow
14 money secured, in whole or in part, by moneys received pursuant to
15 sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-
16 18 and C.18A:7G-19) for the purposes of: financing all or a portion
17 of the costs of school facilities projects and any costs related to the
18 issuance thereof, including, but not limited to, the administrative,
19 insurance, operating and other expenses of the financing authority
20 to undertake the financing, and the development authority to
21 undertake the planning, design, and construction of school facilities
22 projects; lending moneys to local units to pay the costs of all or a
23 portion of school facilities projects and any costs related to the
24 issuance thereof; funding the grants to be made pursuant to section
25 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition
26 of school facilities projects to permit the refinancing of debt by the
27 district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16).
28 The aggregate principal amount of the bonds, notes or other
29 obligations issued by the financing authority prior to the effective
30 date of P.L. , c. (pending before the Legislature as this bill) shall
31 not exceed: \$100,000,000 for the State share of costs for county
32 vocational school district school facilities projects; \$6,000,000,000
33 for the State share of costs for Abbott district school facilities
34 projects; and \$2,500,000,000 for the State share of costs for school
35 facilities projects in all other districts. The aggregate principal
36 amount of bonds, notes or other obligations issued by the financing
37 authority following the effective date of P.L. , c. (pending
38 before the Legislature as this bill) shall not exceed \$250,000,000 for
39 the State share of costs for county vocational school district school
40 facilities projects, \$2,500,000,000 for the State share of costs for
41 SDA district school facilities projects, and \$750,000,000 for the
42 State share of costs for school facilities projects in all other
43 districts. This limitation shall not include any bonds, notes or other
44 obligations issued for refunding purposes.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 The financing authority may establish reserve funds to further
2 secure bonds and refunding bonds issued pursuant to this section
3 and may issue bonds to pay for the administrative, insurance and
4 operating costs of the financing authority and the development
5 authority in carrying out the provisions of this act. In addition to its
6 bonds and refunding bonds, the financing authority shall have the
7 power to issue subordinated indebtedness, which shall be
8 subordinate in lien to the lien of any or all of its bonds or refunding
9 bonds as the financing authority may determine.

10 b. The financing authority shall issue the bonds or refunding
11 bonds in such manner as it shall determine in accordance with the
12 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
13 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.);
14 provided that notwithstanding any other law to the contrary, no
15 resolution adopted by the financing authority authorizing the
16 issuance of bonds or refunding bonds pursuant to this section shall
17 be adopted or otherwise made effective without the approval in
18 writing of the State Treasurer; and refunding bonds issued to refund
19 bonds issued pursuant to this section shall be issued on such terms
20 and conditions as may be determined by the financing authority and
21 the State Treasurer. The financing authority may, in any resolution
22 authorizing the issuance of bonds or refunding bonds issued
23 pursuant to this section, pledge the contract with the State Treasurer
24 provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-
25 18), or any part thereof, or may pledge all or any part of the
26 repayments of loans made to local units pursuant to section 19 of
27 P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the
28 bonds or refunding bonds, and covenant as to the use and
29 disposition of money available to the financing authority for
30 payment of the bonds and refunding bonds. All costs associated
31 with the issuance of bonds and refunding bonds by the financing
32 authority for the purposes set forth in this act may be paid by the
33 financing authority from amounts it receives from the proceeds of
34 the bonds or refunding bonds, and from amounts it receives
35 pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-
36 17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but
37 shall not be limited to, any costs relating to the issuance of the
38 bonds or refunding bonds, administrative costs of the financing
39 authority attributable to the making and administering of loans and
40 grants to fund school facilities projects, and costs attributable to the
41 agreements entered into pursuant to subsection d. of this section.

42 c. Each issue of bonds or refunding bonds of the financing
43 authority shall be special obligations of the financing authority
44 payable out of particular revenues, receipts or funds, subject only to
45 any agreements with the holders of bonds or refunding bonds, and
46 may be secured by other sources of revenue, including, but not
47 limited to, one or more of the following:

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- 1 (1) Pledge of the revenues and other receipts to be derived from
2 the payment of local unit obligations and any other payment made
3 to the financing authority pursuant to agreements with any local
4 unit, or a pledge or assignment of any local unit obligations, and the
5 rights and interest of the financing authority therein;
 - 6 (2) Pledge of rentals, receipts and other revenues to be derived
7 from leases or other contractual arrangements with any person or
8 entity, public or private, including one or more local units, or a
9 pledge or assignment of those leases or other contractual
10 arrangements and the rights and interests of the financing authority
11 therein;
 - 12 (3) Pledge of all moneys, funds, accounts, securities and other
13 funds, including the proceeds of the bonds;
 - 14 (4) Pledge of the receipts to be derived from payments of State
15 aid to the financing authority pursuant to section 21 of P.L.2000,
16 c.72 (C.18A:7G-21);
 - 17 (5) Pledge of the contract or contracts with the State Treasurer
18 pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);
 - 19 (6) Pledge of any sums remitted to the local unit by donation
20 from any person or entity, public or private, subject to the approval
21 of the State Treasurer;
 - 22 (7) A mortgage on all or any part of the property, real or
23 personal, comprising a school facilities project then owned or
24 thereafter to be acquired, or a pledge or assignment of mortgages
25 made to the financing authority by any person or entity, public or
26 private, including one or more local units and rights and interests of
27 the financing authority therein; and
 - 28 (8) The receipt of any grants, reimbursements or other payments
29 from the federal government.
- 30 d. The resolution authorizing the issuance of bonds or
31 refunding bonds pursuant to this section may also provide for the
32 financing authority to enter into any revolving credit agreement,
33 agreement establishing a line of credit or letter of credit,
34 reimbursement agreement, interest rate exchange agreement,
35 currency exchange agreement, interest rate floor or cap, options,
36 puts or calls to hedge payment, currency, rate, spread or similar
37 exposure or similar agreements, float agreements, forward
38 agreements, insurance contracts, surety bonds, commitments to
39 purchase or sell bonds, purchase or sale agreements, or
40 commitments or other contracts or agreements and other security
41 agreements approved by the financing authority in connection with
42 the issuance of the bonds or refunding bonds pursuant to this
43 section. In addition, the financing authority may, in anticipation of
44 the issuance of the bonds or the receipt of appropriations, grants,
45 reimbursements or other funds, including, without limitation, grants
46 from the federal government for school facilities projects, issue
47 notes, the principal of or interest on which, or both, shall be payable
48 out of the proceeds of notes, bonds or other obligations of the

1 financing authority or appropriations, grants, reimbursements or
2 other funds or revenues of the financing authority.

3 e. The financing authority is authorized to engage, subject to
4 the approval of the State Treasurer and in such manner as the State
5 Treasurer shall determine, the services of financial advisors and
6 experts, placement agents, underwriters, appraisers, and other
7 advisors, consultants and agents as may be necessary to effectuate
8 the financing of school facilities projects.

9 f. Bonds and refunding bonds issued by the financing authority
10 pursuant to this section shall be special and limited obligations of
11 the financing authority payable from, and secured by, funds and
12 moneys determined by the financing authority in accordance with
13 this section. Notwithstanding any other provision of law or
14 agreement to the contrary, any bonds and refunding bonds issued by
15 the financing authority pursuant to this section shall not be secured
16 by the same property as bonds and refunding bonds issued by the
17 financing authority to finance projects other than school facilities
18 projects. Neither the members of the financing authority nor any
19 other person executing the bonds or refunding bonds shall be
20 personally liable with respect to payment of interest and principal
21 on these bonds or refunding bonds. Bonds or refunding bonds
22 issued pursuant to this section shall not be a debt or liability of the
23 State or any agency or instrumentality thereof, except as otherwise
24 provided by this subsection, either legal, moral or otherwise, and
25 nothing contained in this act shall be construed to authorize the
26 financing authority to incur any indebtedness on behalf of or in any
27 way to obligate the State or any political subdivision thereof, and
28 all bonds and refunding bonds issued by the financing authority
29 shall contain a statement to that effect on their face.

30 g. The State hereby pledges and covenants with the holders of
31 any bonds or refunding bonds issued pursuant to this act that it will
32 not limit or alter the rights or powers vested in the financing
33 authority by this act, nor limit or alter the rights or powers of the
34 State Treasurer in any manner which would jeopardize the interest
35 of the holders or any trustee of the holders, or inhibit or prevent
36 performance or fulfillment by the financing authority or the State
37 Treasurer with respect to the terms of any agreement made with the
38 holders of the bonds or refunding bonds or agreements made
39 pursuant to subsection d. of this section; except that the failure of
40 the Legislature to appropriate moneys for any purpose of this act
41 shall not be deemed a violation of this section.

42 h. The financing authority and the development authority may
43 charge to and collect from local units, districts, the State and any
44 other person, any fees and charges in connection with the financing
45 authority's or development authority's actions undertaken with
46 respect to school facilities projects, including, but not limited to,
47 fees and charges for the financing authority's administrative,
48 organization, insurance, operating and other expenses incident to

1 the financing of school facilities projects, and the development
2 authority's administrative, organization, insurance, operating,
3 planning, design, construction management, acquisition,
4 construction, completion and placing into service and maintenance
5 of school facilities projects. Notwithstanding any provision of this
6 act to the contrary, no SDA district shall be responsible for the
7 payment of any fees and charges related to the development
8 authority's operating expenses.

9 i. Upon the issuance by the financing authority of bonds
10 pursuant to this section, other than refunding bonds, the net
11 proceeds of the bonds shall be transferred to the development
12 authority.

13 (cf: P.L. 2007, c.260, s.45)

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15 2. This act shall take effect immediately.

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STATEMENT

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20 This bill amends the "Educational Facilities Construction and
21 Financing Act," (EFCFA) P.L.2000, c.72, to increase the amount of
22 bonds authorized to be issued by the New Jersey Economic
23 Development Authority to finance the State share of school
24 facilities projects. The bill provides an additional \$3.5 billion in
25 bonding authorization allocated as follows: \$2.5 billion is
26 authorized to finance the State share of SDA district school
27 facilities projects (former Abbott districts); \$250 million is
28 authorized to finance the State share of county vocational school
29 district school facilities projects; and \$750 million is authorized to
30 finance the State share of all other district school facilities projects.