ASSEMBLY HIGHER EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5867

STATE OF NEW JERSEY

DATED: DECEMBER 6, 2021

The Assembly Higher Education Committee reports favorably Assembly Bill No. 5867.

This bill revises chapter 72A of Title 18A of the New Jersey Statutes concerning the New Jersey Educational Facilities Authority. The bill makes several changes to the definitions in chapter 72A, including:

- Providing that "affiliate" means a person that is directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a private college, a private institution of higher education, a public institution of higher education, a school, or a university, or a nonprofit organization exempt from federal tax under section 501(c)(3) of the Internal Revenue Code designated for the purpose of supporting an institution of higher education;
- Providing that "control" means the power of the authority to manage, direct, superintend, restrict, regulate, govern, administer, or oversee;
- Changing the definition of a "participating institution" to mean a private college, a private institution of higher education, a public institution of higher education, a school, a university, or an affiliate, which, pursuant to the provisions of this chapter, participates with the authority in undertaking the financing and construction or acquisition of a project;
- Providing that "project" means (1) a dormitory or an educational facility or any combination thereof; (2) a county college capital project; or (3) the provision of working capital; and
- Adding a definition of "working capital" to mean, with respect to any participating institution, funds to be used in, or reserved for, the operation of the participating institution.

The bill provides that, when the term of a lease agreement with a participating institution has expired or the property acquired is no longer subject to any lease agreement and no bond proceeds remain outstanding with respect to the property, and the participating institution has complied with all applicable terms of the lease agreement and any other agreement for any other authority bonds with respect to the property, the authority or its designee may transfer all of its rights, title and interest in and to the property to

the participating institution who entered into the lease agreement with the authority.

Under the bill, the authority has the power to enter into loan agreements with any public institution of higher education or any affiliate of a public institution of higher education, to hold bonds or notes of the public institution of higher education evidencing these loans, and to issue bonds or notes of the authority in connection with the financing or refinancing of a project.

The bill also provides that the board of governors of Rutgers University, the board of trustees of the New Jersey Institute of Technology, Rowan University, or Montclair State University, the board of trustees of a State college, the board of trustees of a county college, or the governing body of an affiliate of a public institution of higher education is authorized to enter into loan agreements with the authority in connection with the financing or refinancing of a project upon terms and conditions deemed necessary to effect the financing by the authority and the participating public institution of higher education or affiliate thereof.