NEW JERSEY REPUBLICAN STATE COMMITTEE a/k/a the NJGOP; DECLAN O'SCANLON; HAL WIRTHS; LISA NATALE-CONTESSA; and ILEANA SCHIRMER, Plaintiffs, v. PHILIP D. MURPHY, in his official capacity as the GOVERNOR of the STATE OF NEW JERSEY, Defendant.	SUPREME COURT OF NEW JERSEY DOCKET NO.: M-1291 September Term, 2019 084731 <u>CIVIL ACTION</u> On Certification from: SUPERIOR COURT OF NEW JERSEY MERCER COUNTY, LAW DIVISION DOCKET NO. MER-L-1263-20

DEFENDANT'S APPENDIX

VOLUME 4 OF 6

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Defendant
Richard J. Hughes Justice Complex
25 Market Street, P.O. Box 112
Trenton, New Jersey 08625-0112

By: Jean Reilly
(Attorney ID: 021081997)
Assistant Attorney General
(609) 376-2809
jean.reilly@law.njoag.gov

Of Counsel and on the Brief
Jean P. Reilly, Assistant Attorney General

Also on the Brief, Deputy Attorneys General
Jamie M. Zug
Eric Apar
Eileen W. Siegeltuch
Victoria G. Nilsson
Susan J. Wilkerson

APPENDIX TABLE OF CONTENTS

PAGE

VOLUME I

EXHIBIT C

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
24 April 2020

Rate this Research

Contacts

Baye Larsen +1.212.553.0818
VP-Sr Credit Officer
baye.larsen@moodys.com

Marcia Van Wagner +1.212.553.2952
VP-Sr Credit Officer
marcia.vanwagner@moodys.com

Emily Raimes +1.212.553.7203
VP-Sr Credit Officer/Manager
emily.raimes@moodys.com

Timothy Blake, CFA +1.212.553.4524
MD-Public Finance
timothy.blake@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

New Jersey (State of)

Update following outlook revision to negative from stable

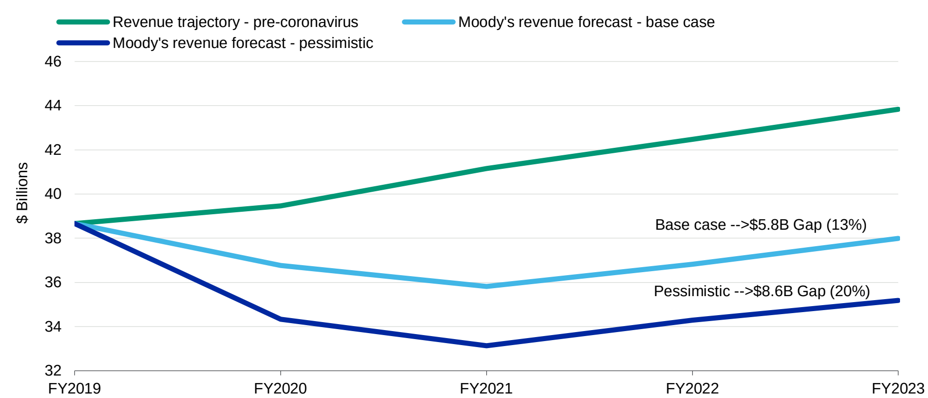
Summary

New Jersey's (A3 negative) credit profile is being negatively affected by the coronavirus pandemic in the US. The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and financial market declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety.

We revised the state's credit outlook to negative from stable on April 13 based on the expectation that the coronavirus crisis will have a more substantial and lasting fiscal impact on New Jersey compared to other states because its structural budget position, liquidity reserves, and combined debt and pension liabilities were already weaker than others in the sector. The outlook acknowledges the mitigating impact of substantial federal emergency assistance that will stabilize near-term liquidity needs and reimburse the state for coronavirus-related spending, increase Medicaid reimbursements and create significant direct lending from the Federal Reserve Bank. In addition, federal assistance to taxpayers and private companies will bolster household income and spending and therefore state tax revenue.

Exhibit 1

Near term revenue losses will set a new normal for New Jersey revenues; recovery from a pessimistic scenario could mirror the Great Recession



Source: Moody's Investors Service

New Jersey has a large, diverse and wealthy economy offset by significant long-term liabilities and the multi-year burden of rapidly-rising pension contributions, which are the result of significant historic pension underfunding. New Jersey's finances have improved notably in the past two fiscal years, but remain weak compared to peers with low fund balances and high fixed costs. As a result, the state has less flexibility to manage the current coronavirus-related economic disruption. The governor's broad powers to reduce expenditures are an important, proven budget tool.

Credit strengths

» High resident wealth levels and diversified economy with well-educated workforce

» Broad, proven executive powers to reduce expenditures

» No liquidity risk related to puttable variable rate debt; variable rate debt is all in floating rate notes

Credit challenges

» Relatively low budget reserves and liquidity levels will make it difficult to manage recessionary budget gaps

» Structural budget imbalance that remains weaker than peers and persists during a period of economic growth without a clear path to resolution

» Rapid pension liability growth, exacerbated by underfunding to maintain budget balance

» Absence of certain best governance practices, such as multi-year budget projections and binding consensus revenue forecasting

Rating outlook

The negative outlook reflects the state's likely difficulty managing fiscal 2020 and fiscal 2021 budget gaps given its low reserves and pre-existing structural budget imbalance. The state's fiscal recovery will be multi-year, as revenues slowly recover to prior highs while scheduled pension contributions continue to ramp up. In addition, if recent stock market volatility persists, the state's unfunded pension liability will grow, elevating already-high fixed costs.

Resolution of the negative outlook will depend on the depth and duration of the coronavirus-related economic disruption and on the state's budget balancing actions, and will consider any resulting decline in reserves, increased debt and pension levels and/or growth in the structural budget gap.

Factors that could lead to an upgrade

» Implementation of structurally balanced actions to close the fiscal 2020 and fiscal 2021 budget gaps

» Continuation of planned pension contributions, in line with the current 1/10 plan

» Maintenance of budgetary balances and liquidity

» Relatively stable debt and pension metrics, and fixed cost increases that remain affordable

Factors that could lead to a downgrade

» Multi-year increase in structural imbalance, related to pension contribution shortfalls or other non-recurring budget solutions

» Significantly reduced liquidity levels and/or increased liquidity support (cash-flow borrowing and other cash management tactics)

» A significant increase in unfunded pension liabilities that elevates fixed costs

Key indicators

Exhibit 2

New Jersey (State of)	2015	2016	2017	2018	2019	50-State Median (2018)
Operating Fund Revenues (000s)	$35,843,312	$34,236,641	$35,586,859	$37,500,734	$40,240,789	$11,520,082
Available Balances as % of Operating Fund Revenues	2.2%	1.4%	2.2%	2.6%	4.2%	7.4%
Nominal GDP (billions)	$569.7	$582.4	$595.3	$622.0	NA	$236.9
Nominal GDP Growth	4.2%	2.2%	2.2%	4.5%	NA	4.7%
Total Non-Farm Employment Growth	1.1%	1.5%	1.4%	1.0%	1.0%	1.1%
Fixed Costs as % of Own-Source Revenue	22.6%	26.6%	26.4%	26.0%	NA	8.1%
Adjusted Net Pension Liabilities (000s)	$90,206,661	$94,969,351	$115,964,089	$113,845,643	$112,547,000	$12,209,760
Net Tax-Supported Debt (000s)	$37,096,789	$39,246,548	$38,557,606	$37,008,227	$36,630,956	$4,146,966
(Adjusted Net Pension Liability + Net Tax-Supported Debt) / GDP	22.3%	23.0%	26.0%	24.3%	24.0%	7.7%

Source: New Jersey Comprehensive Annual Reports; Moody's Investors Service

Profile

New Jersey is the 11th-largest state by population in the United States. Its gross domestic product per capita ranks 8th among the states (in current dollars).

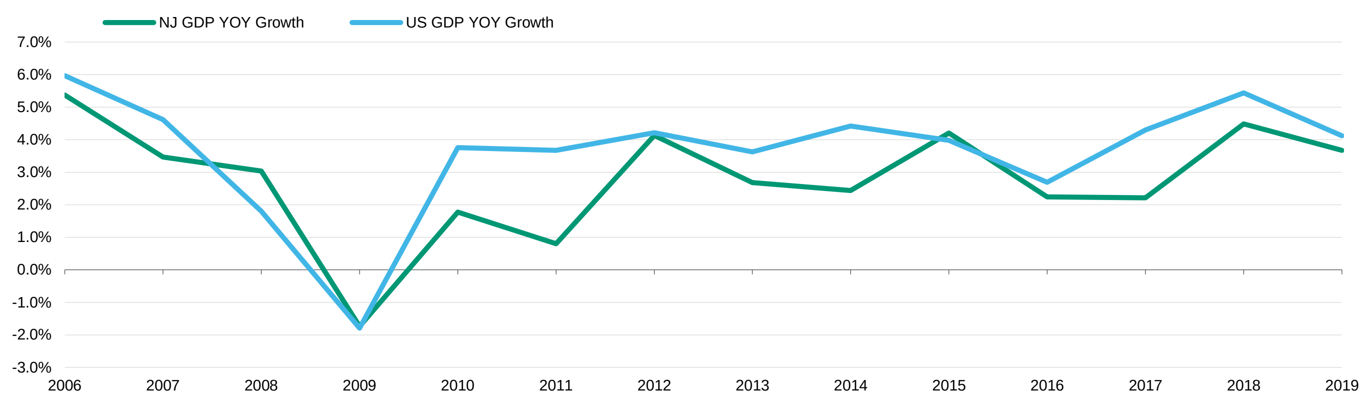
Detailed credit considerations

Economy

The coronavirus pandemic and efforts to control its spread will result in significant, albeit temporary, economic disruption that will reduce New Jersey's output this year and could inflict some long-term damage to its economic and revenue base. Our base case scenario assumes that New Jersey's economic cycle will generally track with the US, but the post-coronavirus recovery will lag as it did after the Great Recession. However, given the very high number of coronavirus cases in New Jersey, the duration of containment efforts may exceed the US average, leading to a deeper and longer economic contraction than we currently forecast. Data reflecting the coronavirus impact remains sparse, and this economic contraction is unprecedented therefore our base case economic assumptions for New Jersey could change quickly as information becomes available.

Exhibit 3

NJ GDP tracked closely with US during last recession but recovery lagged



Source: US Bureau of Economic Analysis

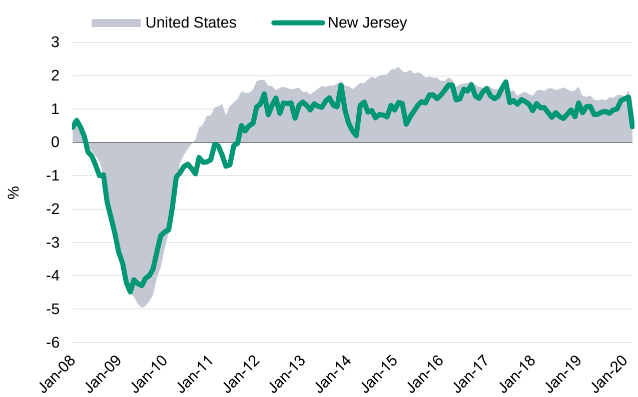
In the current calendar year, the Moody's Investors Service macroeconomic forecast projects that the pandemic will cause at least a 2% drop in US real GDP, ending the post-2008 expansion. Given the depth of the decline, US real GDP will not return to 2019 levels until fourth quarter 2021. If the US GDP forecast is lowered, we will also lower our forecast for New Jersey's economic and revenue recovery.

Important determinants of the actual impact on New Jersey and its economy will be the extent and efficacy of federal support, such as funding provided under the $2.3 trillion Coronavirus Aid, Relief and Economic Security (CARES) Act. The CARES Act and similar fiscal and monetary actions by federal authorities should significantly ease the severity of the economic downturn and expedite the recovery.

Prior to the onset of the coronavirus related economic disruption, New Jersey's economy was on target to grow slowly through fiscal 2020, but be weighed down over the medium term by the high cost of living and doing business, and slow population growth exacerbated by out-migration. After slowing in late 2018, job growth picked up during 2019 ending at a recent high of 1.35% through February 2020, compared to 1.57% for the US. However, the coronavirus impact brought YOY job growth down to 0.5% in March, compared to 1% for the US, and jobs will likely contract starting in April given the recent, unprecedented spikes in weekly initial unemployment insurance claims being experienced in New Jersey and across the US. The state's March unemployment rate in does not yet reflect the coronavirus impact and remained flat at 3.8%, however the US did see an increase to 4.4% from 3.5%.

Exhibit 4

Job growth slowed sharply in February as coronavirus-related economic disruption began

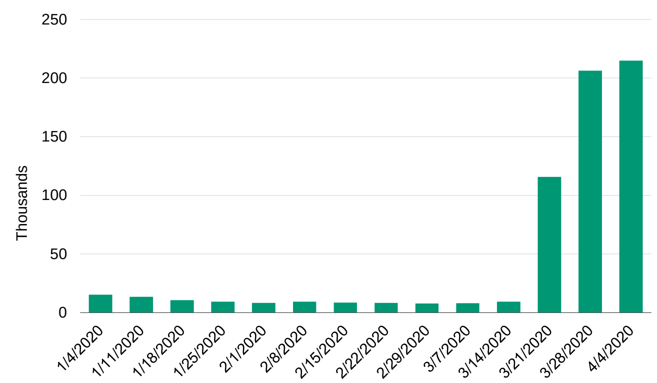


Source: US Bureau of Labor Statistics

Exhibit 5

Spike in NJ unemployment insurance claims provide real-time view of negative economic impact

Weekly initial unemployment insurance claims in New Jersey



Source: US Employment & Training Administration

New Jersey's economy will continue to benefit from its large, diversified economic base, highly educated workforce, and high wealth levels. However, total personal income gains have lagged the nation during the current recovery, growing 44% since 2009 compared to 56% for the US. This is of particular importance in a state with a high dependence on a very progressive income tax structure. Personal income per capita amounted to 125% of the national average in 2019, down from 128% in 2002, according to the Bureau of Economic Analysis. In addition, population growth is slow in New Jersey at 0.2% in 2018 compared to 0.6% for the U.S. Population growth is weakened by negative net total migration over the past four consecutive years.

Finances and liquidity: revenue and liquidity shock will lead to large structural budget gap

New Jersey's near term budget flexibility and financial position improved over the past two fiscal years, however sharply rising pension contributions, high fixed costs and low reserves will leave the state at a disadvantage compared to others when resolving its sudden coronavirus-related budget and liquidity gaps. We expect the state will identify adequate solutions to these gaps in fiscal 2020 and fiscal 2021. However, many of these solutions will be one-time in nature, and when combined with slow revenue recovery, will result in higher debt levels and sustained, large structural budget gaps in fiscals 2022 and 2023 that will be challenging to balance.

Our base case forecast assumes that the coronavirus crisis will erase $2.7 billion of fiscal 2020 budgeted revenues, equivalent to a 10% YOY decline in revenues for the second half of the fiscal year, and a 5% YOY decline for the 12-months ending June 30, 2020. As a result of the sharp YOY decline, fiscal 2020 revenues will fall 7% below budget, creating a large gap when combined with additional spending related to the coronavirus crisis. The fiscal 2021 revenue gap will grow (more below), however the state has shifted its budget-basis fiscal 2020 year end to September 30 to allow more time to estimate revenues and identify solutions to the expected budget gap.

Exacerbating the sharp revenue declines, the 3-month delay in the federal and state income tax deadline to July 15 will create a significant cash flow shortage for the next several months. Income taxes are New Jersey's largest single revenue source (43% of total revenues), and the largest share is paid in April. In 2019, the state collected $3.6 billion of gross income tax revenues in April and $5.8 billion during the fourth quarter. April 2019 monthly collections accounted for 23% of fiscal 2019 income taxes and 9% of total revenues for the year.

In response to the impending budget and liquidity shocks, on March 23, Governor Murphy froze $930 million of fiscal 2020 appropriations and directed agencies to cease all non-essential spending. The Governor's proactive action provided a meaningful mitigant to the fiscal 2020 budget gap, and the executive authority to reduce appropriations will continue to be an important tool during the recession.

The state will also partially fill the budget gap with its available fund balances ($1.5 billion, including the Surplus Revenue Fund), however these will be insufficient to balance the full cash need. As a result, the state has requested legislative authority to issue up to $5 billion of general obligation bonds to finance the deficit, and has received noteholder approval to extend the upcoming maturity of $1.5 billion of Tax and Revenue Anticipation Notes to September 30, 2020 from June 30, 2020[1]. The state's strong market relationships and ability to extend its note maturity provide credit positive flexibility to respond to this large, albeit temporary, liquidity disruption that was driven by federal tax policy changes. However, the TRAN extension and planned deficit borrowing will increase the states interest costs and leverage position, and illustrate how the state's low reserves and fund balances leave it ill-prepared to manage economic cycles.

The budget impact of coronavirus related spending remains uncertain. The vast majority of New Jersey's spending related to coronavirus will be reimbursed by the federal government through the CARES Act (up to $3 billion, with $1 billion to be shared with local governments), increased matching contributions for Medicaid spending (an estimate $400 million benefit), and FEMA reimbursements. To the degree that “business as usual” operations have been diverted to coronavirus-related activities, federal grants may provide some savings for the state.

Revenue loss will reverberate for years; downside risk could significantly increase the revenue loss and structural budget gap

As a result of the current coronavirus recession, we expect it will take more than three years for New Jersey's revenues to recover to fiscal 2019 levels. By fiscal 2023, revenues will be nearly $6 billion (13%) below the levels that would have been achieved without the crisis. As a result, New Jersey will confront multi-year budget gaps that will be difficult to balance due to rapidly-growing pension contributions and high fixed costs.

In a more pessimistic scenario, deeper revenue losses through fiscal 2021 and fiscal 2022 leave fiscal 2023 revenues 9% below fiscal 2019 and 20% below the pre-coronavirus potential. A full revenue recovery in this scenario could look similar to the Great Recession, which took 7 years for revenues to recover. The different scenarios reflect the range in Moody's macroeconomic forecasts of US GDP growth and unemployment rate, which could be revised further in the future. These scenarios are tools to scope the scale of future budget gaps and are not predictions of a particular outcome. The current economic contraction is unprecedented therefore scenario assumptions could change quickly.

Exhibit 6

Multi-year revenue impact will create large out-year budget gaps

($ millions)	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue trajectory, pre-coronavirus	**38,665**	**39,465**	**41,162**	**42,479**	**43,838**
Moody's revenue forecast - Base case	38,665	36,765	35,818	36,818	37,996
YOY % growth		-4.9%	-2.6%	2.8%	3.2%
Difference from pre-coronavirus revenues		2,700	5,344	5,660	5,842
Diff as % of pre-coronavirus revenues		6.8%	13.0%	13.3%	13.3%
Moody's revenue forecast - Pessimistic	38,665	34,335	33,133	34,293	35,184
YOY % growth		-11.2%	-3.5%	3.5%	2.6%
Difference from pre-coronavirus revenues		5,130	8,029	8,186	8,654
Diff as % of pre-coronavirus revenues		13%	20%	19%	20%

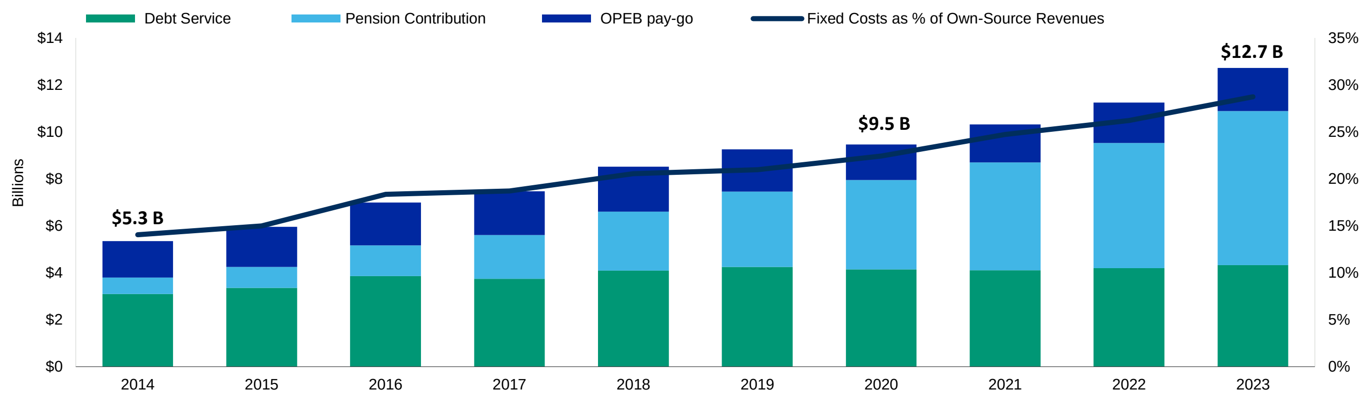
Source: Moody's Investors Service

Structural balance and pension contributions are key budget risks

With the sudden coronavirus budget and liquidity shock, the state's planned schedule to increase pension contributions will be under duress. While the state has successfully increased contributions to the current 70% of ARC, there will be increased pressure to defer or shift payments. As the state identifies various options to meet its budget and liquidity needs, we will consider the overall costs associated with any pension action. The costs we will consider include but are not limited to i) size of the long-term debt increase, either pension-related or bonded, and any associated interest costs, and ii) the degree to which a contribution change will constrain asset accumulation or even accelerate the pace of pension asset depletion. For example, a very short-term delay in pension contributions would not likely change the pace of asset depletion, however a structural reduction in the amount being budgeted and contributed each year, would accelerate asset depletion.

Exhibit 7

High, rapidly growing fixed costs reduce New Jersey's flexibility to manage large coronavirus-related budget gaps



Assumes historic revenue trends continue

Source: State of New Jersey Official Statements; NJ Division of Pension and Benefits, Moody's Investors Service

LIQUIDITY

As mentioned above, the revenue decline and federal income tax shift have created a cash flow deficit that is exacerbated by New Jersey's relatively low liquidity going into the coronavirus crisis, and will be a central credit challenge in the coming months. Despite increases in its total budgetary reserves over the past two years, the state's fiscal 2019 available budgetary reserves were 4.3% of revenues, compared to a current forecasted fiscal 2020 revenue gap equivalent to 7% of budgeted revenues. In fiscal 2019, the state made its first deposit to its rainy day fund since the Great Recession, resulting in an estimated $400 million (1% of revenues) balance.

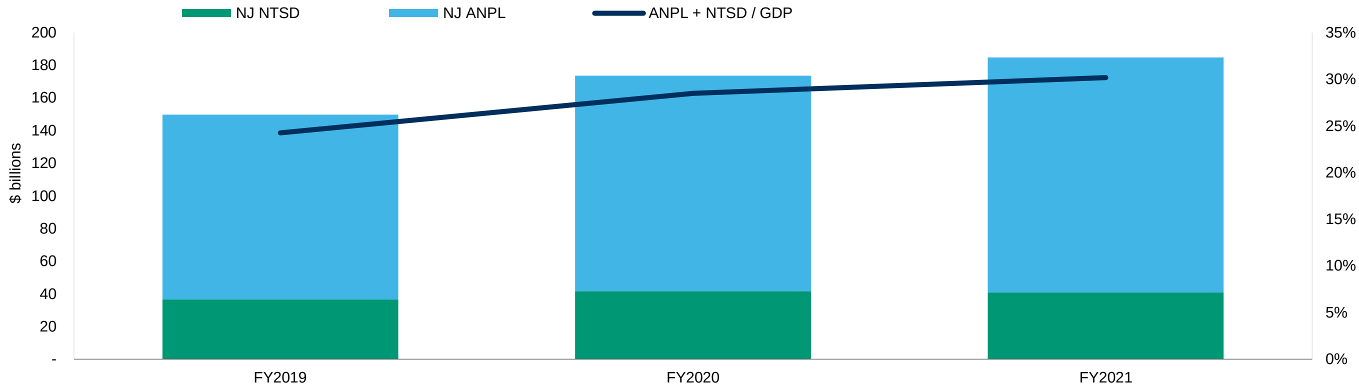
New Jersey is an annual cash flow note borrower. In fiscal 2020, state drew down $1.5 billion of a $2 billion fiscal 2020 TRAN facility with Bank of America, NA and The Vanguard Group. To help manage the state's liquidity shortfall, the noteholders agreed to extend the original maturity on June 30, 2020 to September 30, 20202 at a high fixed interest rate of 4%.

Debt and pensions: liabilities will grow due to deficit financing plans and investment losses in pension funds; OPEB is largest among the 50 states

New Jersey's high debt position will increase due to deficit borrowing plans and increased unfunded pension liabilities related to market-driven asset losses. Heavy February and March investment market losses stand to reduce most US public pension system's assets, which in turn will cause unfunded liabilities and annual costs to rise, potentially to a great extent. While the final outcome of 2020 pension investment performance remains to be seen and could still improve or worsen, adjusted net pension liabilities (ANPLs) and the annual cost to “tread water” could increase significantly.

Based on available pension financial statements, we estimate that New Jersey's fiscal 2020 ANPL will increase to $132 billion. Assuming a 10% decline in investment returns through June 2020, we estimate New Jersey's fiscal 2021 ANPL would increase further to $144 billion. Combined with the impact of issuing $5 billion of deficit financing bonds, New Jersey's fiscal 2021 total ANPL plus net tax supported debt (NTSD) would increase to $185 billion (30% of forecasted GDP) from $150 billion (24% of GDP) in fiscal 2019.

Exhibit 8
High long-term liabilities will grow further



FY2021 ANPL assumes year-end investments returns are -10% as of June 30, 2020.
Source: New Jersey Comprehensive Annual Financial Report; New Jersey bond disclosures; Moody's Investors Service

Total net tax-supported debt was $37 billion in 2018 and debt per capita decreased slightly to $4,154 (compared to a 50-state median of $1,068), ranking fourth highest in the US. Approximately $29.5 billion (80%) of the state's debt is appropriation-backed. New Jersey's combined long-term liabilities (debt, unfunded pension and unfunded OPEB) rank third highest in the US, at 37.9% of GDP, compared to a 50-state median of 9.1%.

DEBT STRUCTURE

The state has $678 million of floating rate notes, which are not subject to put risk and therefore do not require external liquidity support. The notes are issued through the Transportation Trust Fund Authority ($297.5 million) and the New Jersey Economic Development Authority ($380 million).

The state also has approximately $1.6 billion of fixed-rate direct banks loans. The bank loans are issued under the the School Facilities Construction Bond Resolution ($1.4 billion issued by the Economic Development Authority), the Higher Education Capital Improvement Fund Resolution ($160.7 million issued by the Educational Facilities Authority) and the EDA Municipal Rehabilitation Bonds Resolution with similar terms. The loan agreements include a mandatory prepayment by the state, or term out, should certain events of default occur. The term out requires that principal be repaid in six equal payments over three years at a 12% interest rate. Events of mandatory prepayment include nonpayment of debt service even in an event of non-appropriation and below investment grade ratings from two of three rating agencies. In addition, although these loans are fixed rate, the bank can charge an additional spread should parity ratings from any of the three agencies fall below A3 or the equivalent.

DEBT-RELATED DERIVATIVES

The state has no outstanding swap agreements.

PENSIONS AND OPEB

New Jersey's unfunded pension liability, among the highest of the 50 US states, will continue to grow rapidly over the next five years given recent market losses (discussed above) and plans to gradually increase pension contributions to full ARC and to gradually reduce the actuarial assumed rate of return to 7%.[2] The state currently plans to increase pension contributions annually by 1/10 of the actuarial ARC until it reaches a full contribution in fiscal 2023. The state's ability to increase its pension contributions on schedule will be critical to reversing its pension cash flow deficit and maintaining a stable credit profile (additional discussion in finance section above).

Based on the state's fiscal 2018 pension data, its adjusted net pension liability (ANPL), our measure of the government's pension burden, decreased slightly to $113 billion, or 18% of GDP. The state's actual pension contributions have averaged only 27% of the ARC in the ten years through fiscal 2019, well below the level that would allow the state's reported net pension liability to "tread water" – or remain stable from one year to the next, assuming investment return and other actuarial assumptions are met.

Under new GASB 74/75 accounting rules, New Jersey's fiscal 2018 net OPEB liability grew to $90.5 billion, including the portion of local government benefits paid by the state. However, due to steady adjustments to health care benefits, the fiscal 2019 net OPEB liability has declined 16% to $76 million. The adjusted net OPEB liability (ANOL), our measure of the government's OPEB burden, is slightly lower at $72.5 billion, or 11.2% of GDP (the highest among states by a wide margin). OPEB pay-go contributions have risen in the past seven years from $1.2 billion in fiscal 2012 to $1.8 billion in fiscal 2019, but are expected to decline 17% to $1.5 billion in FY2020 due to the state's recent health plan negotiations.

ESG considerations

ENVIRONMENTAL

The US states sector overall has low exposure to environmental risks due to states' large and diverse economies, revenue-raising ability, and federal government support for disaster recovery costs via FEMA. Nonetheless, New Jersey is moderately exposed to climate risk, especially rising sea levels and the risk of more frequent storms along its economically important coastline.

According to data from Moody's affiliate Four Twenty Seven, New Jersey's total average exposure to the projected rate of change of five climate risk factors, ranks 4th of the 50 US States. When weighting individual county exposure by GDP, New Jersey falls to the 6th worst. Of the physical climate risks Four Twenty Seven evaluates, New Jersey's highest exposures are to water stress and cyclone risk.

Much of the state's economy is on its shoreline, with 79% of state GDP located in coastal counties, significantly higher than the 50-state coastal county median of 38.6%. As a result, total storm damage in New Jersey since 1980 is equivalent to 5.7% of the state's GDP, compared to 3.1% for the US for the same time period. In addition, housing in New Jersey is exposed to flooding: nearly 12% of coastal dwellings are in the 100/500 year flood plain compared to 16.8% of coastal dwellings for the US as a whole. Since Superstorm Sandy in 2012, however, the state has made significant progress in strengthening building codes and investing in shoreline infrastructure with significant federal, state and local funds to reduce the risk of future storm damage.

SOCIAL

Social issues, such as demographics, labor force, income and education, are key influencers of New Jersey's economy, governance stability, and financial and leverage trends. The state benefits from a highly educated workforce and above-average per capita income, which are somewhat offset by a high cost structure, an above-average foreclosure rate, and steady out-migration.

The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and financial market declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety.

For more information on social factors, please see our Economy section.

GOVERNANCE

The New Jersey state constitution has no revenue raising caps or mandated spending levels, providing the state flexibility to increase revenues and cut expenditures when needed. However, the largest revenue source, income taxes, are constitutionally restricted to use for property tax relief, which limits overall budget flexibility. Per the constitution, annual budget revenue estimates are certified by the governor alone, which allows some political influence. An important strength for the state is the governor's unlimited authority to reduce appropriations through executive orders. The state does not have any requirements to maintain a rainy day fund, do a debt affordability analysis or maintain multi-year financial projections.

Rating methodology and scorecard factors

The US States and Territories Rating Methodology includes a scorecard, which summarizes the 10 rating factors generally most important to state and territory credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

New Jersey's A3 rating is the same as its scorecard-indicated outcome.

Exhibit 9

US states and territories rating methodology scorecard

State of New Jersey

Rating Factors	Measure	Score
Factor 1: Economy (25%)		
a) Per Capita Income Relative to US Average [1]	125.3%	Aaa
b) Nominal Gross Domestic Product ($ billions) [1]	$622.0	Aaa
Factor 2: Finances (30%)		
a) Structural Balance	Ba	Ba
b) Fixed Costs / State Own-Source Revenue [2]	26.0%	Ba
c) Liquidity and Fund Balance	Baa	Baa
Factor 3: Governance (20%)		
a) Governance / Constitutional Framework	A	A
Factor 4: Debt and Pensions (25%)		
a) (Moody's ANPL + Net Tax-Supported Debt) / State GDP [2] [3]	24.3%	A
Factors 5 - 10: Notching Factors [4]		
Adjustments Up: None	0	
Adjustments Down: Growth Trend; Pension or OPEB Characteristics	-1	
Rating:		
a) Scorecard-Indicated Outcome		A3
b) Actual Rating Assigned		A3

[1] Economy measures are based on data from the most recent year available.
[2] Fixed costs and debt and pensions measures are based on data from the most recent debt and pensions medians report published by Moody's.
[3] ANPL stands for adjusted net pension liability.
[4] Notching factors 5-10 are specifically defined in the US States and Territories Rating Methodology.
Source: US Bureau of Economic Analysis, State CAFRs, Moody's Investors Service

Endnotes

1 By extending the budget-basis fiscal year, the state was able to extend its TRAN maturity without violating the requirement that cash-flow borrowing be repaid with the fiscal year

2 New Jersey plans to reduce the actuarial assumed rate of return to 7% over three years beginning with the July 1, 2021 valuation.

REPORT NUMBER 1225641

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S INVESTORS SERVICE

EXHIBIT D

S&P Global
Ratings

RatingsDirect®

New Jersey; Appropriations; General Obligation; Miscellaneous Tax; Moral Obligation; Sales Tax

Primary Credit Analyst:
David G Hitchcock, New York (1) 212-438-2022; david.hitchcock@spglobal.com

Secondary Contact:
Timothy W Little, New York + 1 (212) 438 7999; timothy.little@spglobal.com

Table Of Contents

Table Of Contents (cont.)

New Jersey; Appropriations; General Obligation; Miscellaneous Tax; Moral Obligation; Sales Tax

Credit Profile		
New Jersey GO		
Long Term Rating	A-/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth, New Jersey		
New Jersey		
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM) SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
South Jersey Port Corp, New Jersey		
New Jersey		
South Jersey Port Corp (New Jersey) marine term MORALOB		
Long Term Rating	BBB-/Negative	Outlook Revised

Rating Action

S&P Global Ratings revised its outlook on the State of New Jersey's general obligation (GO) bonds to negative from stable, and affirmed its 'A-' rating on the bonds. At the same time, S&P Global Ratings revised its outlook to negative from stable on various other bonds secured by annual appropriations from the state, and affirmed its 'BBB+' long-term and underlying ratings on these bonds.

S&P Global Ratings also revised its outlook to negative from stable on New Jersey bonds secured by appropriations for a human services provider and affirmed its 'BBB' rating on the bonds, and revised its outlook on South Jersey Port Corp.'s state moral obligation debt to negative from stable and affirmed its 'BBB-' rating on the debt. Finally, S&P Global Ratings affirmed its 'BBB+ rating, with a negative outlook, on the corporation's bonds supported by appropriations of second-lien motor vehicle surcharges. The existing negative outlook on this bond is based on declining surcharge revenue trends.

Credit overview

New Jersey's economy and high income could support a higher rating, but high debt, high other postemployment benefit (OPEB), and the nation's worst funded pension system are reflected in a rating well below the median for the state sector. The low pension funded ratio is the result of decades of underfunding the state's annual pension contributions. Although budgeting only 70% of New Jersey's annual actuarially determined contribution (ADC) in fiscal 2020, this represents a 24-year high point. Currently, the state plans to increase its annual contribution by 10% of ADC each year, until reaching full ADC in fiscal 2023, and it remains to be seen whether the state will stick to this plan now that a severe recession is under way. Each year that the state contributes less than ADC, the ADC grows in the following year, and some state pension funds have actuarially projected cash depletion dates in future years if the percentage funding is not eventually increased. We calculated when the fiscal 2020 budget was passed that the shortfall between full ADC funding and the 70% budgeted amount was approximately 4.2% of budgeted fiscal 2020 appropriations, which we consider part of New Jersey's structural budget deficit. General fund-supported annual pension contributions were projected to rise by $2.47 billion by 2023, when the state would reach 100% ADC funding, if it stuck to its 10% per year growth in the ADC plan, an extra amount equal to 6.2% of current fiscal 2020 budgeted appropriations.

However, we believe there is a significant possibility New Jersey will reduce annual pension contributions or delay the scheduled contribution increases because of the current recession.

Already lottery revenues, which are dedicated to pay a portion of the pension contributions, have shown a significant 27% decline in the month of March alone compared with the year earlier period, while the final quarterly general fund budgeted pension contribution of $684 million in fiscal 2020 (compared to fiscal 2020 budgetary appropriations of $39.5 billion) likely will become a tempting target for holdbacks if general fund sales tax shows a sharp decline (state income tax is dedicated to local property tax relief aid and is not available for pension payments). ADC will also likely grow due to recessionary pension fund investment losses and the prospect that future pension returns will fall below the actuarial assumed rate of return. In the previous Great Recession, the then-governor used his holdback powers to reduce pension contributions, and the state also slowed the subsequent annual ramp-up in the percentage of ADC contributed.

The state will suffer two types of revenue losses because of the current recession: a temporary deferral of revenue from the extension of the income tax filing deadline to July 15, and a permanent ongoing tax loss from reduced economic activity. We believe New Jersey is in the process of solving the temporary tax deferral problem through the extension of its fiscal year to Sept. 30, from June 30, which allows external cash flow financing to cover the July period without crossing fiscal years, combined with new external cash flow financing arrangements. New Jersey has already announced an extension of its external bank cash flow facilities to Sept. 25, 2020, in an amount of $1.5 billion, which will carry the state past a projected July cash low point. The governor has proposed authorizing other external cash flow financing, including potential borrowing under the Federal Reserve's new Coronavirus Aid Relief and Economic Security Act loan facility, and the authorization of up to $5 billion of GO bonds to address COVID-19-related financial problems. Extra spending because of the coronavirus will be eligible for Federal Emergency Management Agency reimbursement, although delays in reimbursement could pose another temporary liquidity issue. To the extent new cash flow debt crossing fiscal years is issued to retire cash flow notes, we could consider it as effective long-term deficit financing for operating costs, and add it to our long-term state debt calculations.

Beyond temporary liquidity issues, the state will also suffer a sizable permanent loss of tax revenue that will require structural budget adjustments, absent very strong economic growth next year, if it wishes to avoid a substantial increase in its structural budget gap. S&P Global Economics forecasts a national economic contraction in calendar 2020 of 5.2% (see "An Already Historic U.S. Downturn Now Looks Even Worse," published April 16, 2020, on RatingsDirect), while IHS Markit forecasts New Jersey real gross state product (GSP) to contract an even steeper 6.8% in 2020, before expanding 6.3% in 2021. Through the last monthly March reporting period, state revenues were actually up 3.6% over the same month's collections last year, due to the lag in receiving tax collections and the fact that economic activity did not start to slow until the end of the month. As a result, forecasting actual loss of revenue will be difficult until April tax collection data is released in mid-May. We do know that the state has relatively modest reserves to carry it until budget adjustments are made. The governor's fiscal 2021 executive budget proposal, released in February before the pandemic took hold, estimated New Jersey would end fiscal 2020 with a reserve of 3.8% of appropriations at June 30, 2020, the previously established fiscal year-end. The governor has strong powers to make midyear spending holdbacks, if necessary, to bring spending in line with budgeted revenue. On March 23, the governor announced $921 million of holdbacks in anticipation of a revenue slowdown, or slightly over 2% of fiscal 2020 budgeted appropriations, and he has the ability to make additional holdbacks as he sees fit.

New Jersey's economy and high income could support a higher rating, but high debt, high OPEB, and the nation's worst fund pension system are reflected in a rating well below the median for the state sector.

Our 'A-' GO rating on New Jersey reflects what we consider the following weaknesses:

- A large unfunded pension liability, a low pension funded ratio, and a history of substantially underfunding the state retirement systems' annual ADC, which in our view has created significant structural imbalance and puts pressure on future budgets;
- Large OPEB obligations; and
- High debt burden.

These weaknesses are offset, in our opinion, by the following GO credit strengths:

- Per capita income that is among the highest of the 50 states;
- A diverse economic base showing, until now, recent growth at levels that have lagged the national growth rate;
- Going into the current recession, positive budgeted reserves, although at what we view as low levels; and
- New Jersey's efforts in recent years to increase annual pension contributions, although contributions remain well below actuarial requirements.

New Jersey's overall score under our state rating criteria is '2.5', reflecting an indicative credit score of 'A', which can be further adjusted based on scoring overrides. As of the most recent July 1, 2019, Governmental Accounting Standards Board (GASB) measurement, the state's combined pension funded ratio using GASB was 39.7%, triggering our one-notch adjustment for pensions with funded levels below 40% and leading to an 'A-' indicative rating under our state criteria methodology.

Environmental, social, and governance (ESG) factors

Our outlook revision incorporates our view regarding the health and safety risks posed by the COVID-19 pandemic. Absent the implications of COVID-19, we view New Jersey's social and governance risks as somewhat elevated due to court mandates regarding school funding in low-income districts, and we view environmental risks as elevated given New Jersey's long coastal exposure and elevated levels of air pollution, in part due to emissions from other states.

Negative Outlook

The negative outlook on the GO and other bonds reflects our view that New Jersey could face significant fiscal and economic pressures, stemming from the global COVID-19 pandemic and subsequent recession, due to its high pension and OPEB liabilities and low level of reserves going into the recession. The state had been making progress in reducing its structural budget deficit, although budgeted pension contributions in the current fiscal year were still only 70% of the actuarial ADC, a shortfall we include in our calculation of the state's long-term structural deficit. We believe the structural deficit could start to grow again, perhaps substantially, as the result of the current recession, while New Jersey's currently modest level of reserves and high fixed costs will not allow much space to make budget adjustments. The state's efforts to secure new external cash flow financing and extend the fiscal year beyond the new July income tax filing deadline help address temporary liquidity issues caused by the deferral of income tax revenue from the former April 15, filing deadline; however, the separate permanent loss of tax revenue because of reduced economic activity poses additional budget risks that might need painful adjustments to solve. In our view, there is at least a one-out-of-three chance we could lower the GO rating within the next year, depending on the magnitude of the ongoing revenue loss and the potential for a long-term structural mismatch between ongoing revenues and expenditures, including potential shortfalls in the ADC. The ability to make adjustments to reduce the structural deficit is hampered by the state's high pension and OPEB contributions; high debt load; social service spending and sizable school aid, including court-ordered school spending for certain low income school districts; and already high state and local tax burdens that have previously generated political resistance to increased tax rates and caused late budget adoptions. Nevertheless, the New Jersey governor has strong powers to hold back current year spending to keep an adopted budget in balance, and has already held back $921 million of spending in fiscal 2020.

S&P Global Ratings will evaluate actual and forecasted revenue losses, expected to be determined in May, as well as New Jersey's fiscal 2021 budget, anticipated to be adopted by Sept. 30, under the state's newly extended fiscal year. Should we believe that structural imbalance between ongoing revenues and expenditures will grow meaningfully and persist over the longer term, we could lower the rating. In particular, a significant reduction or delay in annual pension contributions, or the use of sizable deficit financing to pay operating expenses, could increase the structural deficit and potentially lead to a lower rating. However, should the state make ongoing revenue or expenditure adjustments in its upcoming fiscal 2021 budget that keep the expected structural deficit near pre-recession levels, with prospects of out-year economic growth that could begin to reduce the structural budget deficit again, we could revise the outlook to stable. If pension contributions are below the ADC, but above static funding, it is possible that overall pension funded ratios could roughly stabilize, albeit at low levels, and our analysis will include examining the direction of future pension funded ratios. As of fiscal 2019 (when the state contributed 60% of ADC), pension contributions were below static funding levels.

The negative outlook on state appropriation-backed bonds mirrors our negative outlook on the state's GO bonds.

In addition, the negative outlook on the state's second-lien motor vehicle surcharge bonds reflects our view of the stand-alone pledge of dedicated motor surcharge revenues, which are both subject to state appropriation risk, and to the risk of the availability of the pledged surcharge revenue. We could lower our rating on these bonds if we lowered the state rating, or if surcharge revenues continue to decline, but at a rate that exceeds these bonds' projected declining debt service schedule that depends on advance retirement of debt from surplus annual revenues.

Credit Opinion

Recent Trends

We calculate a very low combined pension systems funded ratio of 39.7% in fiscal 2019. Although this represents a slight improvement from 38.4% the year before, the funded ratio could worsen because of the impact of recent stock market declines on pension assets, and a continuing gradual scheduled decline in the assumed rate of return, in addition to a possible shortfall in lottery contributions dedicated to pension funding in fiscal 2020. In our most recent 50-state study of state pension systems using fiscal 2018 data (see "U.S. State Pension Reforms Partly Mitigate The Effects of The Next Recession," published Sept. 26, 2019), New Jersey's combined pension funded ratio ranked worst of all the states, and New Jersey's combined debt, net pension liability, and net OPEB liability compared to GSP ranked highest of all the states in our survey of state fiscal liabilities.

In our view, New Jersey has been able to maintain adequate, if small, financial reserves at the cost of significantly underfunding its pension obligations, contributing as little as 23% of ADC as recently as fiscal 2015, and less in years previous. The fiscal 2020 budget continued the underfunding, despite raising pension contributions to 70% of ADC from 60% the year before, as per the state's current plan to increase ADC funding by 10% increments until reaching full ADC in fiscal 2023. The amount of contributions necessary to bring New Jersey's retirement systems up to a fully funded status grows every year the state contributes less than 100% of ADC. Under generally accepted accounting principles' (GAAP) most recent GASB Statement 67 measurement as of July 1, 2019, the state's seven retirement funds had a combined net pension funded ratio of 39.7%, which we consider low, and a three-year average funded ratio of 38%. We calculate New Jersey's share of net pension liability at fiscal year-end 2019, applying the most recent GASB 68 state proportionate share of New Jersey's pension plans, as a very high 13.6% of state personal income and $9,625 per capita.

Currently, our criteria applies a one-notch negative rating adjustment if we believe a state's pension funded ratio will fall below 40%, with no credible plan to reverse these trends, an adjustment we have applied to our rating on New Jersey's GO bonds.

While contributing 70% of pension ADC in fiscal 2020 represents the state's highest annual contribution level in 24 years, the shortfall in operating funds contribution between full pension ADC funding and the budgeted 70% contribution still amounts to about $1.64 billion, or 4.2% of budgeted fiscal 2020 appropriations, an amount we view as a material structural budget deficit, although it is smaller than in previous years. However, due to an expected shortfall in lottery revenues dedicated to pension contributions, it is possible that the state will actually contribute slightly less than 70% of ADC in fiscal 2020, and other nonpension bonding to cover potential revenue losses could also contribute to a higher structural deficit. In our view, New Jersey's high costs and need to increase pension funding limit future financial flexibility, as increased pension contributions effectively soak up much of the state's revenue growth.

We remain concerned that raising contributions to full ADC over the next four years might become difficult as a result of recessionary losses in tax revenue. Before the current recession, the state projected ADC would rise from $5.44

billion in fiscal 2020 (offset by $1.07 billion of dedicated lottery revenue) to $6.31 billion in fiscal 2023 (offset by $1.11 billion of projected lottery revenue), at an assumed long term rate of return of 7.0%. This is the extra amount of annual contribution that would be necessary, in addition to making up the difference between the current 70% of ADC and 100% in 2023.The pension fund net investment return as of Feb. 29, 2020, for the fiscal year 2020 year to date, was 0.93%, and the three-year return was 6.78%.

Since fiscal 2016, favorable economic trends had enabled the state to increase ADC funding according to its one-tenth per year plan, while increasing reserves. The state ended fiscal 2019 with a better-than-budgeted operating funds balance of $1.6 billion on a budgetary basis, or an adequate 4.3% of appropriations, up from 2.8% at fiscal year-end 2018. New Jersey enacted a fiscal 2020 budget projecting a slight drawdown in the combined general and rainy-day fund reserves to $1.2 billion, or 3.2% of appropriations at fiscal year-end 2020, with slightly improved updated projection of $1.5 billion, or 3.8%, in the governor's February budget plan. However, these reserves will now be depleted as a result of the current recession and external liquidity will be required, despite $921 million of spending holdbacks announced in March.

Budgetary Fixed Costs

Originally budgeted fiscal 2020 estimated fixed costs paid from operating funds included debt service of $4.1 billion, or 10.7% of total fiscal 2020 enacted appropriations; operating funds pension contributions of $2.7 billion (representing 70% of ADC to be funded after $1.1 billion of dedicated lottery fund pension contributions--however, monthly lottery revenue was down 27% for the month of March), or 7.0% of appropriations; OPEB health benefit obligations of $1.5 billion (3.9%); as well as $4.3 billion of Medicaid payments (11.1%), for combined debt service, pension, and OPEB fixed costs alone of about 21.6% of budgeted appropriations; and total fixed costs (including Medicaid) of 32.7%. We calculate this would have increased to about 36.9% if full ADC were funded, a level of fixed costs we believe creates difficulty in the state's ability to make budget cuts during the current recession.

State Governmental Framework

The New Jersey Constitution requires that the governor sign a balanced budget and the state is required to stay in balance throughout the year, although this might require the use of available reserves and the deferral of pension payments. This was tested in the courts when, in 2014, the governor reduced the state's pension contribution by $883 million to close a budgetary gap. The state does not have formal limitations in that it can set and modify tax rates, deductions, exemptions, and collection dates. In the past, it has used such flexibility to increase revenues and levy additional taxes. For example, in fiscal 2019, New Jersey raised its top income tax rate on residents earning $5 million or more, in fiscal 2010 it levied a millionaires' tax effective for calendar 2009, and in fiscal 2007, New Jersey raised its sales tax to 7% from 6% and expanded the base. In fiscal 2017, the state substantially raised its gas tax rate, although this benefitted its transportation fund rather than the general fund. As part of that increase, the state enacted a gas tax rate formula that adjusts to maintain a certain level of revenue, resulting in an additional small gas tax rate increase in fiscal 2019. In fiscal 2015, the state eliminated tax credits, closed loopholes, and authorized online gambling as a way of raising revenues. Although all these initiatives have generated additional revenue, we believe they have been insufficient in the context of the state's need to address its large long-term liabilities and substantial underfunding of its retirement systems, and the legislature has previously proved resistant to the current governor's call to extend the top tax rate to those earning more than $1 million, as well as an increase in the sales tax rate.

The governor has broad executive powers to reduce spending as necessary to maintain a balanced budget. During the last recession and its aftermath the previous governor took significant midyear action to reduce spending to maintain end-of-year fiscal balance. In addition to underfunding pensions, the state also delayed the payment of the Homestead property tax relief program from one fiscal year to the next and reduced spending for other programs. We believe, however, that there are practical constraints regarding the level of downstreaming that can be done, especially around education spending and School Development Authority districts (Abbott schools). In the past, underfunding of Abbott schools resulted in successful litigation for the restoration of funding. In fiscal 2019, New Jersey restored a statutory funding formula used to calculate school aid that had been overridden since fiscal 2014 as part of the annual budget process. According to the National Education Association, overall school spending per pupil in New Jersey ranked third in the nation in 2018, including spending from both state and local sources. In addition, the state is addressing substantial deferred maintenance needs for New Jersey Transit.

The governor's ability to order midyear cuts in pension contributions was affirmed in a judicial ruling during the fiscal 2014 pension contribution reduction. While New Jersey has subsequently enacted legislation to provide quarterly payments to the pension funds, we believe the fourth-quarter payment remains sufficiently large enough to provide significant near-term flexibility should New Jersey need to reduce expenditures to meet a year-end cash shortfall. The state also has the legal ability to fund less than full ADC as part of its adopted budget.

New Jersey does not have a voter-sponsored referendum process. However, the legislature can bring constitutional amendments to voters if it approves the measure by a supermajority in each chamber in any legislative year or if it approves the measure by simple majority in each chamber in two consecutive legislative years. As it relates to debt, the state's voters adopted a constitutional amendment requiring that all new legislation authorizing program debt issuance (GO and appropriation debt) be put on the ballot, although the governor recently proposed authorizing a section of the constitution that allows extraordinary debt in the event of war or emergency. The state constitution provides that the legislature will not create in any fiscal year a debt or liability that (combined with previous debt) exceeds 1% of total appropriations, unless authorized by law, for some single object or work specified. No such law can take effect until voters can vote on it, although this does not apply to refinancing of debt. Exceptions are made in cases where a non-state source (an independent third party, such as federal money) supports the debt, and where there are constitutionally dedicated revenue sources. The constitution also requires that debt amortization not exceed 35 years, but provides for suspension of this for natural disasters. There is no legal priority of payment for debt service.

Despite the restrictions, and the fact that it has one of the highest debt burdens in the nation, we believe New Jersey has not had significant impediments to issuing debt.

On our scale of '1.0' to '4.0', where '1.0' is the strongest score and '4.0' is the weakest, we have assigned a composite score of '1.5' to New Jersey's governmental framework.

Financial Management

New Jersey adheres to what we consider standard budget management practices. The state was optimistic in setting its revenue targets in previous years during and coming out of the last recession, and at that time missed its estimates by significant amounts, requiring midyear budget adjustments. However, the state received significant one-time unbudgeted corporation tax revenue in fiscal 2019 above budget, which enabled its first deposit into its surplus revenue fund, or rainy-day fund, since 2009. New Jersey has a formal schedule for providing revenue and spending forecast updates. Official revenue estimates are statutorily required in February and, by practice, are also required each May. Spending plans are updated three times each year and are done internally each month for major items, such as Medicaid, and economically sensitive issues. In practice, the state makes monthly revenue updates and daily cash management. Budget adjustments typically occur in February, when the upcoming fiscal year budget is released, and in May, if needed.

For the current fiscal year, the state has made a one-time extension of its fiscal year to Sept. 30, to accommodate cash flow financing beyond the July 15, extension of its income tax filing deadline, and to provide time to evaluate revenues available for appropriation in fiscal 2021. New Jersey has not yet determined the level of additional appropriations that will be needed for the extended July-September period of the new fiscal year.

A strong executive system gives the governor the power to reduce the enacted budget without legislative approval. Although there are restrictions on such budget reductions (only the legislature can de-appropriate funds for executive agencies), the governor can limit an enacted budget without legislative approval by impounding money for waste, mismanagement, or extravagance as long as legislative goals are not ignored; or by reserving spending. Unless released by fiscal year-end, this money then lapses. In March 2020, the governor reserved $921 million of budgeted fiscal 2020 spending due to coronavirus-related revenue risks. New Jersey has at times made some difficult and unpopular spending decisions to avoid deficits. Gap-closing solutions have typically focused on avoiding deficits, but during difficult economic periods the state has often relied on nonrecurring revenue or spending actions, such as the deferral of pension payments and the use of debt restructuring, rather than on finding long-term structural solutions.

New Jersey is legally required to end the year in balance, but the definition of balance can include the use of available reserves and does not factor in the deferral of pension or other payments. The state has historically relied on nonrecurring measures to balance operations during difficult economic times. Practically speaking, it would have great difficulty in making cuts in aid to Abbott schools. Conceivably, it can make limited cuts to Medicaid and non-Abbott districts insofar as the level of service is above legal minimums; in practice, these cuts are traditionally politically difficult, and Medicaid benefits have been expanded in recent years, while efforts have also been made recently to provide free community college tuition to low-income students. The state has also had to increase appropriations to New Jersey Transit to address deferred maintenance issues.

We consider New Jersey's Financial Management Assessment (FMA) as standard. An FMA of standard indicates that the state maintains adequate policies in most, but not all, key areas. These policies often lack detail or institutionalization and might not include best practices. The state has a seven-year capital plan and written investment policy, but it lacks long-term financial planning and while debt is monitored frequently and reviewed annually, there are no practical limitations as to the amount of debt that it can issue. In developing its budget, New Jersey relies on its chief economist within the Office of Revenue and Economic Analysis, but also looks at the Rutgers Economic Advisory Service forecast, as well as third-party economic analysis, such as IHS Markit and Economy.com. However, the executive branch sets the economic assumptions used for budgeting purposes and is not required to use a "consensus" revenue forecast. In our view, the state's revenue forecasts following the last recession were often optimistic, although recently became more realistic as New Jersey's economy improved. The state has not yet released an updated revenue forecast taking into account the effects of the current pandemic-related recession. Even though state revenue forecasts have become more conservative, underfunding of key areas have sometimes plagued the budget process. Once the budget is enacted, officials monitor it monthly for both revenues and expenditures with adjustments made at least once a year in February, and in May, if needed. New Jersey has statutorily established a surplus revenue fund that acts as a rainy-day fund, but there are no minimal funding level requirements or replenishment mechanisms. The requirement that 50% of the gain in general fund revenues from those certified by the governor in the original budget projection, offset by any revenue losses in the property tax relief fund, be deposited in the rainy-day fund can and has been overridden in the past. This rainy-day fund had been empty since 2009 until the state made a $420.6 million deposit at the end of fiscal 2019 from above-budgeted revenue. The surplus revenue fund can be used if anticipated revenues in the general fund are estimated to be less than those certified by the governor if the legislature finds that an appropriation from the surplus revenue fund is preferable to raising revenue through a modification of the tax structure. The long-term obligation and capital expenditure fund (LTOCEF) was established as a separate, non-lapsing fund used only for paying capital expenditures, retiring and defeasing debt, and making supplemental payments for unfunded pension and OPEBs, but was used for other purposes as a result of the economic downturn. Currently, there are no funds in the LTOCEF.

On our scale of '1.0' to '4.0', where '1.0' is the strongest score and '4.0' the weakest, we have assigned a composite score of '2.5' to New Jersey's financial management.

Economy

New Jersey's strong income levels are a significant credit strength, with 2019 per capita income at 125% of that of the U.S. and per capita GSP (111% of the U.S.). Until now, the state's economy had been showing slow but steady gains in the past two years, after a weak recovery following the last recession. New Jersey's real GSP growth was again below that of the U.S. in calendar 2019 at 1.5%, compared with 2.3% for the nation. IHS Markit forecasts a 6.8% real GSP contraction in calendar 2020, as a result of the pandemic, followed by 6.3% growth in calendar 2021, compared with negative 5.6% and positive 6.2% for the nation, respectively. The state's 3.6% unemployment rate in 2019 was slightly below the nation's 3.7%, after a long string of years being above the nation. We believe New Jersey's budgetary challenges in recent years leading into the current recession have in part been the result of previous slow economic growth.

The state's proximity to New York City, resources, and employment opportunities support economic development, although this is not the case with regard to New Jersey's housing affordability and tax structure. Although taxes and the cost of living are high, the state's relative cost structure is somewhat attractive to those looking for lower-cost options to New York City, and the state has recently seen substantial growth in the warehouse and logistics industry due to its central east coast location and proximity to highway networks. We have not yet observed a significant impact on real estate prices from the recent federal tax reform's disallowance of state and local tax deductions, which were large due to high property tax rates and home prices.

New Jersey's wealth translates into an above-average ability to pay taxes, in our view. Areas of weakness in the economy include low population growth, which is below the U.S. average, and GSP growth that has trailed that of the nation for the past decade. New Jersey's population declined a slight 0.04% in 2019 to 8.9 million during the previous year, compared with U.S. growth of 0.5%. Its population growth typically trails the U.S.; over the past decade state population rose 1.4% compared with 7.0% for the nation. In 2019, New Jersey's real GDP increased by 1.47% compared with 2.33% for the nation, and we believe slow population growth is one factor in lower overall growth rates. New Jersey's age dependency ratio of 61.4% in 2018 is considered in line with the U.S. level of 62.5%.

The state's employment base is similar in composition to the national profile, with slightly greater emphasis on trade, transportation, and utilities (21.1% of employment compared with 18.4% for the nation in 2019); professional and business services (16.3% compared with 14.1%); and financial activities (6.0% of employment compared with 5.8%). Manufacturing employed just 6.0% of the workforce, following reductions in the pharmaceutical sector, compared with 8.5% nationally.

Since peaking at 9.8% from October 2009 through January 2010, the state unemployment rate fell significantly to 3.6% in 2019 compared to 3.7% for the nation. We believe the current recession will produce a significant spike in unemployment, once figures are released. IHS Markit forecasts a 5.7% loss in state employment in calendar 2020, followed by another 0.8% employment decline in 2021, before a 6.5% growth occurs in 2022, compared to negative 5.2%, negative 0.9%, and positive 5.9% employment growth for the nation, respectively, in those years. IHS Markit reports employment in the transportation and warehousing sector has risen substantially since 2014 because rising e-commerce has led a number of large online retailers to establish fulfillment/distribution centers in the state, which is centrally located on the eastern seaboard, with good north-south turnpike access. However, a slowdown in trade could potentially slow future growth in this area.

Continued mergers, acquisitions, and straight-out cutbacks in the state's extensive pharmaceutical sector have contributed to recent employment weakness. However, German biotech company Evotec A.G. plans to establish a U.S. headquarters in Princeton, taking advantage of an available supply of highly skilled pharmaceutical employees that formerly worked at other firms. Because New Jersey is a judicial review state, it had a backlog of housing foreclosures, which dragged out the housing recovery process and the state's housing market was slow to recover from the recession. Housing prices have since recovered in recent years, although the elimination of federal state and local tax deduction for high home property taxes could potentially limit future housing prices.

On our scale of '1.0' to '4.0', where '1.0' is the strongest score and '4.0' the weakest, we have assigned a composite score of '1.9' to the state's economy.

Budgetary Performance

New Jersey's budgetary performance was weak coming out of the last recession, in our opinion, until above-budgeted revenue growth in fiscal 2019 allowed the state to make a small estimated $420.6 million rainy-day fund deposit, putting money in it for the first time since fiscal 2009. This allowed combined operating fund balances to rise to $1.7 billion, or 4.5% of appropriations at fiscal year-end 2019 (see table), up from a low 2.8% in fiscal 2018 and even lower levels before that. Previous weak balances were the result of revenue shortfalls and significant underfunding of New Jersey's pension ADC. The state budgeted for a combined balance drawdown to $1.2 billion, which midyear estimates raised to $1.5 billion at the time the governor introduced his 2021 executive budget proposal. However, these reserves are now likely to be depleted and cause state reliance on external financing for liquidity through the end of the now extended 2020 fiscal year, despite revenues being 3.6% ahead of budget at the end of March, as a result of the current recession and the extension of the income tax filing deadline to July 15, from April 15. We calculated at the time the fiscal 2020 budget was adopted that the difference between budgeted pension contributions and full ADC amounted to about 4.2% of budgeted fiscal 2020 appropriations that, combined with about 2.6% of other one-time budget items, equaled a structural budget deficit between ongoing revenues and ongoing expenditures of about 6.8%. The state changed the start of fiscal 2021 to Oct. 1, to give time to make revised revenue projections as a result of the pandemic. Once the governor presents a revised fiscal 2021 budget proposal, the legislature is expected to adopt a budget before the new start of the fiscal year. The legislature has not yet made any appropriations for the extended July-September three-month fiscal 2020 period, but is expected to do so once April tax revenues are known and updated revenue projections are released.

The state is statutorily required to put into the surplus revenue fund 50% of the gain in general fund revenues from the projected revenue certified by the governor in the adopted budget, offset by any losses in the property tax relief fund; however, this can be overridden by the annual appropriations act. Beyond this, there are no specified funding levels or rules governing replenishment.

We believe the state has well-developed cash monitoring capabilities, including daily monitoring of balances. Interfund borrowing that New Jersey's budget director can conduct with virtually no notice enhances flexibility. At the start of fiscal 2020, the state entered into a $1 billion private cash flow credit facility with each of Bank of America N.A. and BofA Securities Inc., for $2 billion total, to provide cash flow liquidity within fiscal 2020, similar to credit facilities issued in past years. Since then, New Jersey has renegotiated these facilities to provide $1.5 billion in total cash flow financing through Sept. 25, 2020, shortly before the end of the newly extended fiscal year. In the past two fiscal years, the state drew a maximum of $1.5 million in cash flow notes for liquidity purposes at any one time.

The New Jersey Office of Revenue and Economic Analysis (OREA) develops the state revenue forecast. The legislature also prepares a forecast that it uses as a check, but the office issues the controlling forecast. OREA staff are not political appointees. OREA uses its own econometric model. By statute, the forecast is updated in February, and, by practice, once or twice during the year. New Jersey relies on a sales and use tax (26% of 2019 revenue) and an income tax (41%), which together accounted for over two-thirds of total (general fund and property tax relief) revenue. Revenue adjustments happen in the ensuing fiscal year, if at all. The state increased corporate tax rates in fiscal 2019, and raised income tax rates on incomes of more than $5 million, but the governor's proposal to raise income tax rates on those making more than $1 million ran into legislative resistance in fiscal years 2019 and 2020. We believe that broad tax-raising flexibility is limited due to already high state and local tax rates.

The state has a recent track record of timely expenditure reductions, but the focus has been more on avoiding deficits than realigning revenues and expenditures, although formula funding for schools was resumed in fiscal 2020, following amendments to the school funding law. We believe high levels of Medicaid and school funding have become institutionalized and might be politically difficult to limit. We calculate that combined debt service, pension, OPEB, and Medicaid paid from New Jersey's operating funds as budgeted in fiscal 2020 accounts for about 32.7% of budgeted appropriations. This proportion has been about the same over the past two fiscal years.

New Jersey has broad discretion in adjusting spending flows, as it demonstrated in the 2011 budget, which significantly reduced state assistance to local school districts (by $830 million) and requiring them to spend down reserves in place of the lost state aid) and municipalities ($446 million reduction) as part of its $11 billion budget gap-closing measures. However, since then the state has more predominantly relied on deferrals (pension payments and Homestead benefits), restructurings, fund balance drawdowns, and other one-time measures to balance the budget when revenues were weak. It is yet to be determined what course the state will take during the current recession.

On a GAAP basis, the most recent financial audit for the fiscal year ended June 30, 2019, showed a total ending balance in the combined general fund and property tax relief fund (which receives all state income taxes and distributes aid to school districts and other purposes) of $6.6 billion, or 12.7% of expenditures, an increase from $5.7 billion from the year before. However, the available combined assigned and unassigned general and property tax relief fund balances were only $1.7 billion, or a modest 3.3% of combined expenditures, which includes $420.6 million in the state's rainy-day fund.

On our scale of '1.0' to '4.0', where '1.0' is the strongest score and '4.0' the weakest, we have assigned a composite score of '2.8' to New Jersey's budgetary performance.

Debt And Liability Profile

State tax-supported debt levels were high, in our opinion, at fiscal year-end 2019 (the last audited year), at $3,788 per capita and 5.3% of personal income, slightly less than the previous year, but will likely rise in fiscal 2020 if New Jersey issues emergency GO bonding to backfill pandemic-related revenue losses. We calculate that tax-supported debt service amounted to a high 10.6% of general governmental spending in 2019. Total tax-supported debt was $33.6 billion at fiscal year-end 2019. Of this amount, approximately $1.6 billion was GO debt. New Jersey has also entered into two direct-placement revolving credit lines totaling $1.5 billion for fiscal 2020 cash-flow purposes, with maturities extended to Sept. 25, 2020, to match the extension of the fiscal year to Sept. 30. The state, however, will likely need a large multi-billion-dollar additional external cash flow financing facility, possibly from the Federal Reserve, to cover extra pandemic-related liquidity issues from both a permanent loss of revenue and from the deferral of income tax into July 2020. In each of the past two fiscal years, the state has not needed more than $1.5 billion of cash flow loans at any one time. S&P Global Ratings has reviewed existing state direct-placement and private-placement debt structures and believes that they do not pose significant contingent risk.

The state has reduced its variable-rate debt exposure, which it calculates at $678 million, or about 2% of total long-term debt, a level we see as manageable. All of the variable-rate debt consists of index linked bonds.

Direct Debt Exposure

New Jersey had $1.6 billion of direct bank loan bonds outstanding at the end of fiscal 2019, up from $989 million at the end of fiscal 2018. Bank loans have been used to pay for previous swap termination payments and intrayear debt restructuring, as well as interim construction financing, and various capital purposes. The loan provisions are similar to the debt provisions, but give the bank additional benefits not available to bondholders and could affect credit quality if triggered. These provisions include higher interest rates if ratings drop below 'BBB+' and a mandatory three-year term-out at a 12% interest rate if a number of other conditions are present. We believe that these terms are very permissive at present and could place additional pressure on the rating if triggered. However, the total amount of bank loan debt outstanding (not counting two fiscal 2020 tax and revenue note credit facilities) comprised about 4.7% of the state's debt outstanding, which we do not see as a significant contingent risk. If this exposure increased significantly or resulted in substantial additional costs to New Jersey, it could potentially affect credit quality.

The state entered into $2 billion of floating rate cash flow facilities in fiscal 2020 to provide within the year liquidity, but subsequently renegotiated them to $1.5 billion, while extending the maturities to Sept. 25, 2020, and converting to a fixed rate. During the previous two fiscal years, the state never drew more than $1.5 billion in tax and revenue notes at any one time.

Pension Liabilities

We believe pension liabilities will remain very high compared with those of other states and serve as a continuing source of budget pressure. We calculate New Jersey's share of net pension liability, using a June 30, 2019, measurement date and the prior-year 2018 state proportionate share of total system net pension liabilities, as a high 13.6% of personal income and $9,625 per capita, although down from 18.0% in 2017 and $11,253 in 2017 when actuaries assumed a 50% ADC contribution level. The state's fiscal 2019 share of the net pension liability, calculated as of a June 30, 2018, measurement date, was $93.7 billion, compared to the total net pension liability of the state's seven pension funds of $130.7 billion. The seven funds' total net pension liability at its recent June 30, 2019, measurement date declined to $124.8 billion. New Jersey has not yet released its calculation of its proportionate share of that net pension liability, but the state's largest share of the net pension liability in 2018 was attributable to the Teachers' Pension and Annuity Fund, whose plan net pension liability declined slightly to $61.5 billion on its June 30, 2019 measurement date from $63.8 billion as of the June 30, 2018 measurement, followed by the public employees' retirement system with a $41.2 billion net pension liability in 2019 compared with $43.4 billion in 2018. In fiscal 2018, the state's proportionate share of net pension liability for these two funds was 100% and 55%. Based on the decline in overall net pension liabilities as of June 30, 2019, we believe that the state share of the pension liability in its fiscal 2020 audit will decline slightly, although we remain concerned about the June 30, 2020, measurement date in light of current stock market losses and the possibility New Jersey might still contribute less than its budgeted 70% of ADC in fiscal 2020.

New Jersey's pension funded ratios are among the worst in the country. Although higher ADC contribution rates might stabilize or slightly increase GASB pension-funded ratios in the near future, continued annual funding of less than ADC will again eventually worsen funded ratios in the longer term if the state does not adhere to scheduled increases in ADC contributions. New Jersey reports a fiscal year-to-date return of 0.93% as of Feb. 29, 2020, a three-year return of 6.78%, and five-year return of 5.90%, below its long-term 7.00% investment return assumption for GASB purposes. The actual one-year investment rate of return in fiscal 2019, the date of the most recent retirement funds' comprehensive annual financial report, was 6.17% for the state's Public Employee Retirement System, down from 9.11% in the previous year. The five-year average of annual money-weighted returns in fiscal 2019 was 6.24%.

Under GASB Statement 67 reporting, as of July 1, 2019, New Jersey's combined defined benefit pension funded level rose slightly to 39.7%, up from 38.4% in 2018, 35.8% in 2017, and a very low 30.9% in 2016 (including combined pension funding for kindergarten to grade 12 teachers, funded by the state, and New Jersey's state share of pension contributions for state colleges and universities and their security personnel). One element supporting the stable funded ratio, despite investment returns below assumption, is that actuaries have assumed a higher portion of ADC is contributed in future years because the state has achieved higher actual contributions in recent years.

Under the current July 1, 2019, GASB measurement, actuaries have assumed a 70% ADC annual contribution for all future years, up from 50% in fiscal 2017's measurement. Under this contribution assumption, the state's main public employees' retirement system would reach a cash depletion date in fiscal 2057, pushed back from 2047 in last year's GASB measurement that used a 50% contribution assumption in all future years, while the state teachers' pension system in the new 2019 measurement projects the teachers' system would reach cash depletion in fiscal 2054, pushed back from 2041 in last year's measurement.

The 2019 measurement assumed that all future years would be able to achieve a 70% ADC contribution, based on the actual 60% contribution made in fiscal 2019 and the 70% appropriated in the current fiscal 2020 budget. If the state is able to increase its budgeted ADC contribution in future years, actuaries might be able to assume future contributions will be made at that higher contribution rate, potentially boosting actuarial future asset levels, and to a currently unknown degree, offsetting the negative effect on the funded ratio of potential investment returns that fall below the actuarially assumed return assumption.

S&P Global Ratings views New Jersey's 7.0% long-term return assumption as aggressive (see "Assessing U.S. Public Finance Pension and Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings," published Oct. 7, 2019). We calculate that the state's Public Employee Retirement System contributed 75% of static funding and 54% of minimum funding progress in fiscal 2019, and that the Teachers' Pension Annuity Fund contributed 58% of static funding and 40% of ADC.

Last year, the state projected its general fund annual contribution, net of dedicated lottery contributions ($1.1 billion in fiscal 2020), if the state increased its ADC contribution by 10% of ADC per year, would rise to $5.20 billion by 2023, when the state would be contributing full ADC, from $2.74 billion in fiscal 2020, when it has budgeted to contribute

70% of ADC, representing what we view as incremental pressure on the state's general fund. New Jersey projected last year that continued increases in state funding would enable it to achieve a 94% statutory pension funded ratio by 2047.

New Jersey's current plan is to increase pension funding contributions at a minimum of additional one-tenth of ADC each year until full funding is realized in fiscal 2023, which would avoid a cash depletion date. However, we believe current recessionary pressures have the potential to cause the state to backtrack, or delay, its current plan to ramp up its contribution schedule, as happened in the last recession. Already lottery revenues dedicated to pension contributions, which were projected to show slow annual growth in last year's projection, are off 27% in the month of March 2020 alone, and likely to fall further in April.

Three years ago, the state transferred management of the Police and Firemen's Retirement System to a separate board, which can independently set benefit levels and has a higher board representation from employee groups than the other retirement systems. Should benefit levels be raised, such as reinstatement of a cost-of-living allowance, without commensurate increases in pension contributions, we could consider it as a negative rating factor.

OPEB Liabilities

The state's fiscal 2019 OPEB as of a July 1, 2018, measurement date, shows a high combined state proportionate share of unfunded GASB OPEB of $75.9 billion, or $8,548 per capita, with a funded ratio of 0%. This includes both state employees, teachers, and state proportionate share of OPEB for state colleges and local governments. New Jersey has worked to reduce employee health care costs through managed care arrangements, new contracts with health care and drug providers, and renegotiated union contracts. However, OPEB remains a significant liability. The state funds OPEBs on a pay-as-you-go basis.

On our scale of '1.0' to '4.0', where '1.0' is the strongest score and '4.0' the weakest, we have assigned a composite score of '3.8' to New Jersey's debt and liability profile.

New Jersey -- Financial Results

(Mil. $)						
	--Fiscal year-end June 30--					
	2020e	**2019**	**2018**	**2017**	**2016**	**2015**
Budgetary basis operating funds						
Revenues	39,465	38,316	35,786	34,120	32,873	33,097
Appropriations	39,960	38,014	36,021	34,704	33,967	33,125
Lapsed appropriations and GAAP adjustments*	296	420	508	820	754	551
Net operating surplus	(198)	721	273	304	(340)	523
Net as % of appropriations	(0.5)	1.9	0.8	0.9	(1.0)	1.6
Ending budgetary fund balance§	1,513	1,712	991	718	482	823
Budgetary fund balance as % of appropriations	3.8	4.5	2.8	2.1	1.4	2.5
GAAP basis- combined general fund (GF) and property tax relief fund (PTRF)						
Revenues	N/A	55,338	52,214	50,466	48,578	50,721
Expenditures	N/A	52,064	49,736	48,754	50,181	51,272

New Jersey -- Financial Results (cont.)

(Mil. $)

	--Fiscal year-end June 30--					
	2020e	**2019**	**2018**	**2017**	**2016**	**2015**
Net transfers	N/A	(2,341.4)	(1,528)	(944)	1,059	1,705
Net	N/A	933	950	768	(543)	1,154
Total GF and PTRF balance	N/A	6,593	5,661	4,711	3,942	4,486
As a % of expenditures	N/A	12.7	11.4	9.7	7.9	8.7
Available assigned and unassigned balance	N/A	1,707	991	751	463	806
As a % of expenditures	N/A	3.3	2.0	1.5	0.9	1.6

*Reflects restatement of GAAP balance in 2017. §Includes surplus revenue fund, but does not include constitutionally dedicated open space reserve.e--Estimated in governor's fiscal 2021 executive budget released February 2020, for a June 30, 2020, fiscal year-end. The state has since extended the 2020 fiscal year to Sept. 30. GAAP--Generally accepted accounting priciples. N/A--Not applicable.

Ratings Detail (As Of April 29, 2020)

Garden State Preservation Trust sales tax (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
Garden State Pres Trust open space & farmland pres rfdg bnds		
Long Term Rating	BBB+/Negative	Outlook Revised
Garden State Pres Trust sales tax (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
Garden State Pres Trust sales tax (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey GO (AMBAC)		
Unenhanced Rating	A-(SPUR)/Negative	Outlook Revised
New Jersey GO (BAM)		
Unenhanced Rating	A-(SPUR)/Negative	Outlook Revised
New Jersey GO (BAM) (SECMKT)		
Unenhanced Rating	A-(SPUR)/Negative	Outlook Revised
New Jersey GO (BAM) (SECMKT)		
Unenhanced Rating	A-(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
Casino Reinvestment Dev Auth, New Jersey		
New Jersey		
Casino Reinvestment Dev Auth (New Jersey) luxury MISCTAX		

Da451

Ratings Detail (As Of April 29, 2020) (cont.)		
Long Term Rating	BBB+/Negative	Outlook Revised
Casino Reinvestment Dev Auth (New Jersey) luxury MISCTAX (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Bldg Auth, New Jersey		
New Jersey		
New Jersey Bldg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Bldg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Bldg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Bldg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Bldg Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth, New Jersey		
New Jersey		
New Jersey Econ Dev Auth (New Jersey) approp (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) cigarette MISCTAX		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) cigarette MISCTAX (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) motor veh MISCTAX		
Long Term Rating	BBB+/Negative	Affirmed
New Jersey Econ Dev Auth (New Jersey) motor veh MISCTAX		
Unenhanced Rating	BBB+(SPUR)/Negative	Affirmed
New Jersey Econ Dev Auth (New Jersey) motor veh MISCTAX		
Unenhanced Rating	BBB+(SPUR)/Negative	Affirmed
New Jersey Econ Dev Auth (New Jersey) motor veh MISCTAX (BHAC)		
Unenhanced Rating	BBB+(SPUR)/Negative	Affirmed
New Jersey Econ Dev Auth (New Jersey) motor veh MISCTAX (MBIA) (National)		
Unenhanced Rating	BBB+(SPUR)/Negative	Affirmed
New Jersey Econ Dev Auth (New Jersey) transp proj bnds (New Jersey) (New Jersey Transit Corp) ser 2020A dtd 01/16/2020 due 11/01/2029-2040 2044		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised

Ratings Detail (As Of April 29, 2020) (cont.)		
New Jersey Econ Dev Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Affirmed
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Affirmed
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised

Ratings Detail (As Of April 29, 2020) (cont.)		
New Jersey Econ Dev Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (wrap of insured) (AMBAC & ASSURED GTY) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (wrap of insured) (AMBAC & BHAC) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (wrap of insured) (FGIC & ASSURED GTY) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (AGM) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (AMBAC)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised

Ratings Detail (As Of April 29, 2020) (cont.)		
New Jersey Econ Dev Auth (New Jersey) APPROP (AMBAC)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (ASSURED GTY)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (FGIC) (National)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APPROP (MBIA) (National)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) APROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Econ Dev Auth (New Jersey) (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Educl Facs Auth, New Jersey		
New Jersey		

Ratings Detail (As Of April 29, 2020) (cont.)		
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Affirmed
New Jersey Educl Facs Auth (New Jersey) APPROP (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP (AMBAC)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP (AMBAC)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Educl Facs Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Hlth Care Facs Fincg Auth, New Jersey		
New Jersey		
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised

Ratings Detail (As Of April 29, 2020) (cont.)		
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Hlth Care Facs Fincg Auth (New Jersey) APPROP (MAC) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Sports & Expo Auth, New Jersey		
New Jersey		
New Jersey Sports & Expo Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Sports & Expo Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Sports & Expo Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Sports & Expo Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Sports & Expo Auth (New Jersey) APPROP (MBIA)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Sports & Expo Auth (New Jersey) 2007B sub series B-1 B-2 & B-3 APPROP (RMKTD)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Sports & Expo Auth (New Jersey) 2007B sub series B-1 B-2 & B-3 APPROP (RMKTD)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth, New Jersey		
New Jersey		
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised

Ratings Detail (As Of April 29, 2020) (cont.)		
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP		
Long Term Rating	BBB+/Negative	Outlook Revised
Unenhanced Rating	NR(SPUR)	
New Jersey Transp Trust Fd Auth (New Jersey) APPROP RMKT ser 2019BB-1		
Long Term Rating	BBB+/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (wrap of insured) (AMBAC) (BHAC) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (wrap of insured) (ASSURED GTY & FGIC) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (wrap of insured) (MBIA) (BHAC) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (AGM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (AMBAC)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM) SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM) (SECMKT)		

Ratings Detail (As Of April 29, 2020) (cont.)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BAM) (SECMKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (BHAC) (FGIC) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (FGIC) (National)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (MBIA) (ASSURED)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (MBIA) (National)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
New Jersey Transp Trust Fd Auth (New Jersey) APPROP (National) (MBIA)		
Unenhanced Rating	BBB+(SPUR)/Negative	Outlook Revised
South Jersey Port Corp, New Jersey		
New Jersey		
South Jersey Port Corp (New Jersey) marine term MORALOB		
Long Term Rating	BBB-/Negative	Outlook Revised
South Jersey Port Corp (New Jersey) marine term MORALOB (AMT)		
Long Term Rating	BBB-/Negative	Outlook Revised
South Jersey Port Corp (New Jersey) marine term MORALOB (ASSURED GTY)		
Unenhanced Rating	BBB-(SPUR)/Negative	Outlook Revised
South Jersey Port Corp (New Jersey) MORALOB		
Long Term Rating	BBB-/Negative	Outlook Revised
South Jersey Port Corp (New Jersey) MORALOB		
Long Term Rating	BBB-/Negative	Outlook Revised
South Jersey Port Corp (New Jersey) MORALOB		
Long Term Rating	BBB-/Negative	Outlook Revised

Many issues are enhanced by bond insurance.

EXHIBIT E

The US municipal market in the age of COVID

Chief Investment Office Global Wealth Management 11 May 2020

Assessment of the future of the municipal bond market

Notice: This version of the report redacts certain information related to individual securities to comply with regulatory requirements.

UBS

This report has been prepared by UBS Financial Services Inc. (UBS FS).
Analyst certification and required disclosures begin on page 12.

Contents

Note: An error in the chart title below has been corrected after publication of the original report on 11 May 2020.

Authors

Thomas McLoughlin
thomas.mcloughlin@ubs.com
212.713.3914

Theodore Galgano
theodore.galgano@ubs.com
212.713.2546

Jeannine Lennon
jeannine.lennon@ubs.com
212.713.3332

Kathleen McNamara, CFA, CFP
kathleen.mcnamara@ubs.com
212.713.3310

Sudip Mukherjee
sudip.mukherjee@ubs.com
212.713.9295

RESEARCH ASSISTANCE
Madeleine Diskin

DESKTOP PUBLISHING
Cognizant Group – Sunil Vedangi,
Pavan Mekala
John Choi

Cover photo: Getty Images

Dear reader,

Tranquility gave way to trauma in March as financial markets wrestled with the long-term ramifications of a global health care crisis. The World Health Organization's declaration of a pandemic on 11 March was a pivotal event in financial markets, undermining investor confidence and adding impetus to an abrupt stock market correction. The fixed income markets were not spared. Many investors abandoned traditional safe havens, including municipal bonds, in favor of cash and direct obligations of the US government. The anxiety level waned in April but the repercussions are still being felt, with mobility restrictions and 'shelter-in-place' orders posing a challenge for both the public and private sectors of the US economy.

In recent weeks, we have received an unprecedented number of inquiries regarding the credit quality of municipal bonds. This report first assesses the market's preexisting conditions. For decades, states and local governments have exhibited a high degree of resilience during economic recessions. Most will continue to do so, but there are storm clouds on the horizon. Public pension liabilities have continued to escalate, while Medicaid expenditures now represent an even larger part of almost every state budget. We describe the market trauma associated with the novel coronavirus, as well as the fiscal and monetary initiatives unveiled by policy makers to treat the worst symptoms of the current crisis.

In subsequent sections of the report, we offer an assessment of eight of the largest and most frequently traded sectors of the municipal bond market. All will suffer to some degree from the contagion but some types of bonds are more likely to be adversely affected more than others. Our prognosis offers readers a credit outlook and investment view for each one. We conclude with an acknowledgment of the challenges ahead and a reminder that there is no substitute for 'knowing what you own.' The quality of individual credits in investor portfolios will assume ever greater importance in the weeks and months ahead.

Thank you for taking the time to read the report and to engage with us on this important topic.

Tom McLoughlin

Thomas McLoughlin
UBS CIO

States and local governments account for a majority of public sector infrastructure spending (in billions of USD)

Public infrastructure	Federal	State and local	Private
Schools	0.4	75.5	23.8
Highways	30.2	36.5	n/a
Drinking water	2.6	25.4	n/a
Mass transit	7.6	8.0	0.0
Energy	1.7	7.7	69
Telecommunications	3.9	n/a	68.6
Other	16.1	17.2	12.1
Total	**62.5**	**170.3**	**173.5**

Source: Elizabeth McNichol, Center for Budget and Policy Priorities, as of 10 August 2017, Municipal Securities Rulemaking Board, UBS, 2020

Introduction

For more than two centuries, the municipal bond market has provided states and local governments (and a variety of not-for-profit agencies) with inexpensive access to the capital markets. It is no exaggeration to say that America's infrastructure has been built with municipal bonds. The 'muni' market is exceptionally diverse, with more than 50,000 borrowers and dozens of different types of security pledges. States and local governments often receive the most media attention, but municipal bonds are also used by airports, hospitals, public utilities and housing agencies to finance improvements (Fig. 1).

State laws govern how and when a bond may be issued. More often than not, tax exempt bonds are structured with maturity dates that vary from one year through 30 or more years. This type of serial maturity structure allows borrowers to repay the debt incrementally over time. The net result is a market with 1 million separate securities and an aggregate par value of approximately USD 3.8 trillion (Fig. 2). That's about 60% less than the total amount of corporate debt outstanding, but with five times more issuers and thirty-three times more individual securities.

Despite its complexity, individual investors are nevertheless attracted to the asset class for two principal reasons. First and foremost, interest income is generally exempt from federal income taxation. Many state governments offer a similar incentive for their own residents, provided they purchase a bond from an agency within their own state. Second, historical default rates have been a fraction of those sustained by other fixed income asset classes. Most, though certainly not all, of the improvements financed with municipal bonds are essential components of our physical infrastructure and the contractual obligation to repay the debt is enshrined in state law.

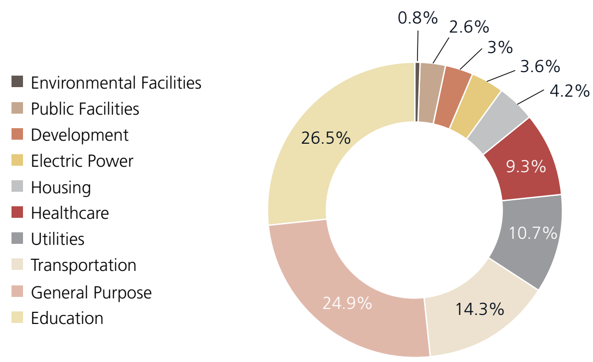
The composition of the market is illustrated in Fig. 3. With almost three-quarters of the market's assets held by individuals, either directly or through mutual funds, trading activity tends to be more limited than other asset classes. Indeed, with less than .3% of the market traded on any given day, it's fair to say that municipal bonds are a buy-and-hold asset class. This fact has important repercussions, as the market tends to follow a regular cycle of relative tranquility for a few years, interspersed with periodic traumatic events that shake investor confidence and lead to substantial sell-offs.

When the appetite for municipal bonds declines, as it did in March, individual investors redeem shares in mutual funds and seek buyers for their individual bonds. If they do so abruptly, the market has fewer institutional customers ready to pick up the slack. The net result is a period of dislocation, where prices are reset at levels that convince investors that municipals have been oversold. Once a degree of equilibrium is found, prices tend to gradually improve.

Figure 1

10 year average issuance by sector

In %

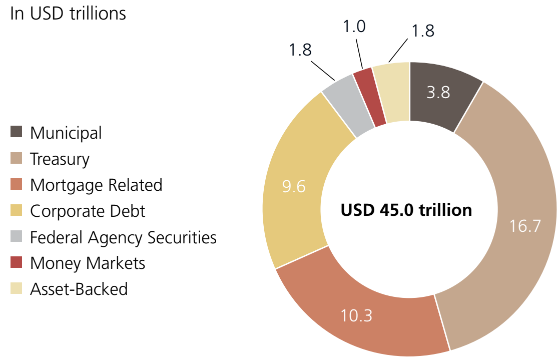


Source: Bond Buyer, UBS

Figure 2

Total US Bond Market Debt

In USD trillions

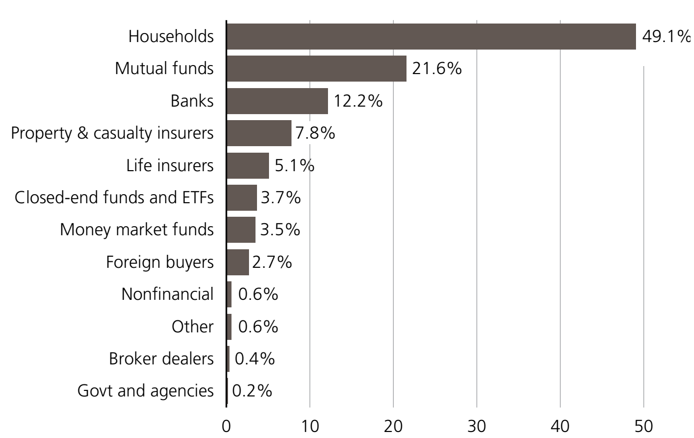


Source: SIFMA as of 31 December 2019, UBS

Figure 3

Ownership of municipal bonds

In % of total outstanding



Source: Federal Reserve Board, Flow of Funds Accounts, 4Q 2019, UBS

Preexisting conditions

The Great Recession left an indelible mark on state and local government budgets, leaving many of them in tatters. Structural deficits were commonplace, with demands for social services outstripping the financial resources available to many cities and towns. The subsequent economic recovery was a blessing, but it still took another four years before public sector budgets began to resemble life before the financial crisis.

The longest economic expansion in American history came to an abrupt halt eight weeks ago. The spread of the coronavirus raised mortality rates and compelled governors and mayors to enforce mobility restrictions to avoid overwhelming the public health system. In the process, public sector budgets have been shattered and rainy day funds all but eliminated. The pandemic highlighted some of the underlying conditions that pose the greatest threat to the health of borrowers in the municipal bond market.

Pensions and other post-employment liabilities increase
Public sector pension plans are notable for the high proportion of employees who enjoy a defined benefit payment upon retirement. Unlike most employers in the private sector, who have long since made the transition to defined contribution plans, public sector employers are much more likely to provide a guaranteed monthly check to their former employees upon retirement.

The required employer contributions have increased as benefits expanded and investment returns failed to meet expectations. Even in the best of times, very few governments are able to make their full required contribution to the public pension plan while simultaneously reserving enough cash for future post-employment medical benefits.

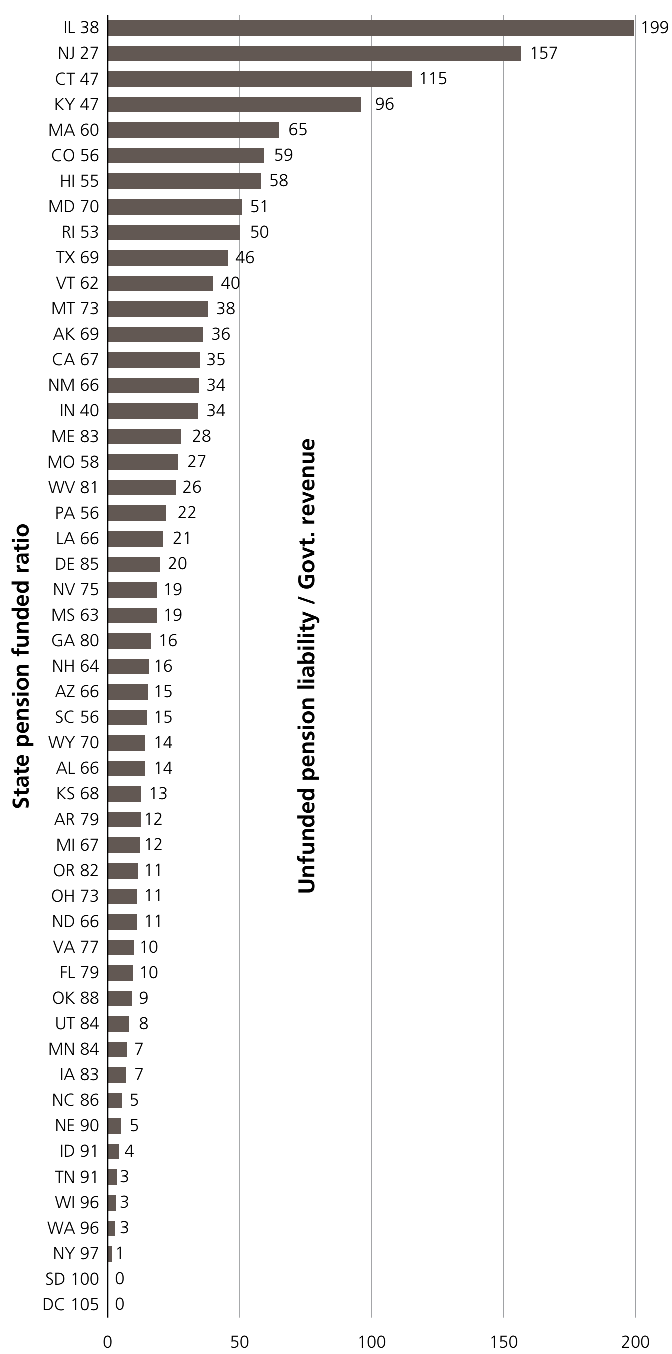
Medicaid expenses grow
According to Pew Research, state governments together spent approximately 17 cents of every dollar they generate through taxes and fees to provide Medicaid health care coverage to their citizens with lower incomes. Medicaid now represents the second largest expense for state governments after primary and secondary education. Higher enrollment levels have been the principal driver in the growth of health care funding. There were twice as many people enrolled in the program in 2017 than was the case in 2000. As one might expect, the surge in coronavirus cases and subsequent economic dislocations will drive further reliance on Medicaid and place additional pressure on state budgets.

Reliance on economically sensitive revenue
State and local government budgets are exceptionally sensitive to macroeconomic conditions. Those states that rely most heavily on personal income tax revenues, such as California and New York, often see their collections plummet when their citizens' capital gains decline. Other governments rely on taxes directly tied to consumption. The sales tax is the most notable example but tourism also generates revenue from taxes tied to hotel rooms and automobile rentals. Even sports and entertainment facilities generate taxes, either directly on tickets sales or indirectly through the purchase of food and merchandise.

Figure 4

Pension funding metrics for 50 US states

In %



Source: Merritt Research, InvestorTools, UBS, as of 27 April 2020

Da465

Trauma: a shock to the system

Munis witness severe market dislocation
Municipal bonds have a tendency to exhibit intermittent price volatility. The dominant buyers of munis are individual investors that tend to 'buy and hold' their securities for longer periods of time. When financial markets sustain a shock to the system, be it from a terrorist attack or a severe economic recession, individual investors often seek shelter in cash or US government securities. As they sell their holdings of individual bonds and redeem mutual fund shares, the traditional relationship between municipal bonds and Treasury securities becomes untethered.

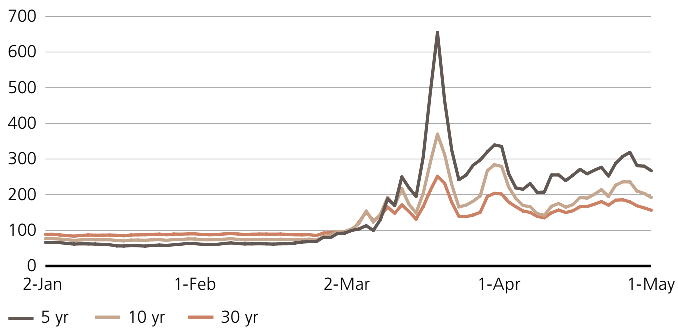
We saw this pattern repeated again in March. The dislocation was unprecedented, with wide swings in relative value during the first quarter, moving from richly valued to extraordinarily cheap in just a few weeks. The AAA muni-to-Treasury yield (m/T) ratios at the 5-year, 10-year, and 30-year spots surged to reach new historical highs of 654%, 369%, and 251%, respectively, in March, before reversing course (Fig. 5). The ratios declined in April but remain elevated, which suggests that traditional muni buyers remain concerned about the health of state and local governments.

Municipal high yield is still highly exposed
Spreads on high yield munis jumped by 145bps over the past nine weeks and, in our view, are still vulnerable to further spread widening in the months ahead (Fig. 6). The sector includes many credits that rely on economic growth to sustain more speculative projects and often operate with narrow margins in the best of times. They are susceptible to losses from the global pandemic and warrant closer scrutiny. By contrast, investment grade has held up much better than high yield munis on a year-to-date basis (Fig. 7).

Figure 5

Municipal market dislocation remains

AAA muni-to-Treasury yield ratio, in %

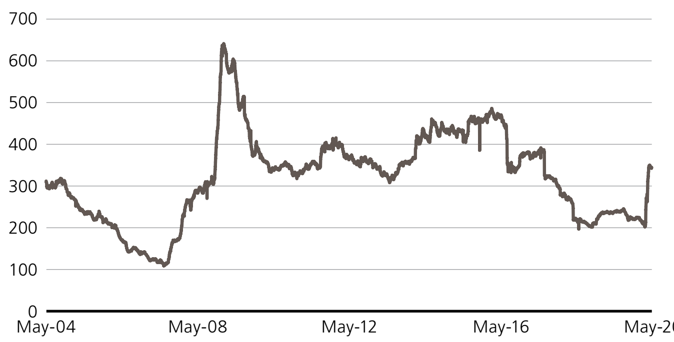


Source: MMD, UBS, as of 5 May 2020

Figure 6

Muni high yield minus muni investment grade yield

Spread, in bps

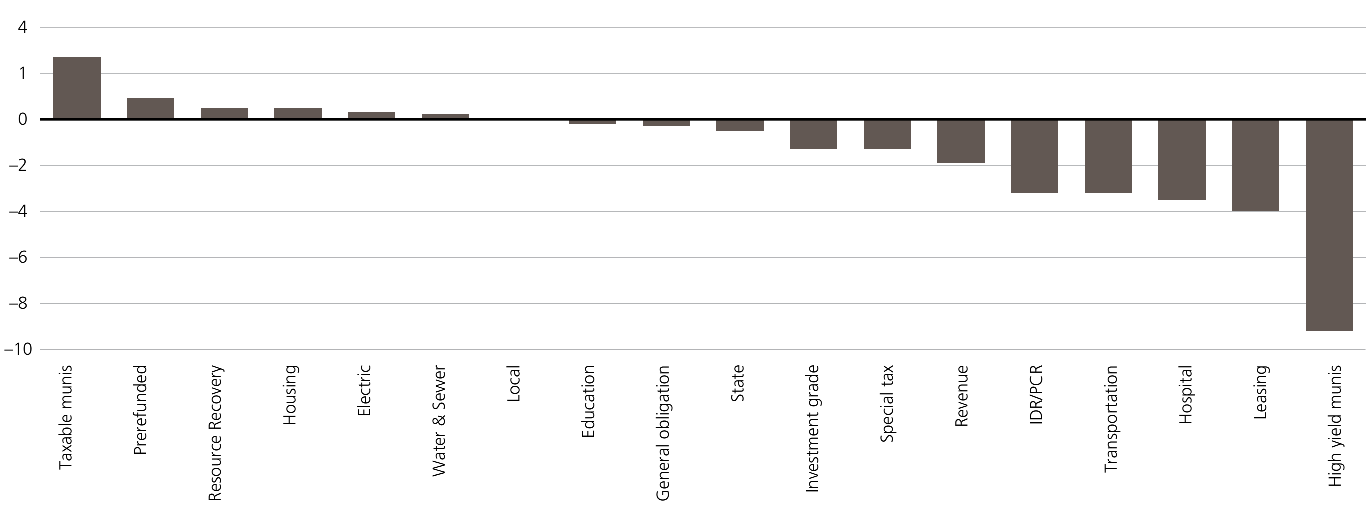


Source: Bloomberg Barclays muni indices yield-to-worst, UBS, as of 4 May 2020

Figure 7

Municipal total returns by sector year-to-date

Total return, In %



Source: Bloomberg Barclays municipal bond indices, UBS, as of 4 May 2020

Diagnosis and Treatment: *Monetary policy*

The Great Recession of 2008 was prompted by a financial crisis stoked by opaque corporate balance sheets, inflated asset values, and excessive leverage. The arrival of COVID-19 in 2020 poses an altogether different type of challenge. This is an exogenous shock to the system, which undermined an otherwise healthy economy. In lieu of a traditional recession, we are in the midst of what might be called the Great Cessation.

Economic activity in some sectors of the economy has effectively ceased to exist, driving unemployment to extraordinary levels and imperiling the livelihood of many citizens. The severity of the economic contraction will depend upon the duration of mobility restrictions and whether an easing of those constraints triggers a resurgence of viral infections. In the meantime, policy makers in Washington have taken unprecedented steps to stabilize the US economy and to sow the seeds for a recovery.

Monetary policy response

We're seeing monetary policy being implemented on an unprecedented scale. The Federal Reserve responded aggressively to the contraction in credit availability with ample injections of liquidity. The Fed has acted faster and more forcefully than it did 12 years ago in an effort to slow the spread of contagion among households and businesses (Fig. 8).

The central bank also has exhibited a greater willingness to support the municipal bond market than in any prior recession. Among an array of other initiatives, the Fed expanded the eligibility requirements for its Money Market Mutual Fund Liquidity Facility to encompass municipal bonds. The Municipal Liquidity Facility should ease some of the concerns over the prospect of cash flow constraints among cities and counties.

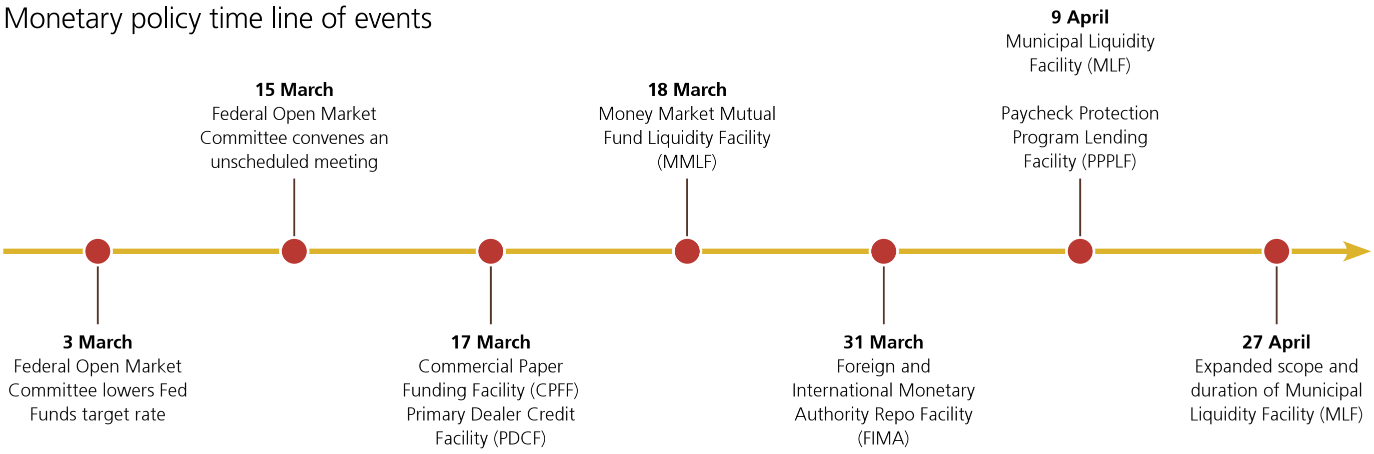
Figure 8

US Federal Reserve monetary policy and credit facilities, through 27 April

Federal Open Market Committee lowers Fed Funds target rate	3 March	Fed Funds reduced by 50 basis points; Open Market Desk directed to reinvest all principal payments from agency and mortgage backed securities
Federal Open Market Committee convenes an unscheduled meeting	15 March	Fed Funds target rate reduced to 0–.25%; depository institutions encouraged to use discount window
Commercial Paper Funding Facility (CPFF)	17 March	Support the US commercial paper market by providing a liquidity backstop to issuers of commercial paper
Primary Dealer Credit Facility (PDCF)	17 March	Funding to primary dealers to facilitate credit availability to business and households
Money Market Mutual Fund Liquidity Facility (MMLF)	18 March	Assist money market funds in meeting surge in redemption demands by institutional and retail investors
Primary Market Corporate Credit Facility (PMCCF)	23 March	Provide credit to large employers to enable them to maintain business operations and production capacity
Secondary Market Corporate Credit Facility (SMCCF)	23 March	Support the provision of credit to large employers by providing liquidity for outstanding corporate bonds
Term Asset Backed Securities Loan Facility (TALF)	23 March	Enable issuance of asset backed securities backed by consumer receivables (credit cards, auto loans etc.) to support the flow of credit
Foreign and International Monetary Authority Repo Facility (FIMA)	31 March	Maintain the flow of credit to U.S. households and businesses by reducing risks to U.S. financial markets caused by financial stresses abroad.
Main Street Expanded Loan Facility (MSELF)	9 April	Provision of loans to companies that either employ to 10,000 workers or generate less than USD 2.5 billion in revenue
Paycheck Protection Program Lending Facility (PPPLF)	9 April	Supply liquidity to financial institutions to enhance the effectiveness of the SBA paycheck protection program
Municipal Liquidity Facility (MLF)	9 April	Supports provision of critical public services by providing up to USD 500 billion in direct lending to states and municipalities
Expanded scope and duration of Municpal Liquidity Facility (MLF)	27 April	The maximum term of securities purchased by the Fed extended to 36 months; minimum population threshold reduced

Source: Liberty Street Economics, New York Federal Reserve Bank, St. Louis Federal Reserve Bank, UBS, 2020

Monetary policy time line of events



Da467

Diagnosis and Treatment: *Fiscal policy*

While the Fed appears committed to a virtually unlimited program of quantitative easing and more relaxed bank capital rules, Congress has been equally aggressive in the area of fiscal policy. Four separate bills have passed Congress and been enacted with the president's signature (Fig. 9). The largest of these, the Coronavirus Aid, Relief & Economic Security Act (CARES) was more than twice as large as the signature legislation passed during the last recession – the American Recovery and Reinvestment Act of 2009 (ARRA) as shown in Fig. 11.

The CARES Act incorporated explicit provisions for aid to states and local governments. The inclusion of aid for the public sector was instrumental in stabilizing municipal bond prices in late March. By the end of the month, municipals registered losses of less than 1% for the first calendar quarter. Among other provisions, the Act provided relief for individuals through tax rebates, enhanced unemployment benefits, and directed aid to public facilities such as hospitals and airports (Fig. 10).

We expect negotiations over a fourth major stimulus bill to commence later this month. (The *Paycheck Protection Program and Health Care Enhancement Act* is generally viewed as 'stimulus 3.5' inside the Washington Beltway.) The House is likely to seek more aid for the public sector, arguing that cities and counties have incurred significant costs in the battle against COVID-19. The Senate appears more reluctant to write a blank check to states and local governments and is likely to demand the inclusion of provisions to shield businesses and health care providers from coronavirus claims. Enactment of the next round of legislation is likely to be more challenging than the first four.

Figure 9

Fiscal policy legislation

	Enacted
Coronavirus Preparedness and Response Supplemental Appropriation Act of 2020	6 March
Families First Coronavirus Response Act	18 March
Coronavirus Aid, Relief and Economic Security Act	27 March
Paycheck Protection Program and Health Care Enhancement Act	24 April

Source: UBS, as of 7 May 2020

Figure 10

Coronavirus Aid, Relief and Economic Security Act

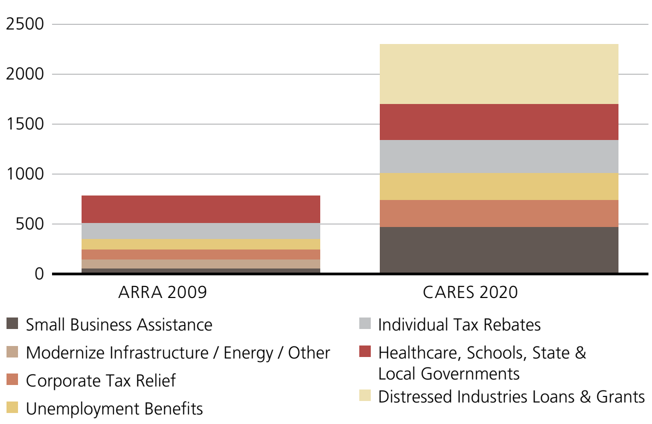
	Estimated cost (in USD bn)
Loans & Guarantees: Large Businesses & Governments	510
Small Business Loans & Grants	377
One-Time Checks (Rebates for eligible taxpayers)	290
Business Tax Reductions	~280
Expansion of Unemployment Benefits	260
Incremental Health-Related Spending	~183
Support for State & Local Governments	150
Support Transportation Providers & Industries	72
Increase (FEMA) Disaster Assistance	45
Support the Safety Net (SNAP, housing, family services)	42
Increase Education Spending	>32
Other spending	>25
Reduce Individual Taxes	~20
TOTAL	**~2.3 trillion**

Source: Committee for a Responsible Federal Budget, as of 26 March 2020

Figure 11

Comparing ARRA 2009 and CARES 2020 funding

In USD bn

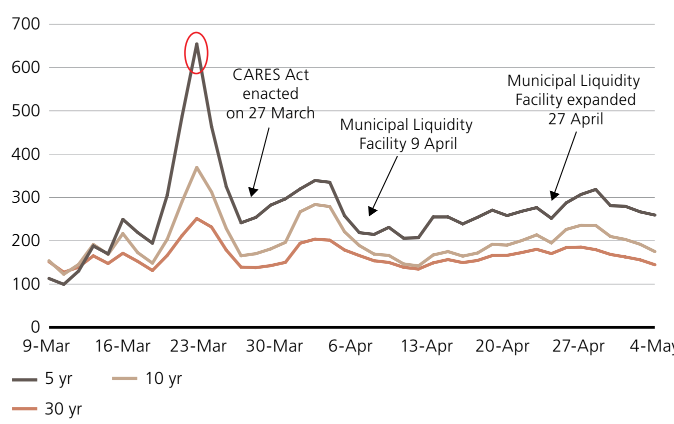


Source: Bond Buyer, UBS, as of 30 April 2020

Figure 12

Muni market dislocation amid COVID-19

AAA muni-to-Treasury yield ratios, in %



Source: MMD, UBS, as of 6 May 2020

Da468

Prognosis: the outlook for selected sectors

Introduction

The global pandemic has generated an unprecedented level of economic and financial stress but some segments of the market have been affected more adversely than others. In the following pages, we offer a perspective on eight bond sectors. There will be a substantial degree of variation among individual credits within each sector with regard to both credit quality and investment performance. We are obliged to remind readers that an individual credit within a riskier sector may still represent a good value because its credit quality is better than its peers or because the bond has been temporarily mispriced by the market.

Water & Sewer — Outlook: Lower risk

Sector Impact	Policy Response	Credit Outlook	Investment view
• Limited adverse effect for providers of essential public service • Customers tend to prioritize the payment of water & sewer bills • Possibility of some reduction of demand based on the make-up of customer base • Good liquidity, stable operations and sound debt service coverage are a hallmark of the sector. Issuers typically maintain fully funded debt service reserve funds	• There has been no direct support for water & sewer facility providers	• Stable outlook based on essentiality of service and limited impact on customer demand • Credit risks in this sector are likely to be more idiosyncratic, based upon the utility's reliance on a single customer or a limited rate base • For issuers with a residential tax base make sure per capita income levels are in line with or above national averages • Downgrade and default risk remain low	• Investors should look to add to their utility holdings in this sector • Verify the issuer's customer base is diversified and not reliant on any single industry

Electric Utilities — Outlook: Lower risk

Sector Impact	Policy Response	Credit Outlook	Investment view
• Despite a decline in aggregate load demand, the sector is resilient • Essential services nature and self-regulated rate-setting ability lessens adverse impact • Some liquidity pressures, decline in fixed cost coverage ratios and increase in bad debts are likely • Decline in power purchase and fuel costs and ongoing de-leveraging trends provide partial offsets	• CARES Act did not provide any direct assistance to the sector • Utilities may indirectly benefit from federal support for highly impacted economic sectors, individuals and small businesses	• Stable overall with moderate decline in key sector medians • Utilities in weaker economic areas and/or with high industrial / commercial load demand profiles are relatively more exposed • Some utilities may face potential pressures to increase excess fund transfers to local / state governments • Utilities undertaking large capex programs face some additional uncertainties • Downgrade and default risk remain low	• We expect lower price and spread volatility compared to other major municipal sectors • Investors with conservative and moderate risk appetite should look to increase allocation to this sector

Da469

Prognosis: the outlook for selected sectors

Healthcare

Outlook: Higher risk

Sector Impact	Policy Response	Credit Outlook	Investment view
• Substantial revenue and margin pressure from deferral/cancellation of elective procedures • Liquidity resources will be tested • Changes in business model will be accelerated post COVID-19. Technology, telemedicine, consolidation, risk based pricing will impact economics • Intense operational pressures in hotspots are receding but risks of flaring up again remain	• CARES Act provides substantial financial help (USD 100 bn) • Will not be sufficient in fully alleviating financial pressures • Allocation so far (USD 30 bn) based on Medicare revenues. Hospitals dependent on Medicaid or have high levels of indigent care face greater uncertainty • FDA's approval of Remdesivir may reduce hospitalization stays, alleviating some operating pressures • Healthcare policy post elections remains a major open question	• Overall negative with decline in key metrics • Large multi-state systems and hospitals with strong liquidity better positioned to navigate stress and change. Smaller rural hospitals more exposed • Credit downgrades are likely • Default risk is comparable to corporates and is substantially higher than other muni sectors (e.g., water sewer)	• Substantial differentiation within credits • Conservatively positioned investors should be cautious with new money investment as volatility is expected to remain high • Existing portfolios should rotate into stronger, larger names or reduce allocation to sector

Local Government

Outlook: Moderate risk

Sector Impact	Policy Response	Credit Outlook	Investment view
• Revenue and margin pressure from loss of sales and income tax revenues and reductions in state funding • Increased pension funding requirements due to poor investment returns will increase expenditure pressure • Liquidity will be strained • Tax revenues could remain below pre-COVID-19 levels for the next several years	• There has been limited support provided to local governments • Only 36 local governments qualified for direct aid under the CARES Act • The National League of Cities, which represents over 19,000 US entities, has requested USD 250bn in flexible aid	• Cautious credit outlook; strain on liquidity, and cuts in state-aid expected • Larger governments with strong balance sheets should weather the stress better • Tourism and oil based economies will be hardest hit. Municipalities less reliant on personal income and sales taxes will be subject to lower revenue volatility • Ratings volatility to be expected as default risk for weak issuers is elevated	• Conservatively positioned investors should be cautious with new money investment • Pricing and ratings volatility may increase when continuing disclosure is released or as states cut funding to local governments • Existing portfolios should rotate into stronger names • Higher risk tolerant clients may find values in beaten down names

Prognosis: the outlook for selected sectors

Private Higher Ed

Outlook: Higher risk

Sector Impact	Policy Response	Credit Outlook	Investment view
• Substantial near term student enrollment pressures, particularly international student enrollment • Decline in investment portfolios will add to the stress • Long term demographic trends in terms of high school graduation rates are unfavorable • "New Normal" post COVID-19 may upend business model; role of technology, shift to online classes • Affordability issues front and center; substantial focus on value of college education	• CARES Act provided very modest assistance • Unlike their public counterparts, private institutions are not likely to receive state support • Substantial policy uncertainty about federal student loans post elections	• Overall negative with decline in key metrics • Institutions with large endowments and strong brands are resilient and will adapt/lead changes to retain and strengthen market position • Smaller liberal arts colleges in the Northeast and Midwest face demographic and financial challenges. Those lacking a sizable endowment are highly exposed • Default risk of smaller institutions has risen appreciably	• We expect a large divide in terms of investment performance at credit level • Conservatively positioned investors should exit smaller credits • Better risk reward may be found in other municipal sectors

State governments

Outlook: Lower risk

Sector Impact	Policy Response	Credit Outlook	Investment view
• Revenue losses and expenditure increases have created significant budgetary pressures • Most state governments began 2020 with historically high reserves. Liquidity is now a significant issue for many states due to increased unemployment, abrupt declines in tax and fee revenue, and the deferral of tax payment deadlines • Likely see a growing trend of states looking for revenue in places which historically faced political opposition (cannabis, sports betting, casinos etc.)	• Active monitoring of state revenues and expenses resulting in revisions to both current and future year budgets • As states have depleted reserve funds, some have issued bonds or loans to fund their liquidity needs • Federal Medicaid reimbursement rate increased through year-end helps to offset a portion of states medical costs • Federal stimulus monies have provided only limited assistance thus far. Increased speculation that a fifth federal stimulus package will be directed to state and local governments	• Stable with declines in key financial metrics and a substantial increase in budgetary pressure expected • States with diverse economies and revenue streams will be better equipped to resume normal operations post- pandemic. Conversely, states whose economy is dependent on any one sector (e.g.: tourism or oil) will take longer to rebound and will likely see greater rating agency scrutiny • States with strong pension funding levels will be more resilient. Conversely, those who entered the pandemic with pension funding shortfalls will likely be most affected in the long-term • States represent some of the strongest credits in municipal finance. While we expect some downgrades, default risk remains low	• While we recommend that states should receive a healthy allocation in municipal portfolios, conservatively positioned investors should rotate into stronger names • State governments are likely to limit state aid to local governments, effectively shifting more credit risk to their political subdivisions. While many states are susceptible to rating revisions, the weakest among them are more exposed to price volatility (IL, NJ, CT, KY)

Prognosis: the outlook for selected sectors

Toll & Bridge Facilities

Outlook: Moderate risk

Sector Impact	Policy Response	Credit Outlook	Investment view
• Mobility restriction's has triggered abrupt declines in traffic and revenue which can be somewhat offset by facilities ability to raise toll rates • Traffic expected to ramp back up slowly as "shelter in place" restrictions are gradually lifted • Anticipate some restrictions to be removed by summer travel season • Future travel demand may be adversely affected by a shift towards more telecommuting	• There has been no direct support provided to toll facility operators • The International Bridge Tunnel & Turnpike Authority (IBTTA) sent a letter to Congressional leaders, on behalf of its 128 US members, requesting USD 9.2bn in flexible funding to offset losses in toll revenues expected over the next 12 months	• Cautious with decline in key metrics expected • Mature multi asset systems better positioned to navigate stress; New facilities and small geographically concentrated credits with toll free competition more exposed to downside risk • Issuers are well positioned with substantial cash available to pay expenses • Typical issuer has fully funded debt service reserve funds • Credit downgrades likely; payment default risk for large mature assets remains low	• Substantial differentiation within credits • Investors should monitor existing portfolio and may opportunistically increase exposures to highly rated mature assets that demonstrate strong liquidity

Airports

Outlook: Moderate risk

Sector Impact	Policy Response	Credit Outlook	Investment view
• Revenue and margin pressure from decline in air travel • Traffic expected to ramp back up slowly as restrictions are gradually lifted • Summer travel season will be adversely affected. Passenger demand will rebound more slowly than in the past after prior economic shocks • Enplanements are expected to remain below 2018 levels until a vaccine for COVID-19 is developed	• CARES Act provided significant relief to the Airport sector: USD 10bn in airport grants • Grants can be used for any legal purpose, e.g., operations, payment of debt service • USD 25bn in grants for airlines to pay employee wages, salaries and benefits • USD 25bn for airlines in the form of loans for operations • The Act also repealed (through 2020) the Ticket, Cargo and Aviation fuel taxes to reduce operating cost of airlines	• Cautious with decline in key metrics expected • Large hubs serving major population bases better positioned to navigate stress; airports with competition nearby and smaller regional airports are more exposed to downside risk • Most airports have ample cash on hand to support near term liquidity needs • Typical issuer has fully funded debt service reserve funds providing one year of debt service coverage • Credit downgrades likely; payment default risk for large airports remains low	• Substantial differentiation within credits • Investors should monitor their existing exposure and selectively add highly rated issuers that have experienced spread widening

Recovery: outlook for the future

Muni trends post-coronavirus

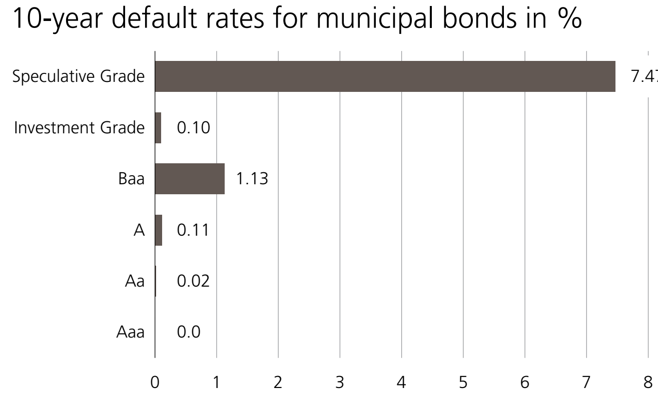
Pension funding ratios will fall	More governments will reduce or to defer their employer contributions. The funded status of many pension plans has declined despite a bull market in equities. For some governments, there are simply too few active employees to support a growing population of beneficiaries. The discount rates used to calculate the typical US municipality's pension liability are flawed. The current pandemic will run its course but the pension challenges will become more acute and be the principal driver of credit risk for states and local governments.
Transportation sector trauma	Mobility restrictions and social distancing requirements will impose a heavy burden on the transportation sector. Patronage on mass transit systems has plummeted. Remote work arrangements, which have proven to be more effective than skeptics might have imagined, will suppress a rebound in ridership. Airline passenger enplanements have also plunged, which will have a knock-on effect for airports. Major commercial airports have sufficient liquidity to ride out the worst of the pandemic but their underlying credit quality will take time to fully recover. Toll roads are better positioned than either mass transit or airports in the post pandemic world, but they too will suffer the consequences of a temporary reduction in rush hour congestion.
High yield to take a hit	High yield (speculative grade) munis were exceptionally popular among individual investors seeking better returns on invested assets. The spread between investment grade bonds and their more speculative cousins declined over time as buyers ignored the historical data in a never ending search for higher yields in a quantitative easing world (Fig. 13). We expect the severity of the current recession to result in a surge of defaults among high yield bonds. There are simply too many bonds secured by nursing homes, continuing care retirement communities, and economic development projects to reach a more benign conclusion.
Reexamination by rating agencies	Rating agencies are subject to a much higher degree of regulatory scrutiny today and they abhor the label of being a lagging indicator of credit quality. We expect them to reexamine their existing ratings for possible revision. Special attention will be paid to the borrowers' liquidity position and rating revisions will skew abruptly towards negative outcomes. For the vast majority of municipal borrowers, the revisions will be manageable and not interfere with their access to capital markets. For those already placed in the weakest categories, however, an adverse rating revision poses a more serious obstacle to future refinancings.
Credit quality is crucial	A renewed focus on credit quality will result in wider spreads among rating categories. This will likely result in greater dispersion in the performance of managed funds, renewed calls for better disclosure within the muni market, and less liquidity for unfamiliar names and smaller lot sizes. Credits with greater name recognition are likely to refinance outstanding debt to relieve budgetary pressure, which will drive up taxable bond issuance given the Tax Cuts and Job Act prospectively eliminated the issuance of advance refundings on a tax-exempt basis (while allowing issuers to refund such debt with federally taxable bonds).
Entertainment Facilities – Crowds have been silenced	Entertainment venues have been shuttered due to the social distancing requirements. When sporting events resume, they may do so without fans in the stadiums. This may lead to an event of default for some issuers depending on the type of pledged security offered to investors. These types of bonds can be secured by a variety of municipal revenues - ticket sales, parking revenue, sales taxes or general obligations. Some debt obligations will remain fairly stable, while others may become deeply distressed due to the loss of events.

Black swans are events that are catastrophic, rare and wholly unpredictable. The global pandemic satisfies the first requirement but not the third. There were plenty of warning signs that US reliance on global supply chains made us susceptible to illnesses arising elsewhere in the world. COVID-19 now poses the most severe challenge to municipal credit in living memory.

We expect the novel coronavirus to accelerate the day of reckoning for a public sector still struggling to come to grips with accumulated defined benefit pension liabilities. While the incidence of fiscal distress is rising, the real test will come next year when budget cuts will dominate the headlines. The unprecedented monetary and fiscal support for the economy will allow most municipal bond issuers to recover but the high yield sector is particularly exposed. As we await the development of therapeutic treatments and a vaccine, the past is no longer prologue.

Figure 13

10-year default rates for municipal bonds in %



Source: Moody's, US Municipal Bond Defaults and Recoveries, 1970–2018, 6 August 2019, UBS, as of 7 May 2020

Da473

Required disclosures

UBS does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of UBS research reports.

For a complete set of required disclosures relating to the companies that are the subject of this report, please mail a request to UBS CIO Wealth Management Research Business Management, 1285 Avenue of the Americas, 20th Floor, Avenue of the Americas, New York, NY 10019.

Analyst certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Statement of risk

Municipal bonds: Although historical default rates are very low, all municipal bonds carry credit risk, with the degree of risk largely following the particular bond's sector. Additionally, all municipal bonds feature valuation, return, and liquidity risk. Valuation tends to follow internal and external factors, including the level of interest rates, bond ratings, supply factors, and media reporting. These can be difficult or impossible to project accurately. Also, most municipal bonds are callable and/or subject to earlier than expected redemption, which can reduce an investor's total return. Because of the large number of municipal issuers and credit structures, not all bonds can be easily or quickly sold on the open market.

Agency credit ratings

S&P	Moody's	Fitch/IBCA	Definitions
Investment grade			
AAA	Aaa	AAA	Issuers have exceptionally strong credit quality. AAA is the best credit quality.
AA+ AA AA-	Aa1 Aa2 Aa3	AA+ AA AA-	Issuers have very strong credit quality.
A+ A A-	A1 A2 A3	A+ A A-	Issuers have high credit quality.
BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	Issuers have adequate credit quality, This is the lowest Investment Grade category.
Non-investment grade			
BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	Issuers have weak credit quality. This is the highest Speculative Grade category.
B+ B B-	B1 B2 B3	B+ B B-	Issuers have very weak credit quality.
CCC+ CCC CCC-	Caa1 Caa2 Caa3	CCC+ CCC CCC-	Issuers have extremely weak credit quality.
CC	Ca	CC	Issuers have very high risk of default.
D	C	D	Obligor failed to make payment on one or more of its financial commitments. This is the lowest quality of the Speculative Grade category.

Disclaimer

UBS Chief Investment Office's ("CIO") investment views are prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates ("UBS").

The investment views have been prepared in accordance with legal requirements designed to promote **the independence of investment research**.

Instrument/issuer-specific investment research – Risk information:
This publication is **for your information only** and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. It is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to UBS). All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report, and are subject to change without notice. This publication is not intended to be a complete statement or summary of the securities, markets or developments referred to in the report. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of UBS as a result of using different assumptions and/or criteria.

In no circumstances may this document or any of the information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed to represent and warrant to UBS that you will not use this document or otherwise rely on any of the information for any of the above purposes. UBS and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to/for the issuer, the investment instrument itself or to/for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by UBS and its employees may differ from or be contrary to the opinions expressed in UBS research publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, divisions or affiliates of UBS. Futures and options trading is not suitable for every investor as there is a substantial risk of loss, and losses in excess of an initial investment may occur. Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information.

Research publications from **CIO** are written by UBS Global Wealth Management. **UBS Global Research** is written by UBS Investment Bank. Except for economic forecasts, the research process of **CIO is independent of UBS Global Research**. As a consequence research methodologies applied and assumptions made by **CIO and UBS Global Research** may differ, for example, in terms of investment horizon, model assumptions, and valuation methods. Therefore investment recommendations independently provided by the two UBS research organizations can be different. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking, sales and trading or principal trading revenues, however, compensation may relate to the revenues of UBS as a whole, of which investment banking, sales and trading and principal trading are a part.

Tax treatment depends on the individual circumstances and may be subject to change in the future. UBS does not provide legal or tax advice and makes no representations as to the tax treatment of assets or the investment returns thereon both in general or with reference to specific client's circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein.

This material may not be reproduced or copies circulated without prior authority of UBS. Unless otherwise agreed in writing UBS expressly prohibits the distribution and transfer of this material to third parties for any reason. UBS accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. For information on the ways in which CIO manages conflicts and maintains independence of its investment views and publication offering, and research and rating methodologies, please visit www.ubs.com/research. Additional information on the relevant authors of this publication and other CIO publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your client advisor.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy

Disclaimer

of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

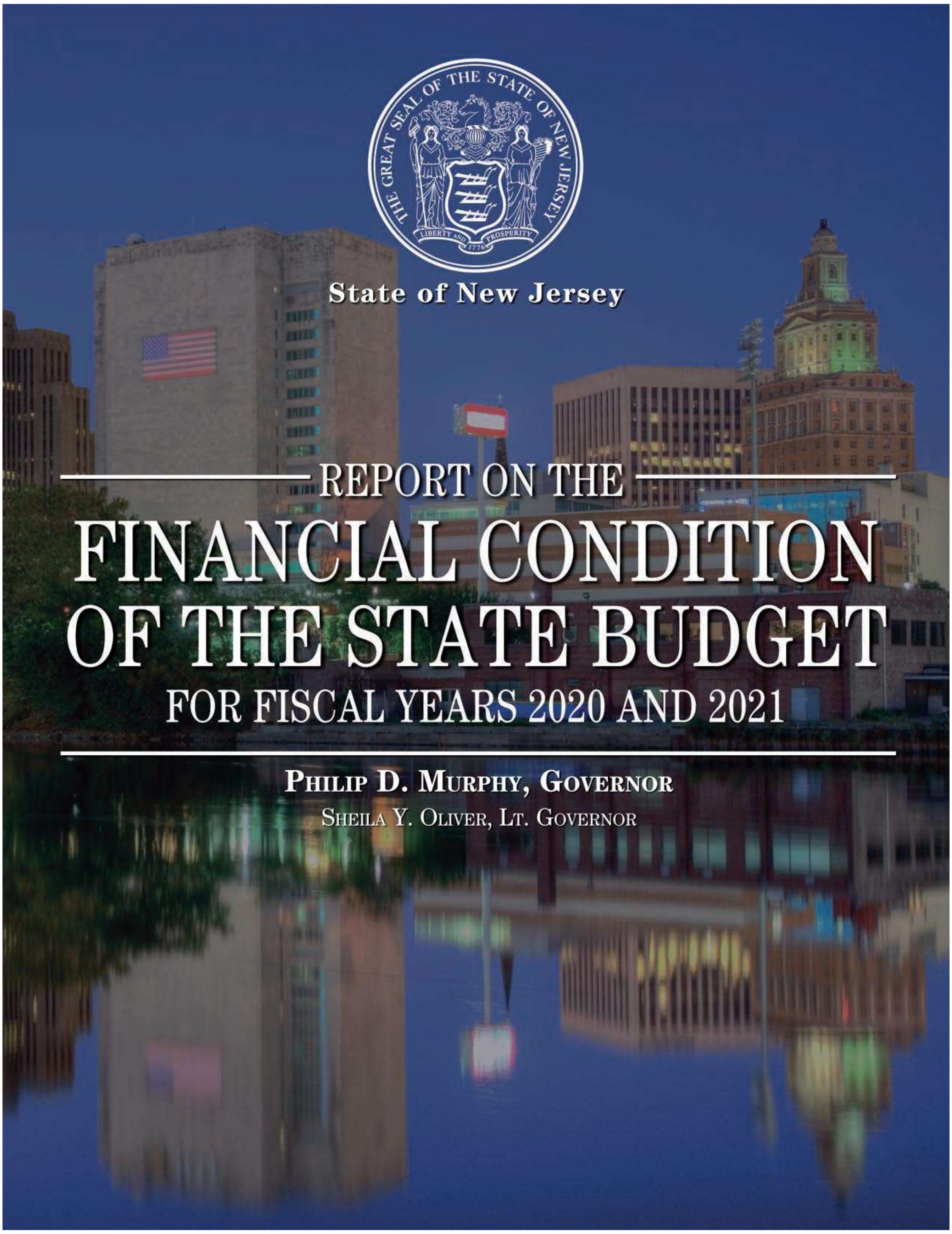
Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliarios Ltda, UBS Asesores Mexico, S.A. de C.V., UBS Securities Japan Co., Ltd, UBS Wealth Management Israel Ltd and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Version 01/2020. CIO82652744

EXHIBIT F


THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776
State of New Jersey
REPORT ON THE
FINANCIAL CONDITION
OF THE STATE BUDGET
FOR FISCAL YEARS 2020 AND 2021
PHILIP D. MURPHY, GOVERNOR
SHEILA Y. OLIVER, LT. GOVERNOR

State of New Jersey
Office of the State Treasurer
PO Box 002
Trenton NJ 08625-0002

PHILIP D. MURPHY
Governor
Sheila Y. Oliver
Lt. Governor

Elizabeth Maher Muoio
State Treasurer

May 22, 2020

Dear Senate President Sweeney, Assembly Speaker Coughlin, Minority Leaders Kean and Bramnick, and Members of the 218th Legislature:

Pursuant to the COVID-19 Fiscal Mitigation Act (P.L.2020, c.19), I present to you a report on the financial condition of the State budget for both Fiscal Years 2020 and 2021.

This report is designed to serve as a road map to help New Jersey begin to navigate what is essentially unchartered territory. We are not alone. All across the country, states are facing similar challenges that seemed inconceivable just a few short months ago.

As a state, we had made great strides over the last two years to improve our fiscal condition - making record payments into the pension system, increasing our surplus significantly, making our first rainy day fund deposit in a decade, substantially boosting funding for education and NJ TRANSIT, and reducing our reliance on one-shots and diversions.

However, the global pandemic sparked by COVID-19 has halted this progress in its tracks.

Based on a wide variety of economic assumptions, the State of New Jersey is potentially facing a combined revenue shortfall of nearly $10 billion over the remaining months of Fiscal Year 2020 and through the end of Fiscal Year 2021.

While there are many moving parts, what is clear is that a decline of this magnitude would be worse than the Great Recession. This means the sizeable surplus and rainy day fund we have built together will easily be depleted.

Managing this unprecedented fiscal crisis will require extremely difficult decisions in the weeks and months ahead, and will necessitate a combination of critically needed borrowing, budget and appropriation adjustments, and more robust federal assistance. While the enclosed report outlines the Administration's proposed path through the extended fiscal year ending September 30, 2020, we recognize the significant challenge that lies ahead in the development and passage of the FY2021 Appropriations. Act.

As we have already seen, times of great trial only increase the need for governmental services and leadership. Our primary goal from day one has been to ensure first and foremost that our departments and agencies have the resources they need to address this brutal health crisis. Now, we must work together with that same determination to address an unprecedented fiscal crisis and firmly position New Jersey on the road to recovery.

Sincerely,

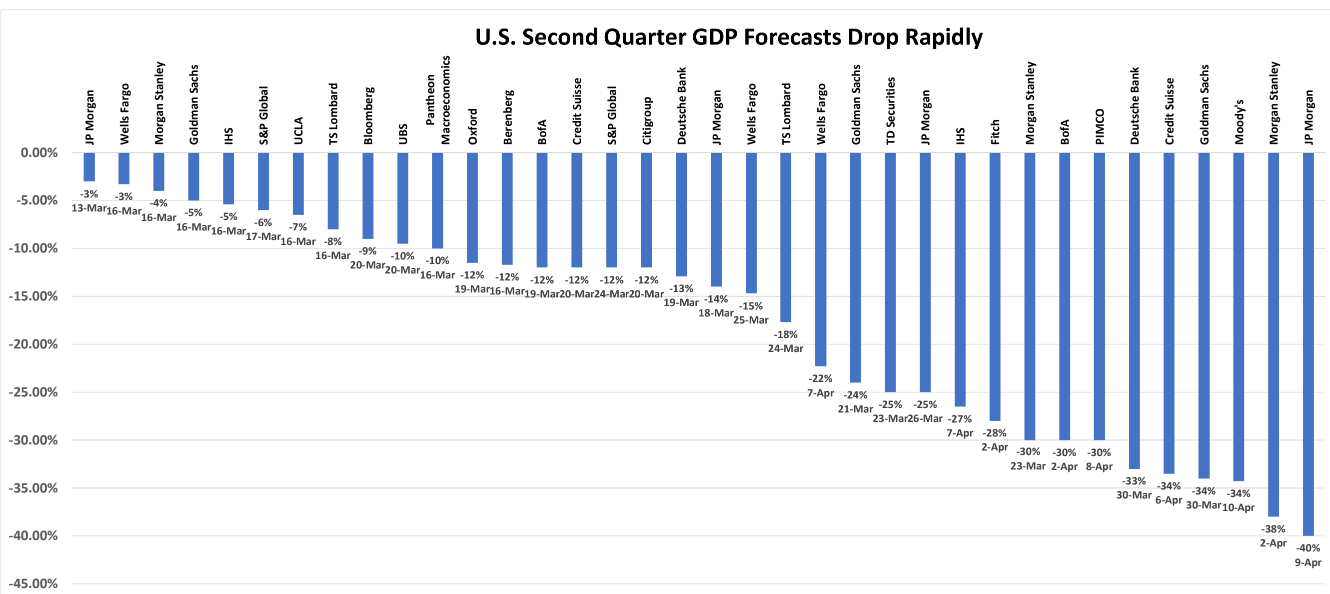
Elizabeth Maher Muoio
State Treasurer

Part 1: ASSESSMENT OF CURRENT ECONOMIC CONDITIONS

<u>Economic Conditions</u>

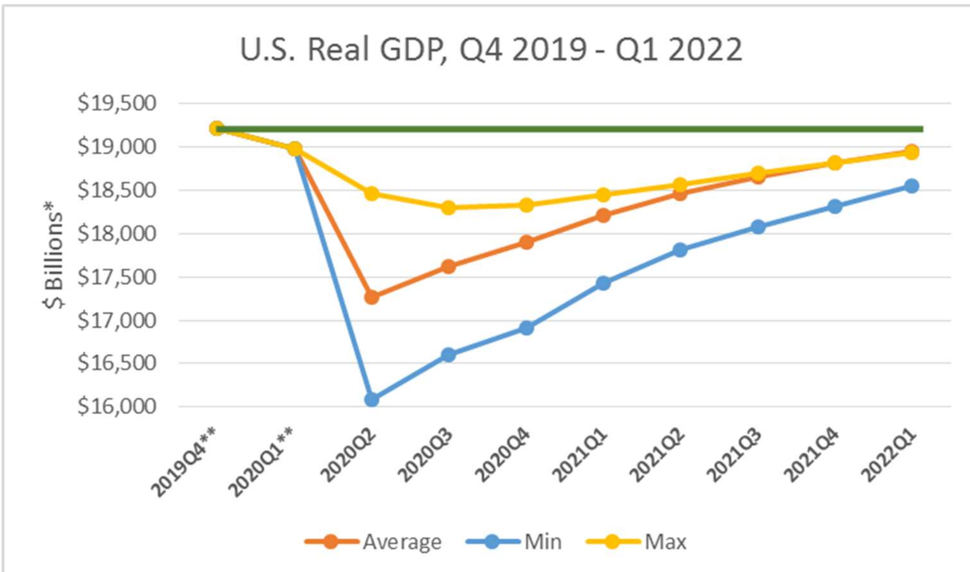
The onset of the COVID-19 health pandemic has created a global economic crisis that the world has not seen since the Great Depression nearly a century ago, and a health crisis not seen since the 1918 Spanish Flu pandemic. As a result, the Blue Chip Consensus Forecast is now predicting a 24.5 percent drop in national real GDP in the second quarter of 2020, with the range of individual forecasts varying from a 12.9 percent decline (average of the 10 "best case" forecasts) to a 36.9 percent decline (average of the 10 "worst case" forecasts).

The magnitude of the projected national real GDP decline in the second quarter is unprecedented, but so is the speed at which professional economic forecasters have revised their projections downward. In February most national forecasters were projecting low rates of growth for all quarters in 2020. Then, beginning in the middle of March and continuing for the next four weeks, as is shown in the graph below, most professional economic forecasters participated in a race to the bottom as forecasts plummeted. This rapidly devolving economic forecasting environment complicated an increasingly daunting revenue forecasting situation.



In little more than one month's time it has now become a foregone conclusion that both the national and state economies will enter a recession in 2020. The advance estimate of real GDP growth for the U.S. during the first quarter of 2020 shows that economic activity declined by 4.8 percent on an annualized basis. There is no question that real GDP growth will be negative during the second quarter. The only question is how severe and how lasting the drop will be.

The economic ramifications of the COVID-19 health pandemic are described well in an April 24th blog post by the Congressional Budget Office (CBO). Economists at the CBO are projecting economic activity for the U.S. to decline by 39.6 percent in the second quarter. While growth will rebound in the second half of 2020, averaging 17.0 percent during this time, followed by 2.8 percent growth in 2021, the CBO expects the actual dollar value of real GDP for the U.S. at the end of 2021 to be 6.7 percent *below* its pre-COVID-19 projection.



*Seasonally adjusted at annual rates. **Actuals.

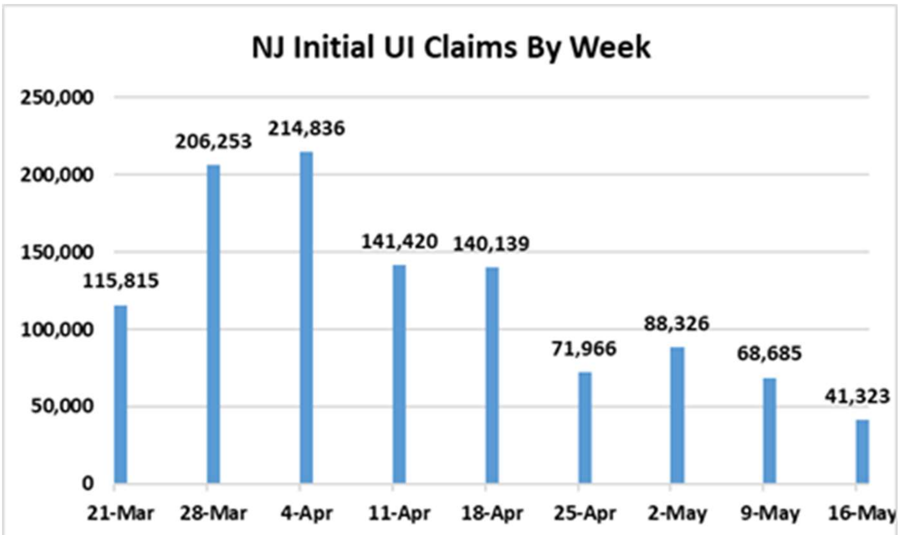
Note: Real GDP values are calculated based on the annualized quarterly rates of change reported by each firm included in the WSJ survey.

Source: Wall Street Journal Economic Forecasting Survey, May 8-12 2020 (https://www.wsj.com/graphics/econsurvey/); U.S. Bureau of Economic Analysis; OREA calculations.

Full recovery may take years. The graph above shows the range of projected real GDP trajectories through the first quarter (Q1) of 2022 based on survey responses from the May 2020 edition of the Wall Street Journal Economic Forecasting Survey. The minimum and maximum forecast lines represent the average quarterly GDP level of the five forecasts with the lowest Q2 2020 values and the five forecasts with the highest Q2 2020 values, respectively. While most forecasts are projecting positive growth beginning in Q3 2020, real GDP does not return to pre-COVID-19 levels (the horizontal green line in the graph) until mid-2022 at the earliest.

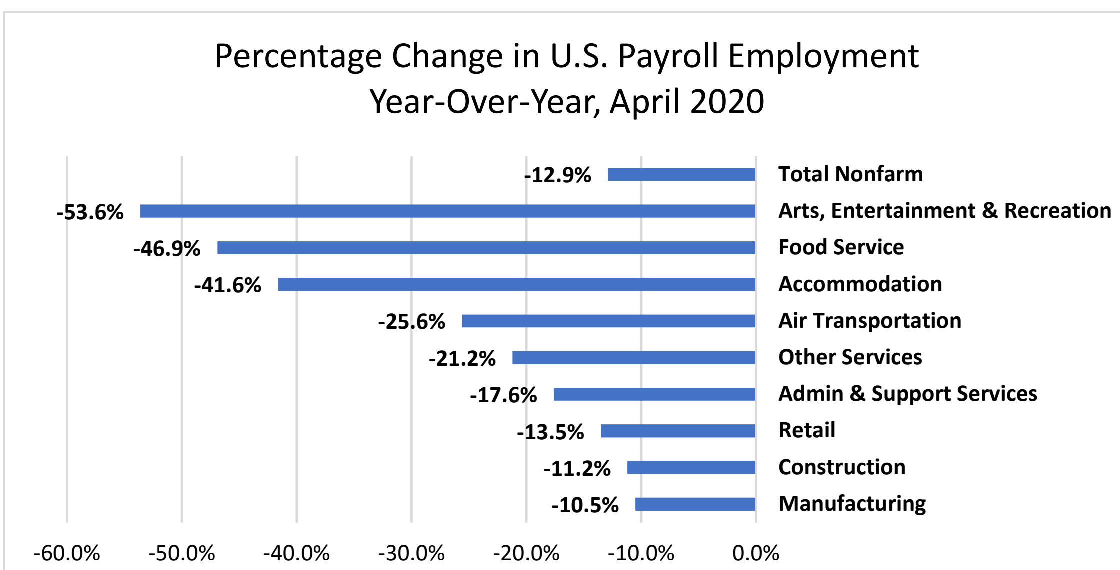
Based on a review of recent state-level forecast data, the trajectory of New Jersey's recession and recovery will be similar to that of the nation, reflecting the very real possibility that the state economy's productive output may not be fully restored to last year's levels for another two years or more.

The unemployment picture is also deteriorating rapidly. Nationally, over 38 million people have filed unemployment claims since the onset of the pandemic. In New Jersey the total claims filed (not all processed) since the pandemic began reached 1,088,763 through May 16. This total is equivalent to roughly 27 percent of the total insured in the state. The graph below displays initial unemployment claims by week; the weekly average for the period was 120,974. For comparison, the average number of weekly initial claims filed for the six-week period ending March 7 was 8,385.



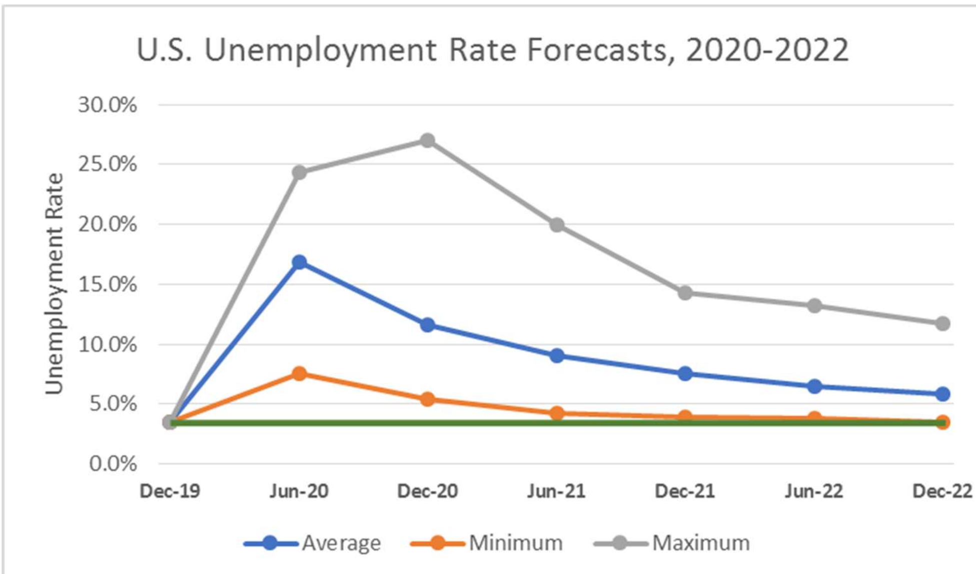
Source: U.S. Bureau of Labor Statistics.

The current surge in unemployment claims will have a significant impact on the reported monthly unemployment rate. In April, national unemployment rose to 14.7 percent, the highest level since the Great Depression nine decades ago, and payroll employment declined by 20.5 million jobs. The graph below shows the year-over-year employment growth rates for key sectors.



Source: U.S. Bureau of Labor Statistics.

New Jersey's unemployment rate rose to 15.3 percent in April. Those rates for both the state and the nation are expected to rise further in the short term and remain high well into next year. The CBO projects that the national unemployment rate will *average* 15.0 percent during the second and third quarters of 2020 and then begin to decline, reaching 9.5 percent by the end of 2021.



Source: Wall Street Journal Economic Forecasting Survey, May 8-12 2020 (https://www.wsj.com/graphics/econsurvey/).

The graph above displays the projected average, minimum and maximum national unemployment rates for June and December of 2020 through 2022 taken from the forecasts included in the Wall Street Journal's May 2020 Economic Forecasting Survey. While the direst forecasts see the national unemployment rate spiking over 20 percent in Q2 and continuing to climb through the remainder of the year, on average forecasters expect an increase to about 17 percent in June, followed by a slow decline that will not return the nation to its historic lows of late 2019 (3.5 percent) by the end of 2022.

Again, based on a review of non-public forecasts for New Jersey, the state's employment trajectory is expected to be similar to that of the U.S. average. As a point of reference, the national unemployment rate *peaked* at 10.0 percent during the 2008-09 Great Recession, while the New Jersey rate *peaked* at 9.8 percent.

The impact of the economic damage on New Jersey revenues will last well into Fiscal Year 2021 (FY21) and beyond. Spending will continue to be impacted well after the economic and social restrictions are lifted, as many residents will be in arrears on rent, utility bills and other debts that will need to be repaid. Although businesses will be able to re-open, they will face lower demand for their goods and services. They will also face several months of back-rent and supplier invoices that will need to be repaid. The job recovery is expected to be slow.

The revenue scenario described below assumes that New Jersey's "stay-at-home" order remains largely in effect through June (a period of three-and-a-half months). The experiences of other countries across the globe indicate that economic activity does not return to normal as soon as the lockdown expires. Social distancing measures will need to remain in effect in some form as long as the virus continues to spread or until a vaccine is found.

Part 2: UPDATE ON STATE REVENUES AND FORECASTS

Initial April Tax Revenue Data: Tax revenue collection figures for April provide a first look at the impact of the COVID-19 health pandemic on New Jersey. Overall, Treasury reported total collections fell $3.5 billion below April of 2019, down 59.7 percent. Sales Tax collections ended the month 13.7 percent lower than a year ago, while employer withholding fell about 7.0 percent for the comparable weeks in April. Meanwhile, corporate and individual tax filings plummeted by 60 percent to 90 percent, as taxpayers clearly availed themselves of the opportunity to delay payments from April to July, as temporarily allowed by law.

As bad as April collections were, May will be worse for many revenues. April Sales Tax collections reflect March sales. As it was not until the middle of the month that non-essential businesses were ordered to close, April collections do not fully capture the impact of the economic shutdown. Moreover, March sales benefitted from consumers buying in preparation for the lockdown. Similarly, unemployment insurance claims steadily rose over the course of April, suggesting that the full impact of the job losses will not be felt until May.

The Revenue Forecasts: The forecasts below are based on the best available information at this point in time and are subject to revision as the current, unprecedented landscape continues to evolve. It is important to note that the virus will dictate the outcome of this economic and health crisis and that prior economic downturns do not necessarily serve as appropriate models for forecasting purposes under the current conditions. As such, the situation will remain highly volatile for some time as states slowly ease out of lockdown during the summer and remain on watch for a possible resurgence of COVID-19 infections in the fall and winter. Moreover, *this current forecast does not assume a resurgence*. The forecast also does not include any new tax policy proposals for FY 2021 as recommended in the Governor's Budget Message (GBM), in order to provide a clean baseline for understanding budget planning needs during the current pandemic.

The following forecasts are displayed in the traditional **12-month** (July 1, 2019 to June 30, 2020) format of the FY 2020 Appropriations Act as enacted and as updated in the February 25 GBM, providing a uniform analytical baseline. FY 2020 revenues under the September 30 extended fiscal year are discussed later in this report.

FY 2020 and FY 2021 Revenue Forecast Summary

Millions of Dollars

	FY 2020 GBM	FY20 Revised May 22	FY 2020 Change	FY 2021 GBM	FY21 Revised May 22	FY 2021 Change
Gross Income Tax	$16,801.5	$15,890.6	-$910.9	$17,795.3	$13,840.4	-$3,954.9
Sales Tax	$10,406.5	$9,276.0	-$1,130.5	$10,774.0	$9,246.5	-$1,527.5
Corporation Business Tax	$3,897.0	$3,445.1	-$451.9	$3,831.0	$2,603.3	-$1,227.7
Other Revenues	$8,360.1	$8,121.5	-$238.6	$8,761.2	$8,264.3	-$496.9
Total Budget Revenues	**$39,465.1**	**$36,733.2**	**-$2,731.9**	**$41,161.5**	**$33,954.5**	**-$7,207.0**

These numbers are estimates and subject to change.

As is shown in the table above, FY 2020 budget revenues of $36.733 billion are projected to be $2.732 billion, or 6.9 percent, lower than the GBM forecast, while FY 2021 budget collections of $33.955 billion are projected to be $7.207 billion, or 17.5 percent, lower than the GBM.[1]

Thus, the estimated budget revenue shortfalls for FY 2020 and FY 2021 equal approximately $9.939 billion combined.[2]

Selected important revenue assumptions are described below. The discussion generally assumes a sharp drop in certain revenues in the spring and summer months of 2020 followed by a gradual improvement in subsequent months through 2021.

Gross Income Tax (GIT): FY 2020 revenues are projected to be $910.9 million, or 5.4 percent, lower than the GBM forecast, while FY 2021 collections are projected to be $3.955 billion, or 22.2 percent lower.

- **Employer Withholding:** FY 2020 revenues are projected to be $410.9 million, or 3.4 percent, lower than the GBM forecast, while FY 2021 collections are projected to be $1.659 billion, or 13.1 percent, lower.

    - **April 2020:** Employer withholding declined by approximately 7.0 percent after adjusting for the difference in the number of Wednesday collection days.

    - **May 2020 thru July 2020:** Employer withholding is forecast to decline by 13.0 percent year-over-year during the remainder of the "stay-at-home" orders and extending into July as businesses are slow to recover, while others may not open at all.

    - **August 2020 thru January 2021:** Employer withholding is forecast to decline by 12.0 percent in August, tapering to a 7.5 percent decline by January, year-over-year. The continuation of social distancing measures means that businesses will be operating well below full capacity. For example, tables at restaurants will need to be at least six feet apart, meaning restaurants will be serving significantly fewer customers at any given time.

      Consumers and businesses will begin to adapt, which is why the decline in collections is expected to moderate over time. This scenario is based on the assumption that there is no resurgence of COVID-19 infections during the fall and winter.

    - **February 2021 thru June 2021:** Employer withholding is forecast to decline by 5.0 percent in February, tapering to a 2.5 percent decline by June 2021, year-over-year. The economy continues to recover but collections remain below pre-COVID-19 levels.

---

[1] The State revenue forecasts in this report do not assume a resurgence of COVID-19 cases later in 2020 or in 2021. Health experts continue to warn about a resurgence in the fall or winter. Under the alternative of a fall resurgence, FY 2021 revenues are projected to decline by an additional $1.065 billion, yielding a potential total revenue shortfall of $8.272 billion in FY 2021. Any additional waves of the pandemic, such as in the spring of 2021, could further negatively impact FY 2021 revenues with potential carry over into FY 2022.

[2] This compares to a stress test analysis recently conducted by Moody's Analytics for all states in which their projected shortfalls for New Jersey, through the end of FY 2021, totaled $9.6 billion under their "baseline scenario" and $13.2 billion under a "severe scenario." See *Stress-Testing States: COVID-19*, Moody's Analytics, April 14, 2020.

- **Final Payments:** Although Tax Year 2019 liabilities are not affected by the COVID-19 health pandemic, the significant amount of jobs and income lost as a result of the pandemic means that some individuals may experience cash-flow problems and therefore will not be able to make their full final payment as scheduled. It is not possible to accurately quantify the magnitude of this concern, however, the forecast assumes a 10.0 percent reduction in final payments as a potential shortfall in final payments during the new July 15th due date.

  FY 2021 final payments for Tax Year 2020 are projected to be $1.359 billion, or 32.3 percent, lower due to the impact from the anticipated severe recession on personal income, business profits and capital gains.

- **Estimated Payments:** FY 2020 estimated payments are projected to be $174.2 million, or 5.5 percent, lower than the GBM forecast, while FY 2021 collections are projected to be $832.2 million, or 23.7 percent, lower.

  - **1st Quarter Estimated Payments (April):** Results indicate that approximately one-quarter of forecasted revenues was received. Taxpayers clearly responded to the opportunity to delay both their final and estimated payments. The forecast assumes that 75 percent of the balance will be received as taxpayers have the opportunity to adjust their estimated payments in light of the recent economic downturn.

  - **2nd Quarter Estimated Payment (June):** Taxpayers are likely to also delay their June estimated payment. The forecast assumes that behavior will be similar to April. Approximately one-quarter of forecasted revenues will be received by June 15th, while 75 percent of the balance will be received by July 15th.

  - **3rd Quarter Estimated Payments (September):** Collections are forecast to decline 15.0 percent year-over-year as the stock market remains below pre-COVID-19 levels, while business income over the first half of calendar year 2020 is lower as a result of the COVID-19 health pandemic.

  - **4th Quarter Estimated Payments (January):** Collections are forecast to decline 20.0 percent year-over-year as taxpayers continue to adjust estimated payments in response to a lower stock market as well as reduced business income.

Sales and Use Tax: FY 2020 revenues are projected to be $1.131 billion, or 10.9 percent, lower than the GBM forecast, while FY 2021 revenues are projected to be $1.528 billion, or 14.2 percent, lower.

April 2020: New data indicates that April collections were 13.7 percent lower year-over-year. April collections were for March economic activity and March is a complex month because non-essential businesses were not closed until March 16th, while the "stay-at-home" order did not go into effect until March 21st. Consumer spending also received a boost in March as consumers prepared for a potentially lengthy lockdown by purchasing goods such as exercise equipment, freezers, and electronic equipment in preparation for both working at home and children learning at home.

- **May 2020 thru July 2020:** Sales Tax collections are forecast to decline by 33.0 percent year-over-year during the duration of the "stay-at-home" order (April through June economic activity).

- **August 2020 thru March 2021:** Sales Tax collections are forecast to decline by between 25.0 percent and 5 percent year-over-year as social distancing measures remain in place despite the lifting of the lockdown. Businesses, including restaurants & bars, are not able to return to full capacity, while consumers are reluctant to spend, in part because of the continued presence of COVID-19 and in part due to concern about the health of the economy.

  Sales Tax collections are forecast to decline by 15.0 percent year-over-year during the holiday spending season. As a point of reference, holiday spending declined by 10.0 percent during the Great Recession. The reduction in spending is even worse now given the more severe economic damage coupled with disruptions to the supply chain.

- **April 2021 thru July 2021:** Sales Tax collections are forecast to increase between 10.0 percent and 65.0 percent year-over-year because collections during the spring of 2020 were so abnormally low. However, revenues are still not expected to return to pre-COVID-19 levels.

Corporation Business Tax (CBT): FY 2020 revenues are projected to be $451.9 million, or 11.6 percent, lower than the GBM forecast, while FY 2021 revenues are projected to be $1.228 billion, or 32.0 percent lower. The projected two-year decline between the CBT revenue peak in FY 2019 and FY 2021 is 35.4 percent, similar to the two-year decline between FY 2008 and the CBT low-point in FY 2010 due to the Great Recession.

Forecasting CBT revenues is difficult under normal circumstances and becomes even more challenging when faced with an unprecedented situation such as the current health pandemic. April collections indicate that between 33.0 percent and 50.0 percent of projected final and estimated payments was received.

It is likely that the balance of projected revenues will be received during the revised July 15th tax filing deadline. However, a large amount of overpayment credits that companies have banked with the State of New Jersey over the years looms over CBT revenues. This forecast assumes that only half of the remaining payment will be received. It should be a straightforward process for companies to claim their overpayment credits since the money is theirs and doing so may be logical from a tax planning perspective.

Overall, CBT final payments are projected to end FY 2020 $241.3 million, or 17.1 percent below the GBM forecast, while FY 2021 final payments are projected to be $570.7 million, or 42.7 percent below GBM. Meanwhile, estimated payments are projected to end FY 2020 $199.1 million, or 7.3 percent below the GBM forecast, while FY 2021 estimated payments are projected to be $510.8 million, or 19.0 percent below forecast.

Selected Other Major Taxes:

- **Motor Fuels Tax:** FY 2020 revenues are projected to be $65.4 million, or 13.5 percent lower than the GBM forecast. Collections are projected to decline between 40.0 percent and 50.0 percent during the duration of the lockdown. FY 2021 revenues are projected to be $71.0 million, or 15.1 percent lower than the GBM forecast.

- **Petroleum Products Gross Receipts Tax:** FY 2020 revenues are projected to be $169.0 million, or 11.6 percent below the GBM forecast. PPGR revenues are projected to decline in line with the Motor Fuels Tax. FY 2021 revenues are projected to be $203.0 million, or 14.3 percent lower than the GBM forecast.

- **Casino Revenues:** FY 2020 revenues are projected to be $27.9 million, or 9.6 percent below the GBM forecast. Sports betting revenues are expected to be non-existent for the remainder of the fiscal year given the absence of events. However, internet gaming revenues have increased sharply to help cushion the loss of revenue from brick & mortar casinos. The Division of Gaming Enforcement does expect Casino Revenues to recover in FY 2021, although they are still projected to be $12.4 million, or 4.0 percent lower than the GBM forecast

- **Realty Transfer Fee:** FY 2020 revenues are projected to be $60.6 million, or 15.7 percent lower than the GBM forecast. Although realtors are allowed to show homes to individuals, data from the New Jersey Realtors indicated that pending sales had already declined by 27.8 percent as early as March.

  The significant amount of jobs lost will hurt home sales for the near future. As a result, FY 2021 revenues are projected to be $134.5 million, or 33.8 percent below the original GBM forecast.

For additional revenue forecast amounts for other major taxes, see the more detailed table on the next page. The remainder of this report will describe the revenues and appropriations for the extended September 30 fiscal year.

FY 2020 and FY 2021 REVENUE DETAIL (12 Month Forecasts)

FY 2020 and FY 2021 Revenue Forecast Summary
Millions of Dollars

	FY 2020 GBM	FY20 Revised May 22	FY 2020 Change	FY 2021 GBM	FY21 Revised May 22	FY 2021 Change
Gross Income Tax	$16,801.5	$15,890.6	-$910.9	$17,795.3	$13,840.4	-$3,954.9
Sales Tax	$10,406.5	$9,276.0	-$1,130.5	$10,774.0	$9,246.5	-$1,527.5
Corporation Business Tax	$3,897.0	$3,445.1	-$451.9	$3,831.0	$2,603.3	-$1,227.7
Other Revenues						
Energy Tax Receipts - Sales Tax	$788.5	$788.5	$0.0	$788.5	$788.5	$0.0
Sales Energy	$50.5	$23.7	-$26.8	$50.5	$50.5	$0.0
Sales Tax Dedication	-$824.6	-$738.0	$86.6	-$852.3	-$737.1	$115.2
CBT-Energy	$22.0	$4.7	-$17.3	$22.0	$6.5	-$15.5
Motor Fuels Tax	$485.0	$419.6	-$65.4	$470.5	$399.5	-$71.0
Motor Vehicle Fees	$465.6	$404.7	-$60.9	$463.5	$515.3	$51.8
Transfer Inheritance Tax	$389.5	$358.4	-$31.1	$403.0	$359.0	-$44.0
Estate Tax	$25.5	$22.0	-$3.5	$10.0	$10.0	$0.0
Casino Revenue	$290.7	$262.8	-$27.9	$308.9	$296.5	-$12.4
Insurance Premiums Tax	$557.5	$654.7	$97.2	$557.5	$543.5	-$14.0
Cigarette Tax	$71.1	$81.2	$10.1	$257.5	$53.6	-$203.9
Petroleum Products Gross Receipts Tax	$1,460.0	$1,291.0	-$169.0	$1,422.5	$1,219.5	-$203.0
Petroleum Products Gross Receipts Cap Rese	-$725.5	-$491.1	$234.4	-$619.6	-$345.6	$274.0
CBT Banks & Financial Institutions	$305.5	$264.5	-$41.0	$175.5	$119.7	-$55.8
Alcoholic Beverage Excise Tax	$114.5	$105.0	-$9.5	$117.0	$107.0	-$10.0
Realty Transfer Tax	$387.0	$326.4	-$60.6	$398.5	$264.0	-$134.5
Tobacco Products Wholesale Tax	$31.6	$29.7	-$1.9	$33.6	$31.1	-$2.5
Public Utility Excise Tax	$28.0	$28.2	$0.2	$29.5	$29.0	-$0.5
Opioid Prescription Tax	$0.0	$0.0	$0.0	$20.0	$0.0	-$20.0
Franchise & Gross Receipts Tax	$123.0	$123.0	$0.0	$125.5	$125.5	$0.0
Real Assessment on Prop. > $1.0 M	$139.0	$124.5	-$14.5	$143.0	$130.0	-$13.0
Hotel / Motel Occupancy Tax	$120.0	$86.3	-$33.7	$124.0	$76.8	-$47.2
Ride Share	$36.0	$30.0	-$6.0	$38.0	$24.0	-$14.0
Sports Betting (GF Share)	$18.2	$19.1	$0.9	$19.2	$24.5	$5.3
Other Miscellanous Taxes & Fees	$3,525.5	$3,408.9	-$116.6	$3,742.9	$3,604.4	-$138.5
Interfund Transfers	$476.0	$493.7	$17.7	$512.0	$568.6	$56.6
Other Revenues Total	$8,360.1	$8,121.4	-$238.7	$8,761.2	$8,264.3	-$496.9
Total Budget Revenues	**$39,465.1**	**$36,733.2**	**-$2,731.9**	**$41,161.5**	**$33,954.5**	**-$7,207.0**

These numbers are estimates and subject to change.

FY 2021 REVENUE DETAIL (Allocated for 3 month/9 month Split)

FY 2021 Revenue Recast for 3-Month Extended FY 2020

Millions of Dollars

	FY 2021 GBM	FY21 Revised May 22	3 Months for FY20	9 Months for FY21
Gross Income Tax	$17,795.3	$13,840.4	$2,831.6	$11,008.8
Sales Tax	$10,774.0	$9,246.5	$2,108.0	$7,138.5
Corporation Business Tax	$3,831.0	$2,603.3	$723.9	$1,879.4
Other Revenues				
Energy Tax Receipts - Sales Tax	$788.5	$788.5	$46.5	$742.0
Sales Energy	$50.5	$50.5	$0.0	$50.5
Sales Tax Dedication	-$852.3	-$737.1	-$156.6	-$580.5
CBT-Energy	$22.0	$6.5	$2.0	$4.5
Motor Fuels Tax	$470.5	$399.5	$92.5	$307.0
Motor Vehicle Fees	$463.5	$515.3	$167.7	$347.6
Transfer Inheritance Tax	$403.0	$359.0	$91.5	$267.5
Estate Tax	$10.0	$10.0	$3.0	$7.0
Casino Revenue	$308.9	$296.5	$75.0	$221.3
Insurance Premiums Tax	$557.5	$543.5	-$5.5	$549.0
Cigarette Tax	$257.5	$53.6	$0.0	$53.6
Petroleum Products Gross Receipts Tax	$1,422.5	$1,219.5	$273.0	$946.5
Petroleum Products Gross Receipts Cap Reserve	-$619.6	-$345.6	$0.0	-$345.6
CBT Banks & Financial Institutions	$175.5	$119.7	$41.5	$78.2
Alcoholic Beverage Excise Tax	$117.0	$107.0	$16.5	$90.5
Realty Transfer Tax	$398.5	$264.0	$64.0	$200.0
Tobacco Products Wholesale Tax	$33.6	$31.1	$4.4	$26.7
Public Utility Excise Tax	$29.5	$29.0	$0.0	$29.0
Opioid Prescription Tax	$20.0	$0.0	$0.0	$0.0
Franchise & Gross Receipts Tax	$125.5	$125.5	$46.6	$78.9
Real Assessment on Prop. > $1.0 M	$143.0	$130.0	$40.2	$89.8
Hotel / Motel Occupancy Tax	$124.0	$76.8	$15.3	$61.4
Ride Share	$38.0	$24.0	$6.0	$18.0
Sports Betting (GF Share)	$19.2	$24.5	$2.8	$21.7
Other Miscellanous Taxes & Fees	$3,742.9	$3,604.4	$910.7	$2,693.8
Interfund Transfers	$512.0	$568.6	$360.9	$207.8
Other Revenues Total	$8,761.2	$8,264.3	$2,098.2	$6,166.1
Total Budget Revenues	**$41,161.5**	**$33,954.5**	**$7,761.7**	**$26,192.8**

These numbers are estimates and subject to change.

PART 3: DETAILED SPENDING PLAN FOR FY2020

As required by the COVID-19 Fiscal Mitigation Act, P.L.2020, c.19, the Department of the Treasury (hereafter "the Department") is submitting a revised spending plan for Fiscal Year 2020 (FY 2020). Despite the extension of FY 2020, financial reporting for the State and its component units will continue to be prepared and reported for the twelve month period ended June 30, 2020.[3] Thus, the revised spending plan contained within this report is presented in two parts: for the period ending June 30, 2020 and for the extended period beginning July 1, 2020 through September 30, 2020.

At the time of the Governor's Budget Message in February, the Department had projected a total closing fund balance through June 30, 2020 of $1.5 billion, including $732 million projected in the Surplus Revenue Fund (SRF), also known as the Rainy Day Fund. However, given the unprecedented economic impact of the current pandemic, revenues through June 30 are expected to decline by $2.7 billion. This decline does not include any revenue that might be deferred as a result of the extension of the federal and state tax filing and payment deadlines to July 15, 2020, since any deferred revenue collected in July will be accrued back to the period ending June 30, 2020. This revenue forecast results in a revised projected fund balance of negative $1.2 billion, requiring drastic actions on the part of the administration in order for the State to continue the delivery of mandatory services while maintaining a positive fund balance.

In response to the pandemic and at the direction of the Governor, the Department of the Treasury, took several steps to ensure the State remained in a solvent financial position.

These steps included:

- Review of State spending across all branches of government and placement of approximately $1 billion of available appropriations into reserve. This list is monitored and adjusted on an ongoing basis and includes, with certain exceptions, 50 percent of all uncommitted non-salary operating funds (other than funding needed to provide full-time care at State institutions); 50 percent of higher education operating aid; 50 percent of all uncommitted revolving and dedicated funding; and 100 percent of all non-entitlement, discretionary grants-in-aid, and state aid funding, including Homestead Rebates.
- Transfer of the entire $421 million Surplus Revenue Fund (SRF) to the undesignated General Fund balance to help offset the anticipated shortfall and the planned additional deposit on June 30, 2020 will not be made.
- Implementation of a statewide hiring freeze with the exception of COVID-19 related needs.
- Limitation of hourly and temporary employees.
- Coordination with vendor partners to obtain better procurement terms and conditions for new contracts and extensions.
- Ongoing review and approval by the Office of Management and Budget of department spending and contracting.

---

[3] In accordance with auditing standards, the financial statements prepared by the State should provide for the consistent application of Generally Accepted Accounting Principles (GAAP). As such, the State needs to remain with consistent 12 month financial reporting periods ending on June 30 regardless of the temporary change in budget fiscal year.

- Cancelling and reserving of pre-encumbrances will result in deferral or elimination of planned department spending.

FY2020 Deappropriations	
(In Thousands)	
Lapses as of February Governor's Budget Message	**$295,109**
Additional Deappropriations:	
Surplus Medicaid Balances	$397,257
Homestead Benefit Program	$135,000
Senior Public College Operating Aid	$102,760
Opioid Funding	$67,996
Legislative Additions	$45,649
ERG Grants	$37,914
Transitional Aid Surplus	$29,987
Mental Health & Addictions Services Trend	$29,466
Higher Education Capital Improvement Fund Debt Service *	$24,094
Judiciary Balances	$21,000
25% of Non Salary Operating Funds Reserved	$20,146
Employer Taxes	$16,417
WFNJ Child Care Trend & Federal Funds Offset	$14,060
OLS & Miscellaneous Legislative Commissions Carryforward	$12,666
LPS Expungement Unit Surplus	$12,000
Uncommitted Lead-Safe Home Renovation Funding	$10,000
County College Operating Aid	$9,730
NJBUILD Carryforward Balances	$8,077
Central Motor Pool Carryforward Balances	$8,000
Prior Year Lapses	$7,931
FEMA Reimbursement for Prior Year Dredging Expenses	$5,300
Housing Assistance for Veterans	$5,000
Unused Capital Projects Balances	$4,807
Statewide Assessment Program Savings	$4,800
Brownfields Grants	$3,634
Corrections Purchase of Community Services Trend	$3,500
DEP Carryforward Balances from Delayed IT Project	$3,000
Highlands Planning Grants	$3,000
NJSEA Operations Subsidy Surplus	$3,000
Office of Homelessness Prevention Carryforward Balances	$3,000
Other Operating and Carryforward Surpluses < $2M	
Environmental Protection	$4,639
Law & Public Safety	$3,838
Human Services	$3,407
Agriculture	$3,364
State	$3,531
Treasury	$2,364
Children & Families	$2,088
Motor Vehicle Commission	$2,000
Education	$1,171
Banking & Insurance	$400
Community Affairs	$277
Less:	
Normal Lapse (Will not Occur Until 9/30)	($50,000)
Deappropriations as of May 22, 2020	**$1,321,379**
* Offset by decreased revenue.	

- Deferral of other planned FY 2020 spending, including the pension contribution related to the revised experience study ($279 million); the pension contribution to offset certain lottery shortfalls; the proposed lead infrastructure program in DEP ($80 million); and the deferral of Economic Redevelopment & Growth (ERG) grants ($49 million).

These actions, among others, have enabled the Department to avoid a negative fund balance and instead project a positive fund balance of $344 million as of June 30, 2020. In addition, based on the revised spending plan presented for consideration for the 90 day extended fiscal year ending September 30, 2020, a revised FY 2020 ending fund balance of $494 million.

For the financial period ending June 30, 2020, the revised spending plan takes the above spending controls into consideration. Because departments must continue to operate over the next five weeks, further adjustments to the plan will be necessary, and the Department has established guidelines to ensure an adequate ongoing projected fund balance. The revised spending plan will require de-appropriations of approximately $1.32 billion, including State balances available as the result of the application of certain federal revenues towards State spending included in the fund balance model.

In addition, all operating reserves not currently considered for de-appropriation or needed by departments for financial year close out, as well as any additional unanticipated balances, which is often referred to as normal lapse, will be retained in reserve until final FY 2020 revenues are determined and to the extent necessary, lapsed at the end of FY 2020 to ensure positive fund balance.

All remaining unreserved funds will be made available to departments in the extended fiscal year pursuant to the proposed FY 2020 supplemental appropriations bill.

FY2020 Fund Balance								
12 Month Period Ending June 30, 2020								
(In Millions)								
	Approp Act		**February GBM**		**May Revised**		**Change from GBM**	
Undesignated Fund Balance	**$**	**1,239**	**$**	**1,291**	**$**	**1,291**	**$**	**-**
CBT Open Space Reserve		110		111		111		-
Surplus Revenue Fund		401		421		421		-
Revenues								
Income	$	16,493	$	16,801	$	15,891	$	(910)
Sales		10,242		10,406		9,276		(1,130)
Corporate		3,342		3,897		3,445		(452)
Other		8,440		8,361		8,121		(240)
Total Revenues	$	38,517	$	39,465	$	36,733	$	(2,732)
Deappropriations		-		295		1,321		1,026
Total Resources	**$**	**40,267**	**$**	**41,583**	**$**	**39,877**	**$**	**(1,706)**
Appropriations								
Original	$	38,720	$	38,720	$	38,720	$	-
Supplemental		-		1,240		727		(513)
Total Appropriations	**$**	**38,720**	**$**	**39,960**	**$**	**39,447**	**$**	**(513)**
CBT Open Space Reserve		(279)		(110)		(86)		24
Surplus Revenue Fund		(401)		(732)		-		732
Undesignated Fund Balance	**$**	**867**	**$**	**781**	**$**	**344**	**$**	**(437)**
Surplus Revenue Fund	**$**	**401**	**$**	**732**	**$**	**-**	**$**	**(732)**
Total Combined Fund Balance	**$**	**1,268**	**$**	**1,513**	**$**	**344**	**$**	**(1,169)**

FY2020 Fund Balance by Fund 12 Month Period Ending June 30, 2020 (In Millions)			
	General Fund/Other	**Property Tax Relief Fund**	**Total**
Undesignated Fund Balance	**$ 1,288**	**$ 3**	**$ 1,291**
CBT Open Space Reserve	111	-	111
Surplus Revenue Fund	421	-	421
Revenues			
Income	$ -	$ 15,891	$ 15,891
Sales	8,518	758	9,276
Corporate	3,445	-	3,445
Other	8,121	-	8,121
Total Revenues	$ 20,084	$ 16,649	$ 36,733
Lapses	1,079	242	1,321
Total Resources	**$ 22,983**	**$ 16,894**	**$ 39,877**
Appropriations			
Original	$ 21,421	$ 17,299	$ 38,720
Supplemental	618	109	727
Total Appropriations	**$ 22,039**	**$ 17,408**	**$ 39,447**
CBT Open Space Reserve	(86)	-	(86)
Surplus Revenue Fund	-	-	-
Year End GF/PTRF Adjustment	(514)	514	-
Undesignated Fund Balance	**$ 344**	**$ -**	**$ 344**
Surplus Revenue Fund	**$ -**	**$ -**	**$ -**
Total Combined Fund Balance	**$ 344**	**$ -**	**$ 344**

Extended FY Budget Plan

The Governor's proposed supplemental budget for July 1 to September 30 defers and cuts essential spending in order to fulfill the constitutional obligation to maintain a balanced budget. The supplemental budget includes its allocable share of solutions totaling $4.0 billion, including the elimination of $849.7 million that the Governor proposed in late February:

Extended FY2020 Solutions		
(In Thousands)		
Department	Item	Amount
Governor's Proposals Eliminated		
Education	Year 3 of K-12 School Aid Formula	$336,496
NJ Transit	Increase over FY20 General Fund Subsidy	$132,000
Environmental Protection	Lead Infrastructure	$80,000
Education	S2 Stabilization	$50,000
Higher Education	Garden State Guarantee	$50,000
Children & Families	Childrens System of Care Rate Increase	$45,000
Education	Special Education & Transportation Collaboration	$26,000
Education	Preschool Expansion - New Districts	$25,000
Corrections	Hep C Testing and Treatment	$21,547
Education	Nonpublic Security Aid - Per Pupil from $150 to $200	$6,500
DHS - Mental Health	Psychiatrist Residencies and Justice Involved Mental Health Pilot	$6,250
Community Affairs	Hudson County Reentry Pilot Program	$6,000
Environmental Protection	NJ Infrastructure Bank	$6,000
Community Affairs	Weequahic Park Senior Building	$5,000
Community Affairs	Recreational Improvement Grants	$5,000
Treasury	E-911 Grants	$5,000
Community Affairs	Open Space PILOT Funding	$3,517
DHS - Addiction Services	New Bridge Medical Center	$3,000
Community Affairs	Repayment of Municipal Contribution to Mass Transit Facility	$3,000
Community Affairs	Neighborhood Preservation	$2,500
Law & Public Safety	Nonprofit Security Grant Program	$2,050
Community Affairs	Prevention of Homelessness	$2,500
Interdepartmental	Permitting Modernization	$2,500
Environmental Protection	Harmful Algal Blooms	$2,000
Treasury	Commission on Science and Technology	$2,000
State	Business Marketing Initiative	$2,000
Interdepartmental	9/11 Empty Sky Memorial	$2,000
State	Primary Care Practitioner Loan Program	$1,500
Health	Childhood Lead Outreach	$1,500
Human Services	Office of Healthcare Affordability	$1,500
Labor	Wage and Hour - Growth	$1,000
Treasury	NJTV	$1,000
University Hospital	Newark Emergency Medical Services	$1,000
OSHE	State Policy Lab	$1,000
Transportation	Pedestrian Safety Grants	$1,000
Education	KEYS Academy	$1,000

Medicaid	Increase Reimbursement for Midwife Care	$1,000
Community Affairs	Newark Mayor's Brick City Peace Collective	$750
DHS - Mental Health	Seton Hall Great Minds Campaign	$500
Education	Restorative Justice In Education P.L.2019 c.412	$500
Community Affairs	Hudson County Housing First Pilot Program	$500
Community Affairs	Volunteer Income Tax Preparation Assistance	$500
DHS - Mental Health	Rabbinical College Mental Health Initiative	$300
Health	Implicit Bias Training	$250
Education	Advanced Placement Fee Waiver	$200
Community Affairs	Addressing Racial Bias Initiative	$200
Community Affairs	Anti-Discrimination Training	$200
Community Affairs	Wealth Disparity Taskforce	$200
Community Affairs	Newark Public Library	$200
Interdepartmental	Delaware River Basin Commission	$200
State	NJ Historical Commission - Celebration of America	$200
DHS - Mental Health	New Beginning Behavioral Health	$195
Labor	Unity Community Center - Youth Development Training	$150
Education	Jobs for New Jersey's Graduates	$100
Education	Amistad Commission	$75
State	Count Basie Center for the Arts	$75
Community Affairs	Boys & Girls Club of NJ	$45
Subtotal, Governor's Proposals		**$849,700**
Other Solution Items		
Interdepartmental	Defer September Pension Payment to October	$950,860
Education	Defer September 22 School Aid Payment to October	$467,000
Community Affairs/Treasury	Defer September CMPTRA/ETR Payments to October	$354,883
Education	Defer Extraordinary Special Education Aid Payment to October	$250,000
Treasury	Senior Freeze	$219,700
Treasury	Homestead Benefit Program	$138,100
Higher Education	Senior Public College Operating Aid	$119,870
NJ Transit	Defer NJ Transit Base Subsidy to October	$114,367
Revenue Offset	Clean Energy Fund Uncommitted Balances	$86,000
Revenue Offset	Affordable Housing Trust Fund Uncommitted Balances	$60,000
Higher Education	County College Operating Aid	$33,531
Community Affairs	Defer Transitional Aid Based on Timing of Payments	$28,641
Various	Reduction to Statewide Discretionary Grants by 10%	$28,305
Education	Defer Nonpublic Security Aid Payment to October	$22,600
Various	Reduction to Statewide Department Non-Salary Operating by 5%	$9,717
Treasury	Tenants Assistance Rebate Program	$9,046
Treasury	Payments for Lifeline Credits	$6,725
Education	Nonpublic Technology Initiative	$5,400
Community Affairs	State Rental Assistance Program	$4,625
Human Services	Social Services for the Homeless	$3,554
Agriculture	Community Food Bank of New Jersey	$1,750
Agriculture	Hunger Initiative/Food Assistance Program	$1,705
Human Services	Supportive Housing Subsidies	$1,097
Higher Education	Aid to Independent Colleges	$800
Health	Public Health Infectious Disease Control	$625
Agriculture	South Jersey Food Bank	$250
Various	Other Miscellaneous Deferrals Based on Spending Patterns	260,350
Subtotal, Other Solutions		**$3,179,501**
Grand Total, Supplemental Appropriation Solutions		**$4,029,201**

Notably for the supplemental budget, the Governor proposes:

- Continuing to implement the school funding formula designed in partnership with the Legislature without any additional funding over FY 2020, and delaying the September 22 school aid payment into October.
- Maintaining tuition assistance programs for post-secondary students, including Tuition Aid Grants and Community College Opportunity Grants, at their FY 2020 funding levels.
- Delaying September payments for Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR) until October.
- Delaying the September pension payment to October.
- Across the board departmental reductions in non-salary operating funding and discretionary grants.

The supplemental budget does not include a subsidy to NJTRANSIT, senior freeze and homestead benefit payments, or operating aid for higher education. This proposed budget also does not include any new revenue raisers.

In general, the extended fiscal year budget provides 25 percent of projected annual need for social services programs and operating accounts not otherwise reduced. State Aid and grants and other mandatory payments are recommended to be appropriated during the three-month extended year based on normal timing of disbursements or as projected to cover actual services rendered.

The proposed budget does not impact debt service payments. It would appropriate about 35 percent of the typical annual Department of Transportation/NJTRANSIT's capital project list for this supplemental period. In total, the proposed budget provides the same overall funding for hospitals as the first quarter of FY 2020 (e.g., charity care, graduate medical education).

Where appropriate and in accordance with federal guidance, federal funds may be used to support areas impacted by reductions in State appropriations, such as K-12 education, institutions of higher education, local governments and social services.

EXTENDED FISCAL YEAR

3 Month Period from July - September 2020

(In Millions)

	General Fund/Other	Property Tax Relief Fund	Total
Undesignated Fund Balance July 1	**$ 344**	**$ -**	**$ 344**
CBT Open Space Reserve	86	-	86
Revenues			
Income	$ -	$ 2,831	$ 2,831
Sales	1,946	162	2,108
Corporate	724	-	724
Other	2,099	-	2,099
Total Revenues	$ 4,769	$ 2,993	$ 7,762
Lapses	-	-	-
Total Resources	**$ 5,199**	**$ 2,993**	**$ 8,192**
Appropriations			
Original	$ 4,672	$ 2,904	$ 7,576
Supplemental	-	-	-
Total Appropriations	**$ 4,672**	**$ 2,904**	**$ 7,576**
CBT Open Space Reserve	(122)	-	(122)
Undesignated Fund Balance Sept 30	**$ 405**	**$ 89**	**$ 494**

Coronavirus Relief Fund

The State's spend of the $2.393 billion received through the Coronavirus Relief Fund (CRF) will be subject to the limitations defined in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as developing guidance from the U.S. Treasury on eligible uses of the CRF. Governor Murphy is currently proposing the below distribution plan for funds, although the plan allocation is subject to future statutes that modify the CARES Act, new federal appropriations, confirmation of actual expenditures incurred, the identification of additional unmet COVID-19 needs, and new guidance from the U.S. Treasury. Pursuant to existing U.S. Treasury guidance, all CRF funds must cover necessary COVID-19 expenditures incurred between March 1 and December 30, 2020. Because additional federal funds may become available to cover certain COVID-19 expenses identified below, and because federal guidance on CRF eligible expenses continues to be refined, the below material should only be read as a framework for the Administration's plans, and does not reflect the final allocation or distribution of CRF funds.

Payroll, Health Benefits, and Operations: $600 million.

The State will use nearly a quarter of available CRF money to pay salaries for employees substantially dedicated to mitigating or responding to the COVID-19 pandemic, as well as for eligible increases in employee health benefits unaccounted for in previously enacted budgets. Eligible employees may include those hired through the Governor's Community Contact Tracing Corps, or relevant staff in public safety, public health, health care, and human services. CRF money will also go toward supporting the COVID-19-related expenses of maintaining state institutions, such as correctional facilities, psychiatric hospitals, and developmental centers so that they can comply with public health precautions.

K-12 Education Relief and Re-Opening: $400 million.

The Department of Education will create a new account for districts to pay for the costs associated with recovery from the current COVID-19 related school closure or to prepare for future school closures related to the public health emergency. School districts will face significant costs associated with social distancing, reopening of schools, remote learning, and modified operations as a result of the COVID-19 crisis. Districts cannot use this funding for costs that are already covered by federal Elementary and Secondary School Emergency Relief Fund (ESSERF) grants, but can use the funding to support the COVID-19 related costs of the items enumerated above. Districts may also use funds for the payroll and benefit costs of staff to the extent that these costs are related to developing necessary online learning capabilities in response to school closures.

Higher Education Relief: $300 million.

The Office of the Secretary of Higher Education (OSHE) will distribute funds to institutions of higher education for their expenditures for enabling distance learning, refunds for students' unused room and board, and pending COVID-related costs including intensified cleaning and disinfection procedures not covered by FEMA. Funds can also cover institutions' costs for implementing robust testing regimes. Institutions will not be able to use these CRF funds for expenses covered by the federal Governor's Emergency Education Relief Fund (GEERF) or the federal Higher Education Emergency Relief Fund (HEERF).

Social Services and Health Care Supports: $300 million.
The Department of Human Services (DHS) and Department of Children and Families (DCF) will administer multiple programs to support increased social services needs for vulnerable populations. At least $50 million of these funds will be specifically dedicated to addressing anticipated increases in substance misuse and mental health needs. The Administration will provide CRF money to address the increased needs of food banks and will support other service providers, including those providing child care or assisting individuals with intellectual and developmental disabilities. It will create a grant program to help impacted residents facing economic hardship cover their utility fees. The Department of Health (DOH) will also use at least $10 million from the CRF to improve inspection, oversight, and protections at long-term care facilities impacted by the public health emergency.

COVID-related Expenses Unmatched by FEMA: $250 million.
The Governor will continue to advocate for an increased federal cost-share due to the public health emergency. This allocation represents OMB's current estimate for likely expenditures due to the crisis, including personal protective equipment for workers and ventilators.

Local Government Relief Fund: $250 million.
The Department of Community Affairs (DCA) will administer reimbursement-based grants to local governments for eligible CRF related costs that have not been reimbursed through other sources, including FEMA. Local units must demonstrate financial hardship directly attributable to COVID-19. Substantial COVID-19 related expenditures in public safety overtime, health services, self-insured health benefit outlays, and public works will substantially heighten local governments' budgetary and cash-flow challenges. $5 million from this relief fund will be dedicated toward supporting projects that improve local government dispatch and public health services to enhance emergency response preparedness and system resilience. Funds may prioritize the twelve counties that were not eligible for their own Coronavirus Relief Fund allocations.

Economic Development and Re-Employment Programs: $100 million.
The Economic Development Authority (EDA) and Department of Labor and Workforce Department (DOL) will administer programs that support New Jersey businesses and help residents return to work. The Administration has already committed $50 million of CRF towards emergency grants that will serve as a vital lifeline for the thousands of small businesses struggling during these unprecedented times.

Housing Assistance Programs: $100 million.
DCA will administer a short-term rental assistance grant program to provide temporary aid to households that have had a substantial reduction in income due to the COVID-19 pandemic. DCA will also use federal Emergency Solutions Grant (ESG) funding to expand this program.

Additional State Capacity Needs: $90 million.
The Department of the Treasury and the Office of Information Technology (OIT) will use funds to improve enrollment for benefit programs and other resident-facing services impacted by COVID-19, including unemployment insurance. The State will also invest in improving its employees' ability to work remotely to maintain operations.

<u>COVID-19 Federal Awards/Supplemental Appropriations</u>
(March 2020 to Present)

This summary includes funding that the State of New Jersey has currently received from the federal government's COVID-19-related stimulus bills as of May 22, 2020. It does not include funds awarded to non-State entities, such as NJ TRANSIT or the State's public and private institutions of higher education. It also does not include funds for which the State is currently applying, such as Emergency Solutions Grants (ESGs) or the Emergency Supplemental Funding for the Byrne-Justice Assistance Grant (JAG) program.

Coronavirus Relief Fund (CRF)
Total Awarded: $2,393,851,157
State Agency: Governor's Office/Department of the Treasury
Funding Description: The Governor will use the CRF to cover necessary expenditures incurred due to the public health emergency that were incurred between March 1 and December 30, 2020. Nine New Jersey counties received over $1 billion in additional CRF money.

FEMA Disaster Act Funding
Total Awarded: $750,000,000
State Agency: Department of Law & Public Safety, NJ State Police-NJ Office of Emergency Management
Period of Performance (Incidence Period): January 20, 2020 and Continuing.
Major Disaster Declaration: March 25, 2020
Funding Description: This is new emergency disaster funding from FEMA for the NJ COVID-19 Pandemic. New Jersey received a Major Disaster Declaration on March 25.

Medical Assistance Program (Medicaid)
Total Estimated Awarded: $456,333,000
State Agency: Department of Human Services
Funding Description: This is new COVID specific funding for the Medicaid program under the Families First Coronavirus Response Act that provides a temporary increase of 6.2% in the Medicaid Federal medical assistance percentage (FMAP).

Elementary and Secondary Education Emergency Relief (ESSER) Fund
Total Awarded: $310,371,213
State Agency: Department of Education
Funding Description: The ESSER Fund provides grants to states for the purpose of providing local educational agencies (LEAs) with emergency relief funds. NJDOE can reserve up to 10 percent of funds for State-level activities that address emergency needs.

Child Nutrition Program – Lunch
Total Awarded: $138,759,805
State Agency: Department of Agriculture
Funding Description: The increased funding allows for School Food Authorities throughout New Jersey to increase capacity to continue to provide lunches to students while they are not in school.

Governor's Emergency Education Relief (GEER) Fund
Total Awarded: $68,864,994
State Agency: Governor's Office/Office of the Secretary of Higher Education (OSHE)
Funding Description: The GEER Fund provides Governors flexibility through an emergency block grant. Given the significant financial burdens that institutions of higher education are facing due to the unprecedented public health emergency, Governor Murphy will focus GEER funds on New Jersey postsecondary institutions.

Child Care and Development Block Grant (CCDF)
Total Awarded: $63,058,005
State Agency: Department of Human Services
Funding Description: These funds will be used for continued payments and assistance to child care providers, as well as other eligible uses under the CARES Act.

Child Nutrition Program – Breakfast
Total Awarded: $57,789,771
State Agency: Department of Agriculture
Funding Description: The increased funding allows for School Food Authorities throughout New Jersey to increase capacity to continue to provide breakfasts to students while they are not in school.

Cooperative Agreement for Public Health Emergency Response
Total Awarded: $21,224,891
State Agency: Department of Health
Funding Description: This is supplemental funding from the CDC to help jurisdictions meet surveillance and community intervention requirements.

Child Nutrition Program – Child and Adult Care Food Program (CACFP)
Total Awarded: $21,102,931
State Agency: Department of Agriculture
Funding Description: The increase in funding is to allow organizations that are part of the CACFP to provide an increased number of meals to children and adults.

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Total Awarded: $15,400,178
State Agency: Department of Health
Funding Description: This is supplemental funding added to Health's existing ELC grant from the CDC.

Special Programs for the Aging, Title III, Part C, Nutrition Services
Total Awarded: $12,721,735
State Agency: Department of Human Services
Funding Description: This is new COVID specific funding from HHS-ACL for eligible individuals in the Nutrition Services Program.

Help America Vote Act (HAVA) Election Security Grants
Total Awarded: $10,250,690
State Agency: Department of State
Funding Description: These funds will be used to prepare for the potential increased costs of the 2020 Federal election cycle.

Child Nutrition Program – Summer Food Service Program
Total Awarded: $5,951,966
State Agency: Department of Agriculture
Period of Performance: March 27, 2020 to September 30, 2020
Funding Description: The increased funding allows for organizations and schools that are part of the SFSP throughout New Jersey to increase capacity to provide meals to students while they are not in school.

Special Programs for the Aging, Grants for Supportive Services and Senior Centers
Total Awarded: $5,300,723
State Agency: Department of Human Services
Funding Description: This is new COVID specific funding from HHS-ACL for supportive services and senior centers, and it is designed to maximize the informal support provided to older Americans to enable them to remain in their homes and communities.

Section 8 Housing Choice Vouchers
Total Awarded: $4,721,112
State Agency: Department of Community Affairs
Funding Description: This administrative fee funding may be used by public housing agencies (PHAs) for administrative and other expenses related to coronavirus.

Special Programs for the Aging, Nutrition Services
Total Awarded: $4,240,578
State Agency: Department of Human Services
Funding Description: This is new COVID specific funding from HHS-ACL for the Home Delivered Meals program that provides meals to eligible individuals in their place of residence.

National Family Caregivers Support
Total Awarded: $2,671,147
State Agency: Department of Human Services
Funding Description: This is new COVID specific funding from HHS-ACL for the Family Caregiver Support Program to help meet the needs of older adults and people with disabilities.

Emergency Food Assistance Program
Total Awarded: $2,236,607
State Agency: Department of Agriculture
Funding Description: This funding will be used to provide additional emergency food assistance due to the public health emergency.

Special Programs for the Aging, Nutrition Services
Total Awarded: $2,120,289
State Agency: Department of Human Services
Funding Description: This is new COVID specific funding from HHS-ACL for the Congregate Meals program that provides meals to qualified individuals in a congregate or group setting.

Emergency Grants to Address Mental and Substance Abuse Disorders
Total Awarded: $2,000,000
State Agency: Department of Human Services
Funding Description: This is new COVID specific funding from HHS-SAMHSA to provide increased mental and substance use disorder services

Special Programs for the Aging, Discretionary Projects
Total Awarded: $1,100,000
State Agency: Department of Human Services
Funding Description: This award provides one time funding to support the coronavirus response for elderly residents.

Family Violence Prevention Funds
Total Awarded: $935,733
State Agency: Department of Children and Families
Funding Description: The funds will provide temporary housing and supportive services to victims of family, domestic, and dating violence.

National Bioterrorism Hospital Preparedness Program (HPP)
Total Awarded: $922,390
State Agency: Department of Health
Funding Description: This is emergency supplemental funding on top of Health's existing HPP award to support the urgent preparedness and response needs of hospitals and health systems.

Crisis Counseling
Total Awarded: $882,035
State Agency: Department of Law & Public Safety
Funding Description: This funding provided by FEMA is for immediate crisis counseling services for COVID-19 survivors statewide.

Stephanie Tubbs Jones Child Welfare Services Program
Total Awarded: $881,540
State Agency: Department of Children and Families
Funding Description: These funds are for keeping families together as part of the coronavirus response.

Child Nutrition Program – Summer Food Service Program
Total Awarded: $778,189
State Agency: Department of Agriculture
Funding Description: The increased funding is to support increased administrative costs for SFSPs.

Ryan White HIV/AIDS Program Grants
Total Awarded: $689,340
State Agency: Department of Health
Funding Description: This funding is for Ryan White HIV/AIDS Program (RWHAP) recipients to help their clients respond to coronavirus.

Child Nutrition Program – Milk
Total Awarded: $562,363
State Agency: Department of Agriculture
Funding Description: The increased funding allows for School Food Authorities to increase capacity to continue to provide milk to students while they are not in school.

Special Programs for the Aging, Long-Term Care Ombudsman Services for Older Individuals
Total Awarded: $530,072
State Agency: Department of Human Services
Funding Description: This is new COVID specific funding from HHS-ACL for the Ombudsman Program to help expand their virtual presence.

National Endowment for the Arts Funds
Total Awarded: $492,700
State Agency: Department of State
Funding Description: Grants will go to support arts programs, services, and activities associated with carrying out the agency's National Endowment for the Arts-approved strategic plan.

Ryan White HIV/AIDS Program, Coordinated Services and Access to Research for Women, Infants, Children and Youth
Total Awarded: $160,453
State Agency: Department of Health
Funding Description: This funding is to support family-centered care for clients of Ryan White HIV/AIDS Program (RWHAP) recipients.

EXHIBIT G

P.L. 2020, CHAPTER 60, ***approved July 16, 2020***
Assembly, No. 4175 ***(First Reprint)***

AN ACT authorizing the creation of a debt of the State of New Jersey by the issuance of bonds of the State in the aggregate principal amount of [1]**[**$5,000,000,000**]** up to $9,900,000,000[1] for the purpose of responding to the fiscal exigencies caused by the COVID-19 Pandemic; authorizing the Governor to apply for and receive federal stimulus loans for the benefit of the State; [1]**[**authorizing the Governor to apply for and receive federal stimulus loans for the benefit of local government units;**]**[1] authorizing the issuance of refunding bonds [1]**[**and emergency liquidity notes**]**[1]; and providing the ways and means to pay and discharge the principal of and interest on the bonds.

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

1. This act shall be known and may be cited as the "New Jersey COVID-19 Emergency Bond Act."

2. The Legislature finds and declares that:

a. Due to the increase in the number of SARS-CoV-2 novel coronavirus ("COVID-19") cases in New Jersey, the surrounding region and across the globe, the Governor of the State of New Jersey (the "Governor") issued Executive Order No. 103 declaring a public health emergency and a state of emergency in the State of New Jersey (the "State") on March 9, 2020. The declaration allows for certain executive actions to respond to the increasing number of COVID-19 cases in the State.

b. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States proclaimed that the COVID-19 outbreak constituted a national emergency.

c. On March 16, 2020, the Governor issued Executive Order No. 104, whereby the Governor ordered restrictions, including that all K-12 schools be closed (with limited exceptions); all universities and colleges in the State cease in-person instruction; casinos, racetracks, in-person sports wagering, gyms and fitness centers, and entertainment centers be closed; non-essential businesses cease operations from 8:00 p.m. to 5:00 a.m., and when open, adhere to limited occupancy restrictions; and all restaurants and bars close except for delivery or take-out services.

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.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Senate SBA committee amendments adopted July 14, 2020.

d. On March 19, 2020, the Governor issued Executive Order No. 105, whereby the Governor, among other things, ordered that certain local elections scheduled during the rest of March and in April be moved to May 12, 2020, and that all elections on May 12, 2020, take place via mail-in ballot only.

e. On March 19, 2020, the Governor issued Executive Order No. 106, whereby the Governor, among other things, ordered that no lessee, tenant, homeowner or any other person shall be removed from a residential property by foreclosure or eviction; and that enforcement of all judgments for possession, warrants for removal, and writs of possession are stayed while Executive Order No. 106 is in effect, unless the court hearing the matter determines that enforcement is necessary in the interests of justice.

f. On March 21, 2020, the Governor issued Executive Order No. 107, which superseded the operative paragraphs of Executive Order No. 104 and whereby the Governor ordered that for the most part all State residents remain home or at their place of residence except for certain very limited exceptions. The Governor also ordered that all non-essential retail businesses be closed to the public.

g. On March 21, 2020, the Governor issued Executive Order No. 108, whereby the Governor ordered that any county or municipal restriction imposed in response to COVID-19 that in any way conflicts with the provisions of Executive Order No. 107 is invalidated; and no municipality, county or any agency or political subdivision of the State may enact any order, rule, regulation, ordinance, or resolution which would conflict with Executive Order No. 107.

h. On March 23, 2020, the Governor issued Executive Order No. 109, whereby the Governor ordered all elective surgeries suspended as of March 27, 2020.

i. On March 25, 2020, the Governor issued Executive Order No. 110, whereby the Governor ordered all child care centers to close, except those certified to care for the children of essential persons, including essential government employees; health care workers; law enforcement personnel; fire and emergency services personnel; staff at correctional facilities; individuals employed at emergency child care centers operating on or after April 1, 2020; group home and shelter staff; essential government employees who are unable to work from home, including child protection services workers, child welfare workers, foster care workers, unemployment compensation processing staff, and public health employees; and certain critical workers at essential retail business.

j. On March 28, 2020, the Governor issued Executive Order No. 111, whereby the Governor ordered health care facilities to report data concerning their capacity and supplies on a daily basis.

k. On April 1, 2020, the Governor issued Executive Order No. 112, whereby the Governor ordered the removal of various statutory barriers applicable to various health care professionals and provided immunity to health care professionals and health care facilities aiding in the response by the State to the COVID-19 Pandemic.

l. On April 2, 2020, the Governor issued Executive Order No. 113, whereby the Governor authorized the State Director of Emergency Management, who is the Superintendent of State Police, to use the Governor's full authority to reallocate medical resources to the regions and health care facilities affected by COVID-19, to take or use, subject to the compensation provisions of the New Jersey Civilian Defense and Disaster Control Act, personal services and/or real or personal property, including medical resources, for the purpose of protecting or promoting the public health, safety, or welfare.

m. On April 3, 2020, the Governor issued Executive Order No. 114, whereby the Governor ordered that the flags of the United States of America and of New Jersey shall be flown at half-staff at all State buildings in recognition and mourning of all those who have lost their lives and have been affected by COVID-19.

n. On April 6, 2020, the Governor issued Executive Order No. 115, whereby the Governor authorized, for the duration of the public health emergency and the state of emergency, the return by retirees of government agencies to employment without having to re-enroll in any retirement system.

o. On April 7, 2020, the Governor issued Executive Order No. 116, whereby the Governor extended the deadline to June 9, 2020, for the governing body of each municipality, after consultation with the school board of education, to present and to certify a tax levy to the county board of taxation; school districts that were scheduled to have their annual board of education elections on April 21, 2020, but which were postponed to May 12, 2020, have until June 5, 2020 to provide notice to non-tenured teaching staff members as to whether they will be employed for the next succeeding year and such non-tenured teaching staff members have until June 22, 2020 to accept such employment offers by such school districts; the terms of school board of education members whose terms were set to expire at the first organizational meeting following the postponed April 21, 2020 election shall be extended to the first organizational meeting following the May 12, 2020 election; and the terms of such school board of education members elected at the May 12, 2020 election shall run as though they had taken office at the first organizational meeting following the originally scheduled April 21, 2020 election.

p. On April 7, 2020, the Governor issued Executive Order No. 117, whereby the Governor, among other things, waived and cancelled the eighth-grade student assessment for the 2019-2020 school year; waived and cancelled the twelfth-grade student assessment for any student who is expected to graduate in the class of 2020, but who had not, as of March 18, 2020, met such graduation assessment requirement; waived the requirement that student growth data be used as a measure of educator effectiveness in the overall evaluation of any educator; and waived the requirement of three observations and evaluations for all non-tenured teaching staff for the 2019-2020 school year.

q. On April 7, 2020, the Governor issued Executive Order No. 118, whereby the Governor ordered that all State parks and forests and all county parks be closed to the public.

r. On April 7, 2020, the Governor issued Executive Order No. 119, whereby the Governor ordered that all executive orders, and all Executive Branch department and agency actions, including any administrative orders adopted in whole or in part based on the authority under the Emergency Health Powers Act, P.L.2005, c.222 (C.26:13-1, et seq.), remain in full force in effect.

s. On April 8, 2020, the Governor issued Executive Order No. 120, whereby the Governor ordered the federal and State primary elections scheduled for June 2, 2020, be postponed and rescheduled for July 7, 2020; and any other election scheduled for a date on or between May 13, 2020, and July 7, 2020, be postponed and rescheduled for July 7, 2020.

t. On April 8, 2020, the Governor issued Executive Order No. 121, whereby the Governor authorized motor vehicles transporting relief supplies necessary for the response to the COVID-19 Pandemic public health emergency and state of emergency via certain interstate highways and toll roads in the State to receive special permits from the Department of Transportation to increase the maximum motor vehicle weight on a vehicle with a minimum of five axles.

u. On April 8, 2020, the Governor issued Executive Order No. 122, whereby the Governor ordered: (1) essential retail businesses that are permitted to maintain in-person operations pursuant to Executive Order No. 107, to limit occupancy to fifty percent of the stated maximum store capacity, establish hours of operation that permit access solely to high-risk individuals as defined by the Centers for Disease Control and Prevention, install physical barriers between customers and cashiers/baggers to ensure six feet of distance between those individuals, require infection control practices for employees and provide employees break time for repeated handwashing throughout the workday, arrange for contactless pay, pickup and delivery options, provide sanitization materials to staff and customers, require frequent sanitization of high-touch areas such as restrooms, credit card machines, keypads, counters and shopping carts, demarcate six feet of spacing in check-out lines, and require employees and customers to wear cloth face coverings while on premises; (2) all non-essential construction projects to cease; (3) all manufacturing businesses, warehousing businesses and businesses engaged in essential construction projects (as defined in the Executive Order) to limit the number of persons at the worksite concurrently and to adopt social distancing and infection control, mitigation and sanitization policies to prevent the spread of COVID-19; (4) all manufacturing businesses, warehousing businesses and businesses engaged in essential construction projects to adopt policies to address situations where an employee appears to demonstrate COVID-19 symptoms during the work day, to notify employees of potential exposure to COVID-19, to clean and disinfect worksite areas, and to maintain a clean and safe workplace environment; and (5) businesses authorized to maintain in-person operations pursuant to Executive Order No. 107, to adopt certain cleaning protocols where operations are conducted.

v. On April 9, 2020, the Governor issued Executive Order No. 123, whereby the Governor ordered certain insurance companies not to cancel polices during the emergency grace periods as a result of nonpayment of premiums; and authorized the Commissioner of Banking and Insurance to extend the emergency grace periods further as necessary to protect the interests of policyholders, beneficiaries and the public.

w. On April 10, 2020, the Governor issued Executive Order No. 124, whereby the Governor authorized a process for the release of inmates by means of parole or temporary emergency medical home confinement to reduce the threat to inmates posed by COVID-19 in a correctional setting.

x. On April 11, 2020, the Governor issued Executive Order No. 125, whereby the Governor ordered New Jersey Transit, private New Jersey Transit-affiliated motor carriers, private unaffiliated motor carriers, and private paratransit carriers to establish infection control, mitigation and sanitization policies to prevent the spread of COVID-19; restaurants, cafeterias, dining establishments, food courts, bars, and other holders of liquor licenses with retail consumption privileges that are continuing to offer food delivery and/or take-out services pursuant to Executive Order No. 107 to adopt social distancing and infection control, mitigation and sanitization policies to prevent the spread of COVID-19.

y. On April 13, 2020, the Legislature passed P.L.2020, c.19, whereby the Legislature: (1) extended the due date for the filing of quarterly and annual returns and the payment of tax due pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), from April 15, 2020 to July 15, 2020; and (2) for purposes of the State's general appropriation law, provided that the State fiscal year scheduled to end on June 30, 2020, shall end on September 30, 2020, and the subsequent fiscal year shall begin on October 1, 2020, and shall end on June 30, 2021.

z. On April 13, 2020, the Governor issued Executive Order No. 126, whereby the Governor ordered that no cable or telecommunications provider that provides residential internet and voice services to State residents shall terminate such internet and voice services due to nonpayment during the public health emergency and state of emergency; authorized a cable or telecommunications provider to State residents to downgrade or reduce the quality of residential internet or voice services due to nonpayment only if acting according to a policy approved in writing by the New Jersey Board of Public

Utilities; authorized a cable or telecommunications provider to State residents to collect a fee or charge imposed for late payments relating to residential internet service or imposed for reconnection of voice services only if acting according to a policy approved in writing by the New Jersey Board of Public Utilities; and authorized reconnection of residential internet or voice services which were discontinued due to nonpayment after March 16, 2020, including where the disconnection was for unpaid bills incurred prior to March 16, 2020, at no cost to the customer beyond the actual costs incurred by the provider.

aa. On April 14, 2020, the Governor issued Executive Order No. 127, whereby the Governor ordered an extension of deadlines in contested cases and for filing of any recommended report or decision under the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1, et seq.), unless the contested case is proceeding as emergent or is on appeal to the Civil Service Commission from certain adverse actions; ordered an extension of the deadline for notices of rule proposal if the rule proposal was published in the New Jersey Register on or after April 15, 2019, and the notice of rule proposal would otherwise expire without the benefit of such an extension; ordered an extension of the deadline for any Executive Branch department or agency to act on any currently pending petition for rulemaking or on any petition for rulemaking filed during the public health emergency, or any Executive Branch department or agency rule prescribing procedures for the consideration and disposition of petitions for rulemaking; ordered an extension of the expiration date of any rule scheduled to expire during the public health emergency; authorized the further extension of any deadline or expiration date upon request of the Executive Branch department or agency and upon written approval of the Governor; and extended the deadline by which any State officer or employee is required to file a financial disclosure statement pursuant to Executive Order No. 2 (Murphy 2018) or a conflict of interest form pursuant to Executive Order No. 14 (Corzine 2006) to July 31, 2020.

bb. On April 24, 2020, the Governor issued Executive Order No. 128, whereby the Governor authorized the use of security deposits, upon the request from a tenant, to pay or be credited against rent payments due or to become due from the tenant during the public health emergency or up to sixty days after the public health emergency terminates.

cc. On April 27, 2020, the Governor issued Executive Order No. 129, whereby the Governor ordered the extension of all retired officer carry permits that expire during the public health emergency for a period of 90 days after the end of the public health emergency, provided that the permit holder submits a renewal application prior to the expiration of their existing permit or prior to May 4, 2020, which is later, and the permit holder submits proof of qualification on the use of their weapon.

dd. On April 28, 2020, the Governor issued Executive Order No. 130, whereby the Governor authorized the governing body of any municipality in the State to adopt a resolution instituting a grace period concluding on a date no later than June 1, 2020, for the payment of second-quarter property taxes for municipalities on a calendar year budget cycle and for the payment of fourth-quarter property taxes for municipalities on a State fiscal year (July 1 to June 30) budget cycle.

ee. On April 28, 2020, the Governor issued Executive Order No. 131, whereby the Governor established the Governor's Restart and Recovery Commission to provide advice and guidance to the Governor for reopening the State economy in a way that is consistent with the State's public health efforts to slow the spread of COVID-19.

ff. On April 29, 2020, the Governor issued Executive Order No. 132, whereby the Governor authorized electronic submission of initiative and referendum petitions to county clerks and municipal clerks in addition to hand delivery of such petitions; authorized county clerks and municipal clerks to also accept electronic signatures on such petitions via an online form; and suspended the statutory requirement for a notarized affidavit to be submitted attesting to the validity of signatures on such petitions.

gg. On April 29, 2020, the Governor issued Executive Order No. 133, whereby the Governor ordered the reopening of State parks and forests for passive recreational activities in which social distancing can be readily achieved but ordered that certain other activities remain closed; set forth restrictions, recommendations and policies for social distancing at State parks and forests; ordered the opening of county parks; and ordered that social distancing restrictions, recommendations and policies be followed at county and municipal parks, and at golf courses that are opened to the public.

hh. The COVID-19 Pandemic has had a severe impact on the State's economy. The long-term and short-term capital markets have experienced significant deterioration in value and increased volatility, which can affect the liquidity and results of operations of businesses in the State and the State economy as a whole and which has significantly and materially adversely affected and continues to significantly and materially adversely affect the State's financial resources for Fiscal Year 2020 and Fiscal Year 2021.

ii. The impact of COVID-19 on the State, its economy, budget and finances is unpredictable and rapidly changing, but events surrounding COVID-19 will severely and negatively impact the State's economy and financial condition. Some of the negative impacts that the State has currently identified include:

(1) The State expects precipitous declines in revenues in Fiscal Year 2020 and Fiscal Year 2021, which include significant reductions in gross income tax revenues, corporation business tax revenues, and sales and use tax revenues due to required business shutdowns; motor fuels taxes due to mandated "stay-at home" orders; casino-related

taxes due to casino closures; and lottery sales which have already started to decline;

(2) The State expects that it will need to significantly revise the estimated revenues and projected appropriations for Fiscal Years 2020 and 2021 contained in the Governor's Budget Message for Fiscal Year 2021 on February 25, 2020, which was delivered before the outbreak of COVID-19 within the State; and

(3) The State may encounter future increases in the State's actuarially recommended contributions to the State's pension plans to the extent that the valuation of pension plans is affected by the deterioration in value in the investment markets.

jj. [1]**[**Events surrounding COVID-19 have caused and will continue to cause severe and negative impacts on the economy and financial condition of the State's local government units and has increased and will continue to increase volatility in long-term and short-term capital markets on which local government units rely to meet operating expenses.

kk.**]**[1] From April 29, 2020 to the present, the Legislature and the Governor have continued to seek ways to restart the State economy and recover from the financial problems resulting from the COVID-19 Pandemic.

[1]**[**ll**]** <u>kk</u>[1]. It is necessary for the State to take action to ensure the continued viability of the State's [1]**[**and local government units'**]**[1] financial condition and to assist the State's population in dealing with the financial and economic problems resulting from the COVID-19 Pandemic through the issuance of general obligations bonds, and borrowings from the federal government pursuant to this act to provide financial resources for the State budget [1]**[**and for local government units' budgets**]**[1].

[1]**[**mm**]** <u>ll</u>[1]. This act authorizes the issuance of bonds, and borrowing from the federal government in accordance with Article VIII, Section II, paragraph 3, subparagraph e. of the Constitution of the State to respond to the fiscal exigencies caused by the COVID-19 Pandemic and to maintain and preserve the fiscal integrity of the State [1]**[**and its local government units**]**[1].

3. The following words or terms as used in this act shall have the following meanings unless a different meaning clearly appears from the context:

"Bonds" means any bonds, notes or other obligations authorized to be issued under this act.

"COVID-19" means the SARS-CoV-2 novel coronavirus.

"COVID-19 Pandemic" means the outbreak of COVID-19 throughout the world, declared to be a pandemic by the World Health Organization on March 11, 2020.

[1]**[**"Director" means the Director of the Division of Local Government Services in the Department of Community Affairs.

"Emergency Liquidity Notes" means bonds authorized to be issued pursuant to subsection d. of section 4 of this act.**]**[1]

"Federal [1]**[**Government**]** government[1]" means the United States of America, any agency or instrumentality of the United States of America and any other entity, including, without limitation, any facility or special purpose vehicle, that is authorized to make loans to the State [1]**[**or to the State on behalf of local government units**]**[1] pursuant to any federal stimulus law. The term "[1]**[**Federal Government**]** federal government[1]" is to be interpreted broadly with the intent that the State shall be authorized to borrow from such lenders as may be necessary or desirable to enable the State to receive loans under or pursuant to federal stimulus laws to the fullest extent possible.

"Federal stimulus laws" means any federal laws enacted to address the fiscal and economic crisis resulting from the COVID-19 Pandemic, including but not limited to the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), Pub.L.116-136, codified at 134 Stat. 281 or any other federal stimulus law related to the COVID-19 Pandemic, and any other federal laws that may authorize or support lending to the State [1]**[**or to the State on behalf of its local government units**]**[1], including, but not limited to, [1]**[**Section**]** section[1] 13(3) of the Federal Reserve Act, [1]12 U.S.C. s.343,[1] which laws, among other things, provide for loans or grants to the State [1]**[**and to the State on behalf of its local government units**]**[1] to address the economic crisis.

[1]**[**"Financial assistance" means the provision of any loans to or the purchase of any local government securities from local government units for the purpose of providing monetary relief to local government units to address adverse fiscal impacts resulting from the COVID-19 Pandemic.**]**[1]

"Government securities" means any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any federal agency, to the extent those obligations are unconditionally guaranteed by the United States of America, and any certificates or any other evidences of an ownership interest in those obligations of, or unconditionally guaranteed by, the United States of America or in specified portions which may consist of the principal of, or the interest on, such obligations. [1]**[**Except for purposes of Sections 20 and 21 of this act, the term "government securities" shall also include local government securities.

"Local government unit" means a county, municipality, or other political subdivision of the State or any agency, authority, or other governmental entity thereof.

"Local government securities" means, securities, notes, warrants, bond anticipation notes, commercial paper, certificates of indebtedness, certificates of participation in any lease or sale, or any other evidence of indebtedness that is a general obligation of, or an obligation guaranteed as to principal and interest by, an investment grade local government unit.**]**[1]

"New Jersey COVID-19 State Emergency Fund" means the fund by that name created and established pursuant to section 13 of this act.

[1]**[**"New Jersey COVID-19 State Emergency Liquidity Fund" means the fund by that name created and established pursuant to section 13 of this act.

"New Jersey COVID-19 State Stimulus Fund" means the fund by that name created and established pursuant to section 13 of this act.

"New Jersey COVID-19 Local Government Unit Emergency Fund" means the fund by that name created and established pursuant to section 13 of this act.**]**[1]

"Refund" or "[1]**[**Refunding**]** <u>refunding</u>[1]" means providing for the payment of a bond on or prior to its maturity or upon redemption or prepayment prior to maturity, as authorized in this act.

"Refunding bonds" means any bonds issued under this act to refund bonds previously issued pursuant to this act.

"State" means the State of New Jersey.

4. a. Bonds of the State of New Jersey are authorized to be issued to address the State's financial problems that have arisen as a consequence of the COVID-19 Pandemic. The bonds authorized pursuant to this [1]**[**subsection a. of section 4 of this act are authorized to be issued in the aggregate principal amount of $5,000,000,000.

b. In addition to bonds authorized pursuant to subsection a. of this section 4, notwithstanding any other law to the contrary, the**]** <u>section are authorized to be issued either to the federal government pursuant to any federal stimulus law as set forth in this subsection or at a public or private sale pursuant to section 11 of this act in the aggregate principal amount of up to $2,700,000,000 for the period that began July 1, 2019 and ends September 30, 2020 and in the aggregate principal amount of up to $7,200,000,000 for the period that begins October 1, 2020 and ends June 30, 2021, for a total combined aggregate principal amount of up to $9,900,000,000 issued over the two State fiscal periods. No additional borrowing is authorized. The</u>[1] State, acting through the Governor or through the State Treasurer with the consent of the [1]**[**Governor**]** <u>issuing officials, in accordance with section 6 of this act</u>[1], is hereby authorized to borrow from the federal government for the benefit of the State in such amounts and on such terms as the federal government sets forth in or pursuant to any federal stimulus law [1]<u>, subject to the limitations of this subsection</u>[1]. Any such monies received [1]<u>, as specifically authorized pursuant to this subsection,</u>[1] shall be considered monies deposited with the State by the government of the United States for purposes of Article VIII, Section II, paragraph 3, subparagraph e. of the Constitution of the State. Any such borrowing shall be treated as a bond for the purposes of sections [1]<u>6,</u>[1] 7, [1]**[**23**]** <u>22</u>[1], and [1]**[**24**]** <u>23</u>[1] of this act.

[1][c. In addition to bonds authorized pursuant to subsections a. and b. of this section 4, the State, acting through the Governor or through the State Treasurer with the consent of the Governor, is hereby authorized to borrow from the federal government in such amounts and on such terms as the federal government sets forth in or pursuant to any federal stimulus law for the purpose of providing financial assistance to local government units, provided, however, that the State shall not borrow from the federal government pursuant to this subsection c. for the purpose of providing financial assistance to local government units that are eligible on their own behalf to borrow from the federal government pursuant to any federal stimulus law.

Any such monies received shall be considered monies deposited with the State by the government of the United States for purposes of Article VIII, Section II, paragraph 3, subparagraph e. of the Constitution of the State. Any such borrowing shall be treated as a bond for the purposes of sections 7, 23 and 24 of this act. Applications from local government units for financial assistance shall be received by the Director. Such financial assistance shall be allocated where needed to assist a local government unit suffering from serious fiscal distress due to the COVID-19 Pandemic to meet immediate budgetary needs and regain financial stability. Evidence of severe financial distress may include, but shall not be limited to: limited ability to raise supplemental non-property tax revenues, extraordinary demands for public safety appropriations, difficulties making payments of debt service on obligations of the local government unit, and other factors indicating a constrained ability to raise sufficient revenues to meet budgetary requirements that substantially jeopardizes the fiscal integrity of the local government unit. The Director shall promulgate rules and regulations pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1, et seq.), setting forth the application process, the criteria by which applications shall be considered, the terms of securing local government repayment obligations, and the terms and conditions of the financial assistance. These rules and regulations shall be adopted on an emergency basis by the Director in consultation with the State Treasurer.

d. In addition to bonds authorized pursuant to subsections a., b., and c. of this section 4, bonds are authorized to be issued in the form of short term notes to provide effective cash flow management for revenues and expenditures of the General Fund and the Property Tax Relief Fund in the implementation of the annual appropriations acts for Fiscal Year 2020 and Fiscal Year 2021. Such short-term notes shall be issued in such amounts and at such times as the issuing officials herein named shall deem necessary for the above stated purposes and for the payment of related costs.

e.] b.[1] Refunding bonds are authorized to be issued [1]but only[1] to refund bonds previously issued [1]as specifically authorized[1] under this act in whole or in part. Refunding bonds shall be issued in an amount not to exceed the amount necessary to pay or to provide for the payment of the principal of the outstanding bonds [1]specifically authorized to be issued pursuant to this act[1] to be refunded, together with any redemption premium on the outstanding bonds, any interest accrued or to accrue on the outstanding bonds to be refunded to the date of payment of those outstanding bonds, the expenses of issuing the refunding bonds and the expenses, if any, of paying the outstanding bonds to be refunded. Refunding bonds may be issued hereunder without regard to the "Refunding Bond Act of 1985," P.L.1985, c.74, as amended by P.L.1992, c.182 (C.49:2B-1 et seq.) [1], but only to the extent necessary for the purposes of refunding bonds issued under this act pursuant to section 4 of this act[1].

5. The bonds authorized under this act shall be serial bonds, term bonds, notes, or a combination thereof. The bonds authorized under [1][subsections a., b., and c. of section 4 of][1] this act shall be known as "New Jersey COVID-19 General Obligation Emergency Bonds." The bonds [1][authorized under subsections b. and c. of] issued to the federal government under[1] section 4 of this act shall bear such additional designation as may be required by the federal government pursuant to the applicable federal stimulus laws. [1][The bonds authorized under subsection d. of section 4 of this act shall be known as "New Jersey COVID-19 General Obligation Emergency Liquidity Notes." The bonds authorized under subsection e. of section 4 of this act shall be known as "New Jersey COVID-19 General Obligation Emergency Refunding Bonds."][1]. All bonds shall be issued from time to time as the issuing officials shall determine, shall be issued in fully-registered form and may be certificated or in book-entry form. The bonds may be subject to redemption prior to maturity and shall mature and be paid not later than 35 years from the respective dates of their issuance. Bonds issued under this Act are authorized by and shall be issued under and in compliance with Article VIII, Section II, paragraph 3, subparagraph e. of the Constitution of the State[1].[1]

6. The Governor, the State Treasurer, and the Director of the Division of Budget and Accounting in the Department of the Treasury, or any two of these officials, herein referred to as the "issuing officials," are authorized to carry out the provisions of this act relating to the issuance of bonds, and shall determine all matters in connection therewith, subject to the provisions of this act. If an issuing official is absent from the State or incapable of acting for any reason, the powers and duties of that issuing official shall be exercised and performed by the person authorized by law to act in an official capacity in the place of that issuing official.

[1]Upon the decision by the issuing officials to issue bonds pursuant to subsection a. of section 4 of this act, and prior to the sale of those bonds, the issuing officials shall transmit a report that a decision has been made and describing the bonds proposed to be

issued to the Select Commission on Emergency COVID-19 Borrowing, which shall be comprised of two members of the Senate selected by the Senate President and two members of the General Assembly selected by the Speaker of the General Assembly. The membership of the Commission shall be selected on or before the seventh day next following the effective date of this act. No bonds shall be issued unless the report of the issuing officials is approved by the Commission. The Commission shall schedule a vote to approve the report of the issuing officials following submission of the report to the Commission, which vote shall be held within six calendar days of the date of submission of the report of the issuing officials. The Commission may use any technology or electronic means to vote to approve the report of the issuing officials or to otherwise conduct its business or carry out its purposes. Approval by three or more of the members of the Commission shall constitute approval of the report. Failure of the Commission to meet or act within six days of submission of the report or to approve the report by an affirmative vote of three or more members of the Commission shall constitute disapproval. A meeting of the Commission shall require the presence of at least three members.[1]

7. Bonds issued in accordance with the provisions of this act shall be a direct obligation of the State, and the faith and credit of the State are pledged for the payment of the interest and redemption premium, if any, thereon when due, and for the payment of the principal thereof at maturity or earlier redemption date. The principal of and interest on the bonds shall be exempt from taxation by the State or by any county, municipality, or other taxing district of the State.

8. The bonds shall be signed in the name of the State by means of the manual or facsimile signature of the Governor, and attested by the manual or facsimile signature of the Secretary of State or an Assistant Secretary of State, and shall be countersigned by the facsimile signature of the Director of the Division of Budget and Accounting in the Department of the Treasury and may be manually authenticated by an authenticating agent or bond registrar, as the issuing officials shall determine. The bonds may be issued notwithstanding that an official signing them or whose manual or facsimile signature appears on the bonds has ceased to hold office at the time of issuance, or at the time of the delivery of the bonds to the purchasers thereof. The bonds may also be executed, authenticated, and delivered by electronic means.

9. a. The bonds shall recite that they are issued for the purposes set forth in section 4 of this act, and that they are issued pursuant to this act. This recital shall be conclusive evidence of the authority of the State to issue the bonds and their validity. Any bonds

containing this recital shall, in any suit, action, or proceeding involving their validity, be conclusively deemed to be fully authorized by this act and to have been issued, sold, executed, and delivered in conformity herewith and with all other provisions of laws applicable hereto, and shall be incontestable for any cause.

b. The bonds shall be issued in those denominations and in fully-registered form, and may be certificated or in book-entry form, and with or without provisions for interchangeability thereof, as may be determined by the issuing officials.

10. When the bonds are issued from time to time, the bonds of each issue shall constitute a separate series to be designated by the issuing officials. Each series of bonds shall bear such rate or rates of interest as may be determined by the issuing officials, which interest shall be payable semiannually, except that the first and last interest periods may be longer or shorter, in order that intervening semiannual payments may be at convenient dates, or as otherwise may be required by the applicable federal stimulus law.

11. a. The issuing officials may sell the bonds at a private sale, without advertisement, at such price or prices and under such terms and conditions as the issuing officials may prescribe. The issuing officials may also sell all or part of the bonds of any series to the federal government at a private sale, without advertisement. The bonds may also be issued and sold at public sale at the price or prices and under the terms, conditions and regulations as the issuing officials may prescribe, after notice of the sale, published at least once in at least three newspapers published in this State, the first notice to appear at least two days prior to the day of bidding. The notice of sale may contain a provision to the effect that any bid in pursuance thereof may be rejected.

b. In the event of any private sale of the bonds, the issuing officials are further authorized to enter into such loan agreements or similar documents as the purchaser may require. To the extent specified in any such loan or similar agreements, the terms and provisions thereof shall constitute additional provisions of the bonds and shall be entitled to the benefits of this act.

12. Until permanent bonds are prepared, the issuing officials may issue temporary bonds in the form and with those privileges as to their registration and exchange for permanent bonds as may be determined by the issuing officials.

13. The proceeds from the sale of bonds as set forth in subsection a. of section 4 of this act shall be paid to the State Treasurer, shall be held by the State Treasurer in a separate fund, which fund shall be known as the "New Jersey COVID-19 State Emergency Fund," and

shall be deposited in such depositories as may be selected by the State Treasurer to the credit of the fund.

[1]**[**The proceeds of any loan by the federal government pursuant to a federal stimulus law as set forth in subsection b. of section 4 of this act shall be paid to the State Treasurer, shall be held by the State Treasurer in a separate fund, which fund shall be known as the "New Jersey COVID-19 State Stimulus Fund," and shall be deposited in such depositories as may be selected by the State Treasurer to the credit of the fund.

The proceeds from the sale of emergency liquidity notes as set forth in subsection d. of section 4 of this act shall be paid to the State Treasurer, shall be held by the State Treasurer in a separate fund, which fund shall be known as the "New Jersey COVID-19 State Emergency Liquidity Fund," and shall be deposited in such depositories as may be selected by the State Treasurer to the credit of the fund.

The proceeds of any loan by the federal government pursuant to a federal stimulus law to provide financial assistance to the State for the benefit of local government units as set forth in subsection c. of section 4 of this act shall be paid to the State Treasurer, shall be held by the State Treasurer in a separate fund, which fund shall be known as the "New Jersey COVID-19 Local Government Unit Emergency Fund," and shall be deposited in such depositories as may be selected by the State Treasurer to the credit of the fund.**]**[1]

14. Amounts on deposit in the New Jersey COVID-19 State Emergency Fund [1]**[**and in the New Jersey COVID-19 State Stimulus Fund**]**[1] shall be withdrawn by the State Treasurer [1]**[**from time to time and are appropriated**]**[1] for deposit into the General Fund [1]**[**of the State**]** <u>or the Property Tax Relief Fund as needed to support appropriations made by the Legislature in the Fiscal Year 2021 Appropriations Act, and such amounts shall constitute State revenues. The balance of amounts on deposit in the New Jersey COVID-19 State Emergency Fund shall be subject to appropriation by the Legislature</u>[1]. [1]**[**Amounts on deposit in the New Jersey COVID-19 State Emergency Liquidity Fund shall be withdrawn by the State Treasurer from time to time for deposit into the General Fund or the Property Tax Relief Fund of the State.**]**[1] However, no moneys in the New Jersey COVID-19 State Emergency Fund [1]**[**, the New Jersey COVID-19 State Stimulus Fund or the New Jersey COVID-19 State Emergency Liquidity Fund**]**[1] shall be expended [1]**[**from the New Jersey COVID-19 State Emergency Fund, the New Jersey COVID-19 State Stimulus Fund or the New Jersey COVID-19 State Emergency Liquidity Fund**]**[1] except as otherwise authorized by this act.

[1]**[**15. Amounts on deposit in the New Jersey COVID-19 Local Government Unit Emergency Fund shall be withdrawn by the State

Treasurer from time to time and are appropriated, and shall be applied to the provision of financial assistance to local government units as set forth in subsection c. of section 4 of this act. However, no moneys in the New Jersey COVID-19 Local Government Unit Emergency Fund shall be expended from the New Jersey COVID-19 Local Government Unit Emergency Fund except as authorized by this act.⟧[1]

[1]⟦16.⟧ <u>15.</u>[1] a. At any time prior to the issuance and sale of bonds under this act, or borrowings from the federal government under this act, the State Treasurer is authorized to transfer from any available moneys in any fund of the treasury of the State to the credit of the New Jersey COVID-19 State Emergency Fund [1]⟦, the New Jersey COVID-19 State Stimulus Fund, the New Jersey COVID-19 State Emergency Liquidity Fund or the New Jersey COVID-19 Local Government Unit Emergency Fund⟧[1] those sums as the State Treasurer may deem necessary. The sums so transferred shall be returned to the same fund of the treasury of the State by the State Treasurer from the proceeds of the sale of bonds, [1]<u>or</u>[1] a loan or loans by the federal government pursuant to a federal stimulus law as set forth in [1]⟦subsections b. and c. of⟧[1] section 4 of this act [1]⟦, or the sale of emergency liquidity notes, as the case may be⟧[1].

b. Pending their application to the purposes provided in this act, the moneys in the New Jersey COVID-19 State Emergency Fund [1]⟦, the New Jersey COVID-19 State Stimulus Fund, the New Jersey COVID-19 State Emergency Liquidity Fund, and the New Jersey COVID-19 Local Government Unit Emergency Fund⟧[1] may be invested and reinvested as are other trust funds in the custody of the State Treasurer, in the manner provided by law [1]⟦and may be invested or reinvested in local government securities⟧[1]. Net earnings received from the investment, reinvestment, or deposit of moneys in the New Jersey COVID-19 State Emergency Fund [1]⟦, the New Jersey COVID-19 State Stimulus Fund, the New Jersey COVID-19 State Emergency Liquidity Fund, and the New Jersey COVID-19 Local Government Unit Emergency Fund⟧[1] shall be paid into the General Fund.

[1]⟦17.⟧ <u>16.</u>[1] If any bond is lost, mutilated, or destroyed, a new bond shall be executed and delivered of like tenor, in substitution for the lost, mutilated, or destroyed bond, upon the owner furnishing to the issuing officials evidence satisfactory to them of the loss, mutilation, or destruction of the bond, the ownership thereof, and security, indemnity, and reimbursement for expenses connected therewith, as the issuing officials may require.

[1]⟦18.⟧ <u>17.</u>[1] The accrued interest, if any, received upon the sale of the bonds shall be applied to the discharge of a like amount of

interest upon the bonds when due. Any expense incurred by the issuing officials for advertising, engraving, printing, clerical, authenticating, registering, legal, or other services necessary to carry out the duties imposed upon them by the provisions of this act shall be paid from the proceeds of the sale of the bonds by the State Treasurer, upon the warrant of the Director of the Division of Budget and Accounting in the Department of the Treasury, in the same manner as other obligations of the State are paid.

[1]**[**19.**]** 18.[1] Bonds of each series issued hereunder shall mature, including any sinking fund redemptions, not later than the 35th year from the date of issue of that series, and in amounts as shall be determined by the issuing officials. The issuing officials may reserve to the State by appropriate provision in the bonds of any series the power to redeem any of the bonds prior to maturity at the price or prices and upon the terms and conditions as may be provided in the bonds.

[1]**[**20.**]** 19.[1] a. Proceeds derived from the sale of each series of refunding bonds shall be applied, together with any other moneys legally available therefor, to the payment of the expenses authorized by this act and to the immediate payment of the principal of, redemption premium, if any, and interest due on any outstanding bonds to be refunded by the refunding bonds, or, to the extent not required for that immediate payment, shall be deposited, together with any other moneys legally available therefor, in trust with the State Treasurer, to be held separate and apart from all other funds of the State, or, at the direction of the issuing officials, in trust with one or more trustees or escrow agents, which trustees or escrow agents shall be trust companies or national or state banks having powers of a trust company, located either within or without the State. Proceeds or moneys deposited in trust with the State Treasurer or with one or more trustees or escrow agents shall be applied solely to the payment when due of the principal of, redemption premium, if any, and interest due and to become due on those outstanding bonds to be refunded on or prior to the redemption date or maturity date of the outstanding bonds, as the case may be. Proceeds or moneys so held by the State Treasurer or deposited with trustees or escrow agents may be invested in government securities (including government securities issued or held in book-entry form on the books of the Department of the Treasury of the United States); except that those government securities shall not be subject to redemption prior to their maturity other than at the option of the holder thereof. Except as provided in subsection b. of this section [1]**[**20**]** 19[1], neither government securities nor moneys so deposited with the State Treasurer or with trustees or escrow agents shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest on the outstanding bonds to be refunded by the refunding

bonds; except that any cash received from principal or interest payments on government securities deposited with the State Treasurer or with trustees or escrow agents: (1) to the extent that the cash will not be required at any time for that purpose, shall be paid over to the State as received by the State Treasurer or by the trustees or escrow agents, and (2) to the extent that cash will be required for that purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in government securities maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on the outstanding bonds on and prior to the redemption date or maturity date of the outstanding bonds, as the case may be, and interest earned from those reinvestments to the extent not required for the payment of bonds shall be paid over to the State, as received by the State Treasurer or by the trustees or escrow agents.

b. Notwithstanding anything to the contrary contained in this section: (1) the State Treasurer or trustees or escrow agents shall, if so directed by the issuing officials, apply moneys on deposit with the State Treasurer or the trustees or escrow agents pursuant to the provisions of this section and redeem or sell government securities so deposited with the State Treasurer or the trustees or escrow agents and apply the proceeds thereof to: (a) the purchase of the outstanding bonds which were refunded by the deposit with the State Treasurer or the trustees or escrow agents of the moneys and government securities and immediately thereafter cancel all outstanding bonds so purchased or (b) the purchase of different government securities; except that the moneys and government securities on deposit with the State Treasurer or the trustees or escrow agents after the purchase and cancellation of the outstanding bonds or the purchase of different government securities shall be sufficient to pay, when due, the principal of, redemption premium, if any, and interest on all other outstanding bonds in respect of which the moneys and government securities were deposited with the State Treasurer or the trustees or escrow agents on or prior to the redemption date or maturity date of the outstanding bonds, as the case may be; and (2) if on any date, as a result of any purchases and cancellations of outstanding bonds or any purchases of different government securities as provided in this subsection, the total amount of moneys and government securities remaining on deposit with the State Treasurer or the trustees or escrow agents is in excess of the total amount which would have been required to be deposited with the State Treasurer or the trustees or escrow agents on that date in respect of the remaining outstanding bonds for which the deposit was made in order to pay when due the principal of, redemption premium, if any, and interest on those remaining outstanding bonds, the State Treasurer or the trustees or escrow agents shall, if so directed by the issuing officials, pay the amount of that excess to the State.

c. Any amounts held by the State Treasurer in a separate fund for the payment of the principal of and interest on outstanding bonds to be refunded, as provided in this section, shall, if so directed by the issuing officials, be transferred by the State Treasurer for deposit with one or more trustees or escrow agents as provided in this section, to be applied to the payment when due of the principal of, redemption premium, if any, and interest to become due on those outstanding bonds, as provided in this section.

d. The State Treasurer is authorized, upon direction of the issuing officials, to enter into contracts with one or more trust companies or national or state banks, to act as trustees or escrow agents as provided in this section, on terms and conditions as shall be approved by the issuing officials.

[1]**[**21.**]** <u>20.</u>[1] Any bond or bonds issued hereunder that have been refunded shall no longer be deemed to be outstanding, shall no longer constitute a direct obligation of the State of New Jersey, and the faith and credit of the State shall no longer be pledged to the payment of the principal of, redemption premium, if any, and interest on such bonds, and such bonds shall be secured solely by and payable solely from moneys and government securities deposited in trust with one or more trustees or escrow agents, which trustees and escrow agents shall be trust companies or national or state banks having powers of a trust company, located either within or without the State, as provided herein, whenever there shall be deposited in trust with the trustees or escrow agents, as provided herein, either moneys or government securities, including government securities issued or held in book-entry form on the books of the Department of Treasury of the United States, the principal of and interest on which when due will provide money which, together with the moneys, if any, deposited with the trustees or escrow agents at the same time, shall be sufficient to pay when due the principal of, redemption premium, if any, and interest due and to become due on the bonds on or prior to the redemption date or maturity date thereof, as the case may be; provided the government securities shall not be subject to redemption prior to their maturity other than at the option of the holder thereof. The State of New Jersey hereby covenants with the holders of any bonds for which government securities or moneys shall have been deposited in trust with the trustees or escrow agents as provided in this section that, except as otherwise provided in this section, neither the government securities nor moneys so deposited with the trustees or escrow agents shall be withdrawn or used by the State for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest to become due on the bonds; provided that any cash received from the principal or interest payments on the government securities deposited with the trustees or escrow agents, to the extent such cash will not be required at any time for that purpose, shall be paid over to the State, as received by the trustees or escrow agents,

free and clear of any trust, lien, pledge, or assignment securing the bonds; and to the extent the cash will be required for that purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in government securities maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on the bonds on and prior to the redemption date or maturity date thereof, as the case may be, and interest earned from the reinvestments shall be paid over to the State, as received by the trustees or escrow agents, free and clear of any trust, lien, or pledge securing the bonds. Notwithstanding anything to the contrary contained herein: a. the trustees or escrow agents shall, if so directed by the issuing officials, apply moneys on deposit with the trustees or escrow agents pursuant to the provisions of this section, and redeem or sell government securities so deposited with the trustees or escrow agents, and apply the proceeds thereof to (1) the purchase of the bonds which were refunded by the deposit with the trustees or escrow agents of the moneys and government securities and immediately thereafter cancel all bonds so purchased, or (2) the purchase of different government securities; provided however, that the moneys and government securities on deposit with the trustees or escrow agents after the purchase and cancellation of the bonds or the purchase of different government securities shall be sufficient to pay when due the principal of, redemption premium, if any, and interest on all other bonds in respect of which the moneys and government securities were deposited with the trustees or escrow agents on or prior to the redemption date or maturity date thereof, as the case may be; and b. in the event that on any date, as a result of any purchases and cancellations of bonds or any purchases of different government securities, as provided in this sentence, the total amount of moneys and government securities remaining on deposit with the trustees or escrow agents is in excess of the total amount then required to be on deposit with the trustees or escrow agents on that date in respect of the remaining bonds for which the deposit was made in order to pay when due the principal of, redemption premium, if any, and interest on the remaining bonds, the trustees or escrow agents shall, if so directed by the issuing officials, pay the amount of the excess to the State, free and clear of any trust, lien, pledge, or assignment securing the refunding bonds.

[1]**[**22.**]** <u>21.</u>[1] Refunding bonds issued pursuant to this act may be consolidated with other bonds issued pursuant to section 4 of this act or with bonds or refunding general obligation bonds issued pursuant to any other act for purposes of sale.

[1]**[**23.**]** <u>22.</u>[1] To provide funds to meet the interest and principal payment requirements for the bonds, including refunding bonds,

issued under this act and outstanding, there is appropriated in the order following:

a. Revenue derived from the collection of taxes under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or so much thereof as may be required; and

b. If, at any time, funds necessary to meet the interest, redemption premium, if any, and principal payments on outstanding bonds issued under this act are insufficient or not available, there shall be assessed, levied, and collected annually in each of the municipalities of the counties of this State, a tax on the real and personal property upon which municipal taxes are or shall be assessed, levied, and collected, sufficient to meet the interest on all outstanding bonds issued hereunder and on the bonds proposed to be issued under this act in the calendar year in which the tax is to be raised and for the payment of bonds falling due in the year following the year for which the tax is levied. The tax shall be assessed, levied, and collected in the same manner and at the same time as are other taxes upon real and personal property. The governing body of each municipality shall cause to be paid to the county treasurer of the county in which the municipality is located, on or before December 15 in each year, the amount of tax herein directed to be assessed and levied, and the county treasurer shall pay the amount of the tax to the State Treasurer on or before December 20 in each year.

If on or before December 31 in any year, the issuing officials, by resolution, determine that there are moneys in the General Fund beyond the needs of the State, sufficient to pay the principal of bonds falling due and all interest and redemption premium, if any, payable in the ensuing calendar year, the issuing officials shall file the resolution in the office of the State Treasurer, whereupon the State Treasurer shall transfer the moneys to a separate fund to be designated by the State Treasurer, and shall pay the principal, redemption premium, if any, and interest out of that fund as the same shall become due and payable, and the other sources of payment of the principal, redemption premium, if any, and interest provided for in this section shall not then be available, and the receipts for the year from the tax specified in subsection a. of this section shall be considered and treated as part of the General Fund, available for general purposes.

[1]**[**24.**]** <u>23.</u>[1] Should the State Treasurer, by December 31 of any year, deem it necessary, because of the insufficiency of funds collected from the sources of revenues as provided in this act, to meet the interest and principal payments for the year after the ensuing year, then the State Treasurer shall certify to the Director of the Division of Budget and Accounting in the Department of the Treasury the amount necessary to be raised by taxation for those purposes, the same to be assessed, levied, and collected for and in

the ensuing calendar year. The director shall, on or before March 1 following, calculate the amount in dollars to be assessed, levied, and collected in each county as herein set forth. This calculation shall be based upon the corrected assessed valuation of each county for the year preceding the year in which the tax is to be assessed, but the tax shall be assessed, levied, and collected upon the assessed valuation of the year in which the tax is assessed and levied. The director shall certify the amount to the county board of taxation and the treasurer of each county. The county board of taxation shall include the proper amount in the current tax levy of the several taxing districts of the county in proportion to the ratables as ascertained for the current year.

[1]**[**25.**]** <u>24.</u>[1] This act shall take effect immediately.

"New Jersey COVID-19 Emergency Bond Act," authorizes issuance of State bonds totaling up to $9.9 billion.

EXHIBIT H

Municipal Liquidity Facility

Effective April 27, 2020[1]

Facility: The Municipal Liquidity Facility ("Facility"), which has been authorized under Section 13(3) of the Federal Reserve Act, will support lending to U.S. states and the District of Columbia (together, "States"), U.S. cities with a population exceeding 250,000 residents[2] ("Cities"), U.S. counties with a population exceeding 500,000 residents[3] ("Counties"), and Multi-State Entities. Under the Facility, the Federal Reserve Bank of New York ("Reserve Bank") will commit to lend to a special purpose vehicle ("SPV") on a recourse basis. The SPV will purchase Eligible Notes directly from Eligible Issuers at the time of issuance. The Reserve Bank will be secured by all the assets of the SPV. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act, will make an initial equity investment of $35 billion in the SPV in connection with the Facility. The SPV will have the ability to purchase up to $500 billion of Eligible Notes.

Eligible Notes: Eligible Notes are tax anticipation notes (TANs), tax and revenue anticipation notes (TRANs), bond anticipation notes (BANs), and other similar short-term notes issued by Eligible Issuers, provided that such notes mature no later than 36 months from the date of issuance. In each case, a note's eligibility is subject to review by the Federal Reserve. Relevant legal opinions and disclosures will be required as determined by the Federal Reserve prior to purchase.

Eligible Issuer: An Eligible Issuer is a State, City, or County (or, subject to Federal Reserve review and approval, an entity that issues securities on behalf of the State, City, or County for the purpose of managing its cash flows) or a Multi-State Entity. An Eligible Issuer that is not a Multi-State Entity must have been rated at least BBB-/Baa3 as of April 8, 2020, by two or more major nationally recognized statistical rating organizations ("NRSROs"). An Eligible Issuer that is not a Multi-State Entity and that was rated at least BBB-/Baa3 as of April 8, 2020, but is subsequently downgraded, must be rated at least BB-/Ba3 by two or more major NRSROs at the time the Facility makes a purchase. An Eligible Issuer that is a Multi-State Entity must have been rated at least A-/A3 as of April 8, 2020, by two or more major NRSROs. A Multi-State Entity that was rated at least A-/A3 as of April 8, 2020, but is subsequently downgraded, must be rated at least BBB-/Baa3 by two or more major NRSROs at the time the Facility makes a purchase.

Only one issuer per State, City, County, or Multi-State Entity is eligible; provided that the Federal Reserve may approve one or more additional issuers per State, City, or County to facilitate the provision of assistance to political subdivisions and other governmental entities of the relevant State, City, or County.

Multi-State Entity: A Multi-State Entity is an entity that was created by a compact between two or more States, which compact has been approved by the United States Congress, acting pursuant to its power under the Compact Clause of the United States Constitution.

---

[1] The Board of Governors of the Federal Reserve System ("Board") and Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

[2] Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018, as of April 6, 2020 (https://www.census.gov/data/tables/time-series/demo/popest/2010s-total-cities-and-towns.html).

[3] Source: U.S. Census Bureau, "Population, Population Change, and Estimated Components of Population Change: April 1, 2010 to July 1, 2019 (CO-EST2019-alldata)" dataset as of April 6, 2020 (https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html#par_textimage_739801612.)

Security for Eligible Notes: Note security will be subject to review and approval by the Federal Reserve. The source of repayment and security for Eligible Notes will depend on the applicable constitutional and statutory provisions governing the Eligible Issuer and should be generally consistent with the source of repayment and strongest security typically pledged to repay publicly offered obligations of the Eligible Issuer. Eligible Notes issued by Eligible Issuers that are not Multi-State Entities will generally be expected to represent general obligations of the Eligible Issuer, or be backed by tax or other specified governmental revenues of the applicable State, City, or County. If the Eligible Issuer is an authority, agency, or other entity of a State, City, or County, such Eligible Issuer must either commit the credit of, or pledge revenues of, the State, City, or County, or the State, City, or County must guarantee the Eligible Notes issued by such issuer. If the Eligible Issuer is a Multi-State Entity, the Eligible Notes will be expected to be parity obligations of existing debt secured by a senior lien on the Multi-State Entity's gross or net revenues.

Limit per State, City, County, and Multi-State Entity: The SPV may purchase Eligible Notes issued by or on behalf of a State, City, or County in one or more issuances of up to an aggregate amount of 20% of the general revenue from own sources and utility revenue of the applicable State, City, or County government for fiscal year 2017.[4] The SPV may purchase Eligible Notes issued by a Multi-State Entity in one or more issuances of up to an aggregate amount of 20% of the Multi-State Entity's gross revenue as reported in its audited financial statements for fiscal year 2019. States may request that the SPV purchase Eligible Notes in excess of the applicable limit in order to assist political subdivisions and other governmental entities that are not eligible for the Facility.

Pricing: Pricing will be based on an Eligible Issuer's rating at the time of purchase with details to be provided later.

Origination Fee: Each Eligible Issuer that participates in the Facility must pay an origination fee equal to 10 basis points of the principal amount of the Eligible Issuer's notes purchased by the SPV. The origination fee may be paid from the proceeds of the issuance.

Prepayment Right: Eligible Notes purchased by the SPV may be prepaid by the Eligible Issuer at any time, in whole or in part, at par prior to maturity with the approval of the Federal Reserve.

Eligible Use of Proceeds: An Eligible Issuer may use the proceeds of Eligible Notes purchased by the SPV to help manage the cash flow impact of income tax deferrals resulting from an extension of an income tax filing deadline; deferrals or reductions of tax and other revenues or increases in expenses related to or resulting from the COVID-19 pandemic; and requirements for the payment of principal and interest on obligations of the Eligible Issuer or its political subdivisions or other governmental entities. An Eligible Issuer (other than a Multi-State Entity) may use the proceeds of the notes purchased by the SPV to purchase similar notes issued by, or otherwise to assist, political subdivisions and other governmental entities of the relevant State, City, or County for the purposes enumerated in the prior sentence.

Termination Date: The SPV will cease purchasing Eligible Notes on December 31, 2020, unless the Board and the Treasury Department extend the Facility. The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

[4] Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020 (https://www.census.gov/data/datasets/2017/econ/local/public-use-datasets.html).

Federal Reserve Municipal Facility Limit per State

Municipal Type	Muni Issuer	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
State	California	196.6	39,326.8
State	New York	109.5	21,907.9
State	Texas	83.5	16,703.6
State	Florida	58.3	11,659.9
State	Pennsylvania	54.7	10,932.2
State	Illinois	48.4	9,676.7
State	New Jersey	46.2	9,249.2
State	Ohio	44.5	8,895.3
State	Michigan	42.7	8,534.2
State	Massachusetts	39.3	7,859.0
State	Virginia	36.5	7,306.9
State	North Carolina	36.5	7,291.3
State	Washington	33.1	6,625.1
State	Minnesota	30.6	6,115.0
State	Georgia	28.7	5,748.3
State	Maryland	28.4	5,670.0
State	Wisconsin	26.0	5,195.3
State	Indiana	24.0	4,806.9
State	Arizona	21.0	4,197.4
State	Connecticut	20.7	4,131.2
State	Oregon	20.3	4,057.7
State	Colorado	19.4	3,886.1
State	South Carolina	18.8	3,758.1
State	Missouri	18.2	3,646.6
State	Tennessee	18.1	3,624.2
State	Iowa	17.7	3,538.9
State	Kentucky	17.0	3,395.7
State	Alabama	16.8	3,364.4
State	Louisiana	14.9	2,985.3
State	Oklahoma	14.4	2,874.7
State	Kansas	13.5	2,705.0
State	Utah	13.4	2,677.4
State	Arkansas	13.2	2,637.1
State	Mississippi	10.8	2,157.8
State	Hawaii	10.7	2,132.8
State	Nevada	10.1	2,016.8
State	New Mexico	9.5	1,897.8
State	West Virginia	7.7	1,547.7
State	Nebraska	6.9	1,374.9
State	Delaware	6.0	1,206.3
State	Idaho	5.9	1,178.9
State	Maine	5.6	1,113.7
State	Rhode Island	5.2	1,043.9
State	Alaska	5.1	1,015.3
State	North Dakota	4.7	946.3
State	New Hampshire	4.4	872.2
State	Vermont	4.1	819.9
State	Montana	3.6	717.7
State	Wyoming	3.0	592.2
State	South Dakota	2.7	547.9
State	Washington DC	9.2	1,836.4

Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020

Calculations: Own Source General and Utility Revenue (OSGUR) for each state is calculated by adding the State's "General Revenue from Own Sources" (Line 7) and its "Utility Revenue" (Line 43) from the source above.

Federal Reserve Municipal Facility Limit per City

Municipal Type	Muni Issuer	Population	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
City	New York City, New York	8,398,748	74.9	14,989.0
City	Los Angeles City, California	3,990,456	14.2	2,849.0
City	Chicago City, Illinois	2,705,994	7.3	1,462.1
City	Houston City, Texas	2,325,502	4.8	958.1
City	Phoenix City, Arizona	1,660,272	2.8	562.6
City	Philadelphia City, Pennsylvania	1,584,138	5.8	1,156.9
City	San Antonio City, Texas	1,532,233	4.7	943.4
City	San Diego City, California	1,425,976	3.3	667.2
City	Dallas City, Texas	1,345,047	3.4	670.9
City	San Jose City, California	1,030,119	2.2	443.1
City	Austin City, Texas	964,254	3.5	705.6
City	Jacksonville City, Florida	903,889	3.2	649.6
City	Fort Worth City, Texas	895,008	1.4	287.5
City	Columbus City, Ohio	892,533	1.7	346.2
City	San Francisco City, California	883,305	7.7	1,545.6
City	Charlotte City, North Carolina	872,498	1.8	357.4
City	Indianapolis City, Indiana	867,125	2.6	523.5
City	Seattle City, Washington	744,955	3.7	734.1
City	Denver City, Colorado	716,492	3.4	679.2
City	Boston City, Massachusetts	694,583	3.0	601.2
City	El Paso City, Texas	682,669	0.9	186.3
City	Detroit City, Michigan	672,662	1.4	283.0
City	Nashville-Davidson County Metropolitan Government, Tennessee	669,053	3.4	675.9
City	Portland City, Oregon	653,115	1.7	341.5
City	Memphis City, Tennessee	650,618	2.5	497.3
City	Oklahoma City City, Oklahoma	649,021	1.2	246.5
City	Las Vegas City, Nevada	644,644	0.5	90.4
City	Louisville-Jefferson County Metro Government, Kentucky	620,118	1.1	225.1
City	Baltimore City, Maryland	602,495	2.2	431.4
City	Milwaukee City, Wisconsin	592,025	0.6	128.4
City	Albuquerque City, New Mexico	560,218	0.9	172.6
City	Tucson city, Arizona	545,975	0.7	138.9
City	Fresno City, California	530,093	0.7	145.7
City	Mesa City, Arizona	508,958	0.7	130.5
City	Sacramento City, California	508,529	1.1	214.5
City	Atlanta City, Georgia	498,044	1.8	366.4
City	Kansas City City, Missouri	491,918	1.7	336.4
City	Miami City, Florida	470,914	0.8	151.2
City	Colorado Springs City, Colorado	472,688	1.3	251.2
City	Raleigh City, North Carolina	469,298	0.7	145.3
City	Omaha City, Nebraska	468,262	0.6	129.5
City	Long Beach City, California	467,354	1.5	292.7
City	Virginia Beach City, Virginia	450,189	1.3	256.3
City	Oakland City, California	429,082	1.5	300.3
City	Minneapolis City, Minnesota	425,403	1.1	214.5
City	Tulsa City, Oklahoma	400,669	0.9	175.3
City	Arlington City, Texas	398,112	0.6	110.2
City	Tampa City, Florida	392,890	0.7	142.2
City	New Orleans City, Louisiana	391,006	1.2	242.5
City	Wichita City, Kansas	389,255	0.5	108.5
City	Cleveland City, Ohio	383,793	1.3	256.5
City	Bakersfield City, California	383,579	0.4	71.3
City	Aurora City, Colorado	374,114	0.6	114.9
City	Anaheim City, California	352,005	1.1	229.5
City	Honolulu City, Hawaii	347,397	2.8	550.5
City	Santa Ana City, California	332,725	0.4	72.0
City	Riverside City, California	330,063	0.8	166.8
City	Corpus Christi City, Texas	326,554	0.6	116.4
City	Lexington-Fayette Urban County Government, Kentucky	323,780	0.6	121.4
City	Stockton City, California	311,178	0.4	81.2
City	Henderson City, Nevada	310,390	0.3	65.0
City	St. Paul City, Minnesota	307,695	0.5	104.2
City	St. Louis City, Missouri	302,838	0.9	172.6
City	Cincinnati City, Ohio	302,605	0.9	179.8
City	Pittsburgh City, Pennsylvania	301,048	0.5	102.6
City	Greensboro City, North Carolina	294,722	0.4	78.7
City	Anchorage Municipality, Alaska	291,538	1.0	208.9
City	Plano City, Texas	288,061	0.5	103.1
City	Lincoln City, Nebraska	287,401	0.3	67.6

Federal Reserve Municipal Facility Limit per City (Continued)

Municipal Type	Muni Issuer	Population	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
City	Orlando City, Florida	285,713	0.6	123.9
City	Irvine City, California	282,572	0.3	59.2
City	Newark City, New Jersey	282,090	0.5	107.8
City	Toledo City, Ohio	274,975	0.5	91.6
City	Durham City, North Carolina	274,291	0.4	74.4
City	Chula Vista City, California	271,651	0.5	94.2
City	Fort Wayne City, Indiana	267,633	0.2	47.8
City	Jersey City City, New Jersey	265,549	0.7	137.0
City	St. Petersburg City, Florida	265,098	0.4	80.3
City	Laredo City, Texas	261,639	0.4	85.1
City	Madison City, Wisconsin	258,054	0.4	84.2
City	Chandler City, Arizona	257,165	0.3	65.8
City	Buffalo City, New York	256,304	0.3	52.7
City	Lubbock City, Texas	255,885	0.6	120.4
City	Scottsdale City, Arizona	255,310	0.5	98.2
City	Reno City, Nevada	250,998	0.3	60.4
City	Glendale City, Arizona	250,702	0.3	68.5

Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020

Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1 2010 to July 1, 2018, as of April 6, 2020

Calculations: Own Source General and Utility Revenue (OSGUR) for each City and County is calculated using the "2017FinEstDAT_02202020modp_pu.txt" and "Fin_GID_2017.txt" data files, both included in the 2017 State & Local Government Finance Historical Datasets and Tables Public Use Files, as of April 6, 2020, and the 2017 U.S. Census Bureau key of item codes, government codes, and state codes, also available in the Public Use Files. Using these files together, each City's and County's OSGUR is calculated by adding all of the following code amounts listed below (in thousands of dollars).

Own-Source General Revenue Items: A01, A03, A09, A10, A12, A16, A18, A21, A36, A44, A45, A50, A56, A59, A60, A61, A80, A81, A87, A89, T01, T09, T10, T11, T12, T13, T14, T15, T16, T19, T20, T21, T22, T23, T24, T25, T27, T28, T29, T40, T41, T50, T51, T53, T99, U01, U11, U20, U21, U30, U40, U41, U50, U95, U99.

Utility Revenue Items: A91, A92, A93, A94.

Federal Reserve Municipal Facility Limit per County

Municipal Type	Muni Issuer	Population	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
County	Los Angeles County, California	10,039,107	13.4	2,687.1
County	Cook County, Illinois	5,150,233	2.7	543.3
County	Harris County, Texas	4,713,325	4.5	897.2
County	Maricopa County, Arizona	4,485,414	1.0	204.8
County	San Diego County, California	3,338,330	1.8	365.4
County	Orange County, California	3,175,692	1.9	383.9
County	Miami-Dade County, Florida	2,716,940	7.2	1,448.4
County	Dallas County, Texas	2,635,516	2.6	520.1
County	Riverside County, California	2,470,546	2.2	437.2
County	King County, Washington	2,252,782	3.1	621.7
County	Clark County, Nevada	2,266,715	4.6	920.6
County	San Bernardino County, California	2,180,085	1.7	337.7
County	Tarrant County, Texas	2,102,515	1.4	286.7
County	Bexar County, Texas	2,003,554	1.8	363.0
County	Broward County, Florida	1,952,778	2.2	432.5
County	Santa Clara County, California	1,927,852	3.7	738.1
County	Wayne County, Michigan	1,749,343	0.8	156.0
County	Alameda County, California	1,671,329	2.3	456.6
County	Sacramento County, California	1,552,058	1.5	294.7
County	Palm Beach County, Florida	1,496,770	2.2	431.7
County	Suffolk County, New York	1,476,601	2.7	541.4
County	Hillsborough County, Florida	1,471,968	1.7	336.9
County	Orange County, Florida	1,393,452	1.8	366.8
County	Nassau County, New York	1,356,924	3.1	618.1
County	Franklin County, Ohio	1,316,756	1.0	195.4
County	Hennepin County, Minnesota	1,265,843	2.0	403.2
County	Oakland County, Michigan	1,257,584	0.5	105.7
County	Travis County, Texas	1,273,954	1.0	198.5
County	Cuyahoga County, Ohio	1,235,072	1.9	370.9
County	Allegheny County, Pennsylvania	1,216,045	0.6	118.4
County	Contra Costa County, California	1,153,526	2.5	496.4
County	Salt Lake County, Utah	1,160,437	0.8	153.3
County	Fairfax County, Virginia	1,147,532	4.7	948.3
County	Mecklenburg County, North Carolina	1,110,356	1.6	325.4
County	Wake County, North Carolina	1,111,761	1.3	258.6
County	Fulton County, Georgia	1,063,937	0.8	155.1
County	Montgomery County, Maryland	1,050,688	5.9	1,174.5
County	Pima County, Arizona	1,047,279	0.9	183.9
County	Collin County, Texas	1,034,730	0.3	54.4
County	St. Louis County, Missouri	994,205	0.7	133.7
County	Fresno County, California	999,101	0.5	97.6
County	Pinellas County, Florida	974,996	1.1	224.1
County	Westchester County, New York	967,506	3.2	638.8
County	Milwaukee County, Wisconsin	945,726	1.0	194.1
County	Fairfield County, Connecticut	943,332	0.0	0.0
County	Shelby County, Tennessee	937,166	1.7	336.8
County	Bergen County, New Jersey	932,202	0.9	179.6
County	Gwinnett County, Georgia	936,250	1.1	220.2
County	DuPage County, Illinois	922,921	0.3	65.5
County	Erie County, New York	918,702	2.0	395.7
County	Prince George's County, Maryland	909,327	2.4	478.3
County	Kern County, California	900,202	0.7	141.7
County	Pierce County, Washington	904,980	0.5	107.3
County	Macomb County, Michigan	873,972	0.5	93.3
County	Hidalgo County, Texas	868,707	0.3	54.4
County	Denton County, Texas	887,207	0.2	45.6
County	Ventura County, California	846,006	1.4	283.8
County	El Paso County, Texas	839,238	0.7	148.9
County	Baltimore County, Maryland	827,370	2.3	460.7
County	Montgomery County, Pennsylvania	830,915	0.3	66.0
County	Middlesex County, New Jersey	825,062	0.6	127.5
County	Hamilton County, Ohio	817,473	0.9	185.9
County	Snohomish County, Washington	822,083	0.5	90.5
County	Multnomah County, Oregon	812,855	0.6	120.2
County	Essex County, New Jersey	798,975	0.6	111.1
County	Oklahoma County, Oklahoma	797,434	0.1	20.6
County	Fort Bend County, Texas	811,688	0.4	79.6
County	San Mateo County, California	766,573	1.0	191.0
County	Jefferson County, Kentucky	766,757	0.6	120.4

Federal Reserve Municipal Facility Limit per County (Continued)

Municipal Type	Muni Issuer	Population	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
County	Cobb County, Georgia	760,141	0.9	174.4
County	DeKalb County, Georgia	759,297	1.0	191.0
County	Lee County, Florida	770,577	1.0	192.7
County	San Joaquin County, California	762,148	0.8	165.5
County	Monroe County, New York	741,770	1.4	270.6
County	El Paso County, Colorado	720,403	0.2	41.0
County	Polk County, Florida	724,777	0.6	118.0
County	Norfolk County, Massachusetts	706,775	0.0	4.3
County	Jackson County, Missouri	703,011	0.2	45.3
County	Lake County, Illinois	696,535	0.4	73.8
County	Will County, Illinois	690,743	0.3	53.1
County	Davidson County, Tennessee	694,144	0.0	0.0
County	Bernalillo County, New Mexico	679,121	0.3	66.8
County	Hudson County, New Jersey	672,391	0.4	86.4
County	Jefferson County, Alabama	658,573	0.6	120.4
County	Kent County, Michigan	656,955	0.3	58.0
County	Arapahoe County, Colorado	656,590	0.2	48.2
County	Tulsa County, Oklahoma	651,552	0.3	56.5
County	Bucks County, Pennsylvania	628,270	0.3	53.5
County	Utah County, Utah	636,235	0.2	47.3
County	Monmouth County, New Jersey	618,795	0.4	89.8
County	Ocean County, New Jersey	607,186	0.4	86.0
County	Johnson County, Kansas	602,401	0.7	133.1
County	Washington County, Oregon	601,592	0.5	98.2
County	Brevard County, Florida	601,942	0.5	93.0
County	Montgomery County, Texas	607,391	0.3	58.9
County	Jefferson County, Colorado	582,881	0.3	69.6
County	Anne Arundel County, Maryland	579,234	1.8	354.6
County	Williamson County, Texas	590,551	0.3	55.1
County	Douglas County, Nebraska	571,327	0.3	56.3
County	Delaware County, Pennsylvania	566,747	0.3	55.9
County	New Castle County, Delaware	558,753	0.3	53.6
County	Union County, New Jersey	556,341	0.4	87.6
County	Ramsey County, Minnesota	550,321	0.4	85.8
County	Stanislaus County, California	550,660	0.4	75.8
County	Volusia County, Florida	553,284	0.4	87.7
County	Lancaster County, Pennsylvania	545,724	0.2	31.8
County	Dane County, Wisconsin	546,695	0.3	58.9
County	Summit County, Ohio	541,013	0.2	47.5
County	Pasco County, Florida	553,947	0.6	110.5
County	Kane County, Illinois	532,403	0.2	36.6
County	Guilford County, North Carolina	537,174	0.5	108.9
County	Montgomery County, Ohio	531,687	0.5	100.5
County	Chester County, Pennsylvania	524,989	0.2	46.8
County	Greenville County, South Carolina	523,542	0.2	46.8
County	Spokane County, Washington	522,798	0.3	52.7
County	Sedgwick County, Kansas	516,042	0.3	66.5
County	Adams County, Colorado	517,421	0.3	50.2
County	Camden County, New Jersey	506,471	0.4	81.8
County	Passaic County, New Jersey	501,826	0.4	77.7

Note: Although Kings County, NY and Queens County, NY both satisfy the county population threshold, they have no own source general and utility revenue, and therefore have a MLF issuance limit of zero.

Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020

Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1 2010 to July 1, 2019, as of April 6, 2020

Calculations: Own Source General and Utility Revenue (OSGUR) for each City and County is calculated using the "2017FinEstDAT_02202020modp_pu.txt" and "Fin_GID_2017.txt" data files, both included in the 2017 State & Local Government Finance Historical Datasets and Tables Public Use Files, as of April 6, 2020, and the 2017 U.S. Census Bureau key of item codes, government codes, and state codes, also available in the Public Use Files. Using these files together, each City's and County's OSGUR is calculated by adding all of the following code amounts below (in thousands of dollars).

Own-Source General Revenue Items: A01, A03, A09, A10, A12, A16, A18, A21, A36, A44, A45, A50, A56, A59, A60, A61, A80, A81, A87, A89, T01, T09, T10, T11, T12, T13, T14, T15, T16, T19, T20, T21, T22, T23, T24, T25, T27, T28, T29, T40, T41, T50, T51, T53, T99, U01, U11, U20, U21, U30, U40, U41, U50, U95, U99.

Utility Revenue Items: A91, A92, A93, A94.

EXHIBIT I

Municipal Liquidity Facility

Effective May 11, 2020[1]

Facility: The Municipal Liquidity Facility ("Facility"), which has been authorized under Section 13(3) of the Federal Reserve Act, will support lending to U.S. states and the District of Columbia (together, "States"), U.S. cities with a population exceeding 250,000 residents[2] ("Cities"), U.S. counties with a population exceeding 500,000 residents[3] ("Counties"), and Multi-State Entities. Under the Facility, the Federal Reserve Bank of New York ("Reserve Bank") will commit to lend to a special purpose vehicle ("SPV") on a recourse basis. The SPV will purchase Eligible Notes directly from Eligible Issuers at the time of issuance. The Reserve Bank will be secured by all the assets of the SPV. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act, will make an initial equity investment of $35 billion in the SPV in connection with the Facility. The SPV will have the ability to purchase up to $500 billion of Eligible Notes.

Eligible Notes: Eligible Notes are tax anticipation notes (TANs), tax and revenue anticipation notes (TRANs), bond anticipation notes (BANs), and other similar short-term notes issued by Eligible Issuers, provided that such notes mature no later than 36 months from the date of issuance. In each case, a note's eligibility is subject to review by the Federal Reserve. Relevant legal opinions and disclosures will be required as determined by the Federal Reserve prior to purchase.

Eligible Issuer: An Eligible Issuer is a State, City, or County (or, subject to Federal Reserve review and approval, an entity that issues securities on behalf of the State, City, or County for the purpose of managing its cash flows) or a Multi-State Entity. An Eligible Issuer that is not a Multi-State Entity must have been rated at least BBB-/Baa3 as of April 8, 2020, by two or more major nationally recognized statistical rating organizations ("NRSROs"). An Eligible Issuer that is not a Multi-State Entity and that was rated at least BBB-/Baa3 as of April 8, 2020, but is subsequently downgraded, must be rated at least BB-/Ba3 by two or more major NRSROs at the time the Facility makes a purchase. An Eligible Issuer that is a Multi-State Entity must have been rated at least A-/A3 as of April 8, 2020, by two or more major NRSROs. A Multi-State Entity that was rated at least A-/A3 as of April 8, 2020, but is subsequently downgraded, must be rated at least BBB-/Baa3 by two or more major NRSROs at the time the Facility makes a purchase. Notwithstanding the foregoing, if a State, City, County, or Multi-State Entity was rated by only one major NRSRO as of April 8, 2020, it may be an Eligible Issuer under the Facility if (i) the rating was at least BBB-/Baa3 (for a State, City, or County) or A-/A3 (for a Multi-State Entity); (ii) the State, City, County, or Multi-State Entity is rated by at least two major NRSROs at the time the Facility makes a purchase; and (iii) such ratings are at least BB-/Ba3 (for a State, City, or County) or BBB-/Baa3 (for a Multi-State Entity).

Only one issuer per State, City, County, or Multi-State Entity is eligible; provided that the Federal Reserve may approve one or more additional issuers per State, City, or County to facilitate the provision of assistance to political subdivisions and other governmental entities of the relevant State, City, or County.

---

[1] The Board of Governors of the Federal Reserve System ("Board") and Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

[2] Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018, as of April 6, 2020 (https://www.census.gov/data/tables/time-series/demo/popest/2010s-total-cities-and-towns.html).

[3] Source: U.S. Census Bureau, "Population, Population Change, and Estimated Components of Population Change: April 1, 2010 to July 1, 2019 (CO-EST2019-alldata)" dataset as of April 6, 2020 (https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html#par_textimage_739801612.)

Multi-State Entity: A Multi-State Entity is an entity that was created by a compact between two or more States, which compact has been approved by the United States Congress, acting pursuant to its power under the Compact Clause of the United States Constitution.

Security for Eligible Notes: Note security will be subject to review and approval by the Federal Reserve. The source of repayment and security for Eligible Notes will depend on the applicable constitutional and statutory provisions governing the Eligible Issuer and should be generally consistent with the source of repayment and strongest security typically pledged to repay publicly offered obligations of the Eligible Issuer. Eligible Notes issued by Eligible Issuers that are not Multi-State Entities will generally be expected to represent general obligations of the Eligible Issuer, or be backed by tax or other specified governmental revenues of the applicable State, City, or County. If the Eligible Issuer is an authority, agency, or other entity of a State, City, or County, such Eligible Issuer must either commit the credit of, or pledge revenues of, the State, City, or County, or the State, City, or County must guarantee the Eligible Notes issued by such issuer. If the Eligible Issuer is a Multi-State Entity, the Eligible Notes will be expected to be parity obligations of existing debt secured by a senior lien on the Multi-State Entity's gross or net revenues.

Limit per State, City, County, and Multi-State Entity: The SPV may purchase Eligible Notes issued by or on behalf of a State, City, or County in one or more issuances of up to an aggregate amount of 20% of the general revenue from own sources and utility revenue of the applicable State, City, or County government for fiscal year 2017.[4] The SPV may purchase Eligible Notes issued by a Multi-State Entity in one or more issuances of up to an aggregate amount of 20% of the Multi-State Entity's gross revenue as reported in its audited financial statements for fiscal year 2019. States may request that the SPV purchase Eligible Notes in excess of the applicable limit in order to assist political subdivisions and other governmental entities that are not eligible for the Facility.

Pricing: The methodology for pricing is set forth in the attached Pricing Appendix.

Origination Fee: Each Eligible Issuer that participates in the Facility must pay an origination fee equal to 10 basis points of the principal amount of the Eligible Issuer's notes purchased by the SPV. The origination fee may be paid from the proceeds of the issuance.

Prepayment Right: With the approval of the SPV, Eligible Notes purchased by the SPV may be prepaid by the Eligible Issuer at any time, in whole or in part, at par (or, in the case of Eligible Notes purchased at a premium, par plus unamortized premium) plus accrued interest, prior to maturity.

Eligible Use of Proceeds: An Eligible Issuer may use the proceeds of Eligible Notes purchased by the SPV to help manage the cash flow impact of income tax deferrals resulting from an extension of an income tax filing deadline; deferrals or reductions of tax and other revenues or increases in expenses related to or resulting from the COVID-19 pandemic; and requirements for the payment of principal and interest on obligations of the Eligible Issuer or its political subdivisions or other governmental entities. An Eligible Issuer (other than a Multi-State Entity) may use the proceeds of the notes purchased by the SPV to purchase similar notes issued by, or otherwise to assist, political subdivisions and other governmental entities of the relevant State, City, or County for the purposes enumerated in the prior sentence.

---

[4] Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020 (https://www.census.gov/data/datasets/2017/econ/local/public-use-datasets.html).

Termination Date: The SPV will cease purchasing Eligible Notes on December 31, 2020, unless the Board and the Treasury Department extend the Facility. The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

Municipal Liquidity Facility - Pricing Appendix

Tax-Exempt Eligible Notes: If interest on the Eligible Notes is excluded from gross income for federal income tax purposes, pricing will be at a fixed interest rate based on a comparable maturity overnight index swap ("OIS") rate plus the applicable spread based on the long-term rating of the security for the Eligible Notes as follows:

Rating*	**Spread (bps)**
AAA/Aaa	150
AA+/Aa1	170
AA/Aa2	175
AA-/Aa3	190
A+/A1	240
A/A2	250
A-/A3	265
BBB+/Baa1	325
BBB/Baa2	340
BBB-/Baa3	380
Below Investment Grade	590

* To account for split ratings across different credit rating agencies, an average rating generally will be calculated.

Taxable Eligible Notes: If interest on the Eligible Notes is not excluded from gross income for federal income tax purposes, pricing will be at a fixed interest rate that is calculated by (i) first, adding the comparable maturity OIS rate to the spread in the above table that would apply to such Eligible Notes if the Eligible Notes were tax-exempt Eligible Notes, and (ii) second, dividing the sum calculated under clause (i) by 0.65.

Federal Reserve Municipal Facility Limit per State

Municipal Type	Muni Issuer	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
State	California	196.6	39,326.8
State	New York	109.5	21,907.9
State	Texas	83.5	16,703.6
State	Florida	58.3	11,659.9
State	Pennsylvania	54.7	10,932.2
State	Illinois	48.4	9,676.7
State	New Jersey	46.2	9,249.2
State	Ohio	44.5	8,895.3
State	Michigan	42.7	8,534.2
State	Massachusetts	39.3	7,859.0
State	Virginia	36.5	7,306.9
State	North Carolina	36.5	7,291.3
State	Washington	33.1	6,625.1
State	Minnesota	30.6	6,115.0
State	Georgia	28.7	5,748.3
State	Maryland	28.4	5,670.0
State	Wisconsin	26.0	5,195.3
State	Indiana	24.0	4,806.9
State	Arizona	21.0	4,197.4
State	Connecticut	20.7	4,131.2
State	Oregon	20.3	4,057.7
State	Colorado	19.4	3,886.1
State	South Carolina	18.8	3,758.1
State	Missouri	18.2	3,646.6
State	Tennessee	18.1	3,624.2
State	Iowa	17.7	3,538.9
State	Kentucky	17.0	3,395.7
State	Alabama	16.8	3,364.4
State	Louisiana	14.9	2,985.3
State	Oklahoma	14.4	2,874.7
State	Kansas	13.5	2,705.0
State	Utah	13.4	2,677.4
State	Arkansas	13.2	2,637.1
State	Mississippi	10.8	2,157.8
State	Hawaii	10.7	2,132.8
State	Nevada	10.1	2,016.8
State	New Mexico	9.5	1,897.8
State	West Virginia	7.7	1,547.7
State	Nebraska	6.9	1,374.9
State	Delaware	6.0	1,206.3
State	Idaho	5.9	1,178.9
State	Maine	5.6	1,113.7
State	Rhode Island	5.2	1,043.9
State	Alaska	5.1	1,015.3
State	North Dakota	4.7	946.3
State	New Hampshire	4.4	872.2
State	Vermont	4.1	819.9
State	Montana	3.6	717.7
State	Wyoming	3.0	592.2
State	South Dakota	2.7	547.9
State	Washington DC	9.2	1,836.4

Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020

Calculations: Own Source General and Utility Revenue (OSGUR) for each state is calculated by adding the State's "General Revenue from Own Sources" (Line 7) and its "Utility Revenue" (Line 43) from the source above.

Federal Reserve Municipal Facility Limit per City

Municipal Type	Muni Issuer	Population	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
City	New York City, New York	8,398,748	74.9	14,989.0
City	Los Angeles City, California	3,990,456	14.2	2,849.0
City	Chicago City, Illinois	2,705,994	7.3	1,462.1
City	Houston City, Texas	2,325,502	4.8	958.1
City	Phoenix City, Arizona	1,660,272	2.8	562.6
City	Philadelphia City, Pennsylvania	1,584,138	5.8	1,156.9
City	San Antonio City, Texas	1,532,233	4.7	943.4
City	San Diego City, California	1,425,976	3.3	667.2
City	Dallas City, Texas	1,345,047	3.4	670.9
City	San Jose City, California	1,030,119	2.2	443.1
City	Austin City, Texas	964,254	3.5	705.6
City	Jacksonville City, Florida	903,889	3.2	649.6
City	Fort Worth City, Texas	895,008	1.4	287.5
City	Columbus City, Ohio	892,533	1.7	346.2
City	San Francisco City, California	883,305	7.7	1,545.6
City	Charlotte City, North Carolina	872,498	1.8	357.4
City	Indianapolis City, Indiana	867,125	2.6	523.5
City	Seattle City, Washington	744,955	3.7	734.1
City	Denver City, Colorado	716,492	3.4	679.2
City	Boston City, Massachusetts	694,583	3.0	601.2
City	El Paso City, Texas	682,669	0.9	186.3
City	Detroit City, Michigan	672,662	1.4	283.0
City	Nashville-Davidson County Metropolitan Government, Tennessee	669,053	3.4	675.9
City	Portland City, Oregon	653,115	1.7	341.5
City	Memphis City, Tennessee	650,618	2.5	497.3
City	Oklahoma City City, Oklahoma	649,021	1.2	246.5
City	Las Vegas City, Nevada	644,644	0.5	90.4
City	Louisville-Jefferson County Metro Government, Kentucky	620,118	1.1	225.1
City	Baltimore City, Maryland	602,495	2.2	431.4
City	Milwaukee City, Wisconsin	592,025	0.6	128.4
City	Albuquerque City, New Mexico	560,218	0.9	172.6
City	Tucson city, Arizona	545,975	0.7	138.9
City	Fresno City, California	530,093	0.7	145.7
City	Mesa City, Arizona	508,958	0.7	130.5
City	Sacramento City, California	508,529	1.1	214.5
City	Atlanta City, Georgia	498,044	1.8	366.4
City	Kansas City City, Missouri	491,918	1.7	336.4
City	Miami City, Florida	470,914	0.8	151.2
City	Colorado Springs City, Colorado	472,688	1.3	251.2
City	Raleigh City, North Carolina	469,298	0.7	145.3
City	Omaha City, Nebraska	468,262	0.6	129.5
City	Long Beach City, California	467,354	1.5	292.7
City	Virginia Beach City, Virginia	450,189	1.3	256.3
City	Oakland City, California	429,082	1.5	300.3
City	Minneapolis City, Minnesota	425,403	1.1	214.5
City	Tulsa City, Oklahoma	400,669	0.9	175.3
City	Arlington City, Texas	398,112	0.6	110.2
City	Tampa City, Florida	392,890	0.7	142.2
City	New Orleans City, Louisiana	391,006	1.2	242.5
City	Wichita City, Kansas	389,255	0.5	108.5
City	Cleveland City, Ohio	383,793	1.3	256.5
City	Bakersfield City, California	383,579	0.4	71.3
City	Aurora City, Colorado	374,114	0.6	114.9
City	Anaheim City, California	352,005	1.1	229.5
City	Honolulu City, Hawaii	347,397	2.8	550.5
City	Santa Ana City, California	332,725	0.4	72.0
City	Riverside City, California	330,063	0.8	166.8
City	Corpus Christi City, Texas	326,554	0.6	116.4
City	Lexington-Fayette Urban County Government, Kentucky	323,780	0.6	121.4
City	Stockton City, California	311,178	0.4	81.2
City	Henderson City, Nevada	310,390	0.3	65.0
City	St. Paul City, Minnesota	307,695	0.5	104.2
City	St. Louis City, Missouri	302,838	0.9	172.6
City	Cincinnati City, Ohio	302,605	0.9	179.8
City	Pittsburgh City, Pennsylvania	301,048	0.5	102.6
City	Greensboro City, North Carolina	294,722	0.4	78.7
City	Anchorage Municipality, Alaska	291,538	1.0	208.9
City	Plano City, Texas	288,061	0.5	103.1
City	Lincoln City, Nebraska	287,401	0.3	67.6

Federal Reserve Municipal Facility Limit per City (Continued)

Municipal Type	Muni Issuer	Population	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
City	Orlando City, Florida	285,713	0.6	123.9
City	Irvine City, California	282,572	0.3	59.2
City	Newark City, New Jersey	282,090	0.5	107.8
City	Toledo City, Ohio	274,975	0.5	91.6
City	Durham City, North Carolina	274,291	0.4	74.4
City	Chula Vista City, California	271,651	0.5	94.2
City	Fort Wayne City, Indiana	267,633	0.2	47.8
City	Jersey City City, New Jersey	265,549	0.7	137.0
City	St. Petersburg City, Florida	265,098	0.4	80.3
City	Laredo City, Texas	261,639	0.4	85.1
City	Madison City, Wisconsin	258,054	0.4	84.2
City	Chandler City, Arizona	257,165	0.3	65.8
City	Buffalo City, New York	256,304	0.3	52.7
City	Lubbock City, Texas	255,885	0.6	120.4
City	Scottsdale City, Arizona	255,310	0.5	98.2
City	Reno City, Nevada	250,998	0.3	60.4
City	Glendale City, Arizona	250,702	0.3	68.5

Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020

Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1 2010 to July 1, 2018, as of April 6, 2020

Calculations: Own Source General and Utility Revenue (OSGUR) for each City and County is calculated using the "2017FinEstDAT_02202020modp_pu.txt" and "Fin_GID_2017.txt" data files, both included in the 2017 State & Local Government Finance Historical Datasets and Tables Public Use Files, as of April 6, 2020, and the 2017 U.S. Census Bureau key of item codes, government codes, and state codes, also available in the Public Use Files. Using these files together, each City's and County's OSGUR is calculated by adding all of the following code amounts listed below (in thousands of dollars).

Own-Source General Revenue Items: A01, A03, A09, A10, A12, A16, A18, A21, A36, A44, A45, A50, A56, A59, A60, A61, A80, A81, A87, A89, T01, T09, T10, T11, T12, T13, T14, T15, T16, T19, T20, T21, T22, T23, T24, T25, T27, T28, T29, T40, T41, T50, T51, T53, T99, U01, U11, U20, U21, U30, U40, U41, U50, U95, U99.

Utility Revenue Items: A91, A92, A93, A94.

Federal Reserve Municipal Facility Limit per County

Municipal Type	Muni Issuer	Population	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
County	Los Angeles County, California	10,039,107	13.4	2,687.1
County	Cook County, Illinois	5,150,233	2.7	543.3
County	Harris County, Texas	4,713,325	4.5	897.2
County	Maricopa County, Arizona	4,485,414	1.0	204.8
County	San Diego County, California	3,338,330	1.8	365.4
County	Orange County, California	3,175,692	1.9	383.9
County	Miami-Dade County, Florida	2,716,940	7.2	1,448.4
County	Dallas County, Texas	2,635,516	2.6	520.1
County	Riverside County, California	2,470,546	2.2	437.2
County	King County, Washington	2,252,782	3.1	621.7
County	Clark County, Nevada	2,266,715	4.6	920.6
County	San Bernardino County, California	2,180,085	1.7	337.7
County	Tarrant County, Texas	2,102,515	1.4	286.7
County	Bexar County, Texas	2,003,554	1.8	363.0
County	Broward County, Florida	1,952,778	2.2	432.5
County	Santa Clara County, California	1,927,852	3.7	738.1
County	Wayne County, Michigan	1,749,343	0.8	156.0
County	Alameda County, California	1,671,329	2.3	456.6
County	Sacramento County, California	1,552,058	1.5	294.7
County	Palm Beach County, Florida	1,496,770	2.2	431.7
County	Suffolk County, New York	1,476,601	2.7	541.4
County	Hillsborough County, Florida	1,471,968	1.7	336.9
County	Orange County, Florida	1,393,452	1.8	366.8
County	Nassau County, New York	1,356,924	3.1	618.1
County	Franklin County, Ohio	1,316,756	1.0	195.4
County	Hennepin County, Minnesota	1,265,843	2.0	403.2
County	Oakland County, Michigan	1,257,584	0.5	105.7
County	Travis County, Texas	1,273,954	1.0	198.5
County	Cuyahoga County, Ohio	1,235,072	1.9	370.9
County	Allegheny County, Pennsylvania	1,216,045	0.6	118.4
County	Contra Costa County, California	1,153,526	2.5	496.4
County	Salt Lake County, Utah	1,160,437	0.8	153.3
County	Fairfax County, Virginia	1,147,532	4.7	948.3
County	Mecklenburg County, North Carolina	1,110,356	1.6	325.4
County	Wake County, North Carolina	1,111,761	1.3	258.6
County	Fulton County, Georgia	1,063,937	0.8	155.1
County	Montgomery County, Maryland	1,050,688	5.9	1,174.5
County	Pima County, Arizona	1,047,279	0.9	183.9
County	Collin County, Texas	1,034,730	0.3	54.4
County	St. Louis County, Missouri	994,205	0.7	133.7
County	Fresno County, California	999,101	0.5	97.6
County	Pinellas County, Florida	974,996	1.1	224.1
County	Westchester County, New York	967,506	3.2	638.8
County	Milwaukee County, Wisconsin	945,726	1.0	194.1
County	Fairfield County, Connecticut	943,332	0.0	0.0
County	Shelby County, Tennessee	937,166	1.7	336.8
County	Bergen County, New Jersey	932,202	0.9	179.6
County	Gwinnett County, Georgia	936,250	1.1	220.2
County	DuPage County, Illinois	922,921	0.3	65.5
County	Erie County, New York	918,702	2.0	395.7
County	Prince George's County, Maryland	909,327	2.4	478.3
County	Kern County, California	900,202	0.7	141.7
County	Pierce County, Washington	904,980	0.5	107.3
County	Macomb County, Michigan	873,972	0.5	93.3
County	Hidalgo County, Texas	868,707	0.3	54.4
County	Denton County, Texas	887,207	0.2	45.6
County	Ventura County, California	846,006	1.4	283.8
County	El Paso County, Texas	839,238	0.7	148.9
County	Baltimore County, Maryland	827,370	2.3	460.7
County	Montgomery County, Pennsylvania	830,915	0.3	66.0
County	Middlesex County, New Jersey	825,062	0.6	127.5
County	Hamilton County, Ohio	817,473	0.9	185.9
County	Snohomish County, Washington	822,083	0.5	90.5
County	Multnomah County, Oregon	812,855	0.6	120.2
County	Essex County, New Jersey	798,975	0.6	111.1
County	Oklahoma County, Oklahoma	797,434	0.1	20.6
County	Fort Bend County, Texas	811,688	0.4	79.6
County	San Mateo County, California	766,573	1.0	191.0
County	Jefferson County, Kentucky	766,757	0.6	120.4

Federal Reserve Municipal Facility Limit per County (Continued)

Municipal Type	Muni Issuer	Population	OSGUR ($ Billion)	Max Eligible Notes ($ Million)
County	Cobb County, Georgia	760,141	0.9	174.4
County	DeKalb County, Georgia	759,297	1.0	191.0
County	Lee County, Florida	770,577	1.0	192.7
County	San Joaquin County, California	762,148	0.8	165.5
County	Monroe County, New York	741,770	1.4	270.6
County	El Paso County, Colorado	720,403	0.2	41.0
County	Polk County, Florida	724,777	0.6	118.0
County	Norfolk County, Massachusetts	706,775	0.0	4.3
County	Jackson County, Missouri	703,011	0.2	45.3
County	Lake County, Illinois	696,535	0.4	73.8
County	Will County, Illinois	690,743	0.3	53.1
County	Davidson County, Tennessee	694,144	0.0	0.0
County	Bernalillo County, New Mexico	679,121	0.3	66.8
County	Hudson County, New Jersey	672,391	0.4	86.4
County	Jefferson County, Alabama	658,573	0.6	120.4
County	Kent County, Michigan	656,955	0.3	58.0
County	Arapahoe County, Colorado	656,590	0.2	48.2
County	Tulsa County, Oklahoma	651,552	0.3	56.5
County	Bucks County, Pennsylvania	628,270	0.3	53.5
County	Utah County, Utah	636,235	0.2	47.3
County	Monmouth County, New Jersey	618,795	0.4	89.8
County	Ocean County, New Jersey	607,186	0.4	86.0
County	Johnson County, Kansas	602,401	0.7	133.1
County	Washington County, Oregon	601,592	0.5	98.2
County	Brevard County, Florida	601,942	0.5	93.0
County	Montgomery County, Texas	607,391	0.3	58.9
County	Jefferson County, Colorado	582,881	0.3	69.6
County	Anne Arundel County, Maryland	579,234	1.8	354.6
County	Williamson County, Texas	590,551	0.3	55.1
County	Douglas County, Nebraska	571,327	0.3	56.3
County	Delaware County, Pennsylvania	566,747	0.3	55.9
County	New Castle County, Delaware	558,753	0.3	53.6
County	Union County, New Jersey	556,341	0.4	87.6
County	Ramsey County, Minnesota	550,321	0.4	85.8
County	Stanislaus County, California	550,660	0.4	75.8
County	Volusia County, Florida	553,284	0.4	87.7
County	Lancaster County, Pennsylvania	545,724	0.2	31.8
County	Dane County, Wisconsin	546,695	0.3	58.9
County	Summit County, Ohio	541,013	0.2	47.5
County	Pasco County, Florida	553,947	0.6	110.5
County	Kane County, Illinois	532,403	0.2	36.6
County	Guilford County, North Carolina	537,174	0.5	108.9
County	Montgomery County, Ohio	531,687	0.5	100.5
County	Chester County, Pennsylvania	524,989	0.2	46.8
County	Greenville County, South Carolina	523,542	0.2	46.8
County	Spokane County, Washington	522,798	0.3	52.7
County	Sedgwick County, Kansas	516,042	0.3	66.5
County	Adams County, Colorado	517,421	0.3	50.2
County	Camden County, New Jersey	506,471	0.4	81.8
County	Passaic County, New Jersey	501,826	0.4	77.7

Note: Although Kings County, NY and Queens County, NY both satisfy the county population threshold, they have no own source general and utility revenue, and therefore have a MLF issuance limit of zero.

Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020

Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1 2010 to July 1, 2019, as of April 6, 2020

Calculations: Own Source General and Utility Revenue (OSGUR) for each City and County is calculated using the "2017FinEstDAT_02202020modp_pu.txt" and "Fin_GID_2017.txt" data files, both included in the 2017 State & Local Government Finance Historical Datasets and Tables Public Use Files, as of April 6, 2020, and the 2017 U.S. Census Bureau key of item codes, government codes, and state codes, also available in the Public Use Files. Using these files together, each City's and County's OSGUR is calculated by adding all of the following code amounts below (in thousands of dollars).

Own-Source General Revenue Items: A01, A03, A09, A10, A12, A16, A18, A21, A36, A44, A45, A50, A56, A59, A60, A61, A80, A81, A87, A89, T01, T09, T10, T11, T12, T13, T14, T15, T16, T19, T20, T21, T22, T23, T24, T25, T27, T28, T29, T40, T41, T50, T51, T53, T99, U01, U11, U20, U21, U30, U40, U41, U50, U95, U99.

Utility Revenue Items: A91, A92, A93, A94.

EXHIBIT J

EXHIBIT K

Municipal Liquidity Facility

Effective June 3, 2020[1]

Facility: The Municipal Liquidity Facility ("Facility"), which has been authorized under Section 13(3) of the Federal Reserve Act, will support lending to each:

- U.S. state and the District of Columbia (together, "States"),
- U.S. city that (i) has a population exceeding 250,000 residents[2] or (ii) is a Designated City (together, "Cities"),
- U.S. county that (i) has a population exceeding 500,000 residents[3] or (ii) is a Designated County (together, "Counties"),
- Multi-State Entity, and
- Revenue Bond Issuers that are designated as described below ("Designated RBIs").

Under the Facility, the Federal Reserve Bank of New York ("Reserve Bank") will commit to lend to a special purpose vehicle ("SPV") on a recourse basis. The SPV will purchase Eligible Notes directly from Eligible Issuers at the time of issuance. The Reserve Bank will be secured by all the assets of the SPV. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act, will make an initial equity investment of $35 billion in the SPV in connection with the Facility. The SPV will have the ability to purchase up to $500 billion of Eligible Notes.

Eligible Notes: Eligible Notes are tax anticipation notes (TANs), tax and revenue anticipation notes (TRANs), bond anticipation notes (BANs), revenue anticipation notes (RANs), and other similar short-term notes issued by Eligible Issuers, provided that such notes mature no later than 36 months from the date of issuance. In each case, a note's eligibility is subject to review by the Federal Reserve. Relevant legal opinions and disclosures will be required as determined by the Federal Reserve prior to purchase.

Eligible Issuer: An Eligible Issuer is a State, City, or County (or, subject to Federal Reserve review and approval, an entity that issues securities on behalf of the State, City, or County for the purpose of managing its cash flows), or a Multi-State Entity or Designated RBI.

An Eligible Issuer that is not a Multi-State Entity or Designated RBI must have been rated at least BBB-/Baa3 as of April 8, 2020, by two or more major nationally recognized statistical rating organizations ("NRSROs"). An Eligible Issuer that is not a Multi-State Entity or Designated RBI and that was rated at least BBB-/Baa3 as of April 8, 2020, but is subsequently downgraded, must be rated at least BB-/Ba3 by two or more major NRSROs at the time the Facility makes a purchase. An Eligible Issuer that is a Multi-State Entity or Designated RBI must have been rated at least A-/A3 as of April 8, 2020, by two or more major NRSROs. A Multi-State Entity or Designated RBI that was rated at least A-/A3 as of April 8, 2020, but is subsequently downgraded, must be rated at least BBB-/Baa3 by two or more major NRSROs at the time the Facility makes a purchase. Notwithstanding the foregoing, if a State, City, County, Multi-State Entity, or Designated RBI was rated by

[1] The Board of Governors of the Federal Reserve System ("Board") and Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.
[2] Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018, as of April 6, 2020 (https://www.census.gov/data/tables/time-series/demo/popest/2010s-total-cities-and-towns.html).
[3] Source: U.S. Census Bureau, "Population, Population Change, and Estimated Components of Population Change: April 1, 2010 to July 1, 2019 (CO-EST2019-alldata)" dataset as of April 6, 2020 (https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html#par_textimage_739801612.)

only one major NRSRO as of April 8, 2020, it may be an Eligible Issuer under the Facility if (i) the rating was at least BBB-/Baa3 (for a State, City, or County) or A-/A3 (for a Multi-State Entity or Designated RBI); (ii) the State, City, County, Multi-State Entity, or Designated RBI is rated by at least two major NRSROs at the time the Facility makes a purchase; and (iii) such ratings are at least BB-/Ba3 (for a State, City, or County) or BBB-/Baa3 (for a Multi-State Entity or Designated RBI).

Only one issuer per State, City, County, Multi-State Entity, or Designated RBI is eligible; provided that the Federal Reserve may approve one or more additional issuers per State, City, or County to facilitate the provision of assistance to political subdivisions and other governmental entities of the relevant State, City, or County.

Governor-Designated Participants: The Governors of U.S. states may designate cities, counties, and Revenue Bond Issuers located in their states for participation in the Facility, and the Mayor of the District of Columbia may designate a Revenue Bond Issuer located in the District of Columbia for participation in the Facility, in each case subject to the limits described below. Any such designated cities will be "Designated Cities," designated counties will be "Designated Counties," and designated Revenue Bond Issuers will be "Designated RBIs."

Designated Cities and Counties: For each Governor of a U.S. state, the maximum total number (on a combined basis) of Designated Cities and Designated Counties that he or she may designate is set forth in Appendix A. The numbers set forth in Appendix A were selected to ensure that each U.S. state has at least two total cities and counties (on a combined basis) that may participate in the Facility.[4]

A Governor that has the ability to designate one Designated City or Designated County may choose either (i) the most populous city in his or her state that has less than 250,000 residents or (ii) the most populous county in his or her state that has less than 500,000 residents.

A Governor that has the ability to designate two Designated Cities and Designated Counties (on a combined basis) may choose any of the following combinations:

- The most populous city and most populous county;
- The most populous city and second-most populous city; or
- The most populous county and second-most populous county.

Revenue Bond Issuer: A Revenue Bond Issuer is a State or political subdivision thereof, or a public authority, agency, or instrumentality of a State or political subdivision thereof, that issues bonds that are secured by revenue from a specified source that is owned by a governmental entity.

Designated RBIs: Each Governor of a U.S. state may designate up to two Designated RBIs. The Mayor of the District of Columbia may designate one Designated RBI.

Multi-State Entity: A Multi-State Entity is an entity that was created by a compact between two or more States, which compact has been approved by the United States Congress, acting pursuant to its power under the Compact Clause of the United States Constitution.

Security for Eligible Notes: Note security will be subject to review and approval by the Federal Reserve. The source of repayment and security for Eligible Notes will depend on the applicable constitutional and statutory

[4] In determining the number of cities and counties in each U.S. state that may participate in the Facility, cities and counties were not counted if they have an issuance limit of zero dollars because they have no general revenue from own sources and utility revenue for fiscal year 2017.

provisions governing the Eligible Issuer and should be generally consistent with the source of repayment and strongest security typically pledged to repay publicly offered obligations of the Eligible Issuer. Eligible Notes issued by Eligible Issuers that are not Multi-State Entities or Designated RBIs will generally be expected to represent general obligations of the Eligible Issuer, or be backed by tax or other specified governmental revenues of the applicable State, City, or County. If the Eligible Issuer is an authority, agency, or other entity of a State, City, or County, such Eligible Issuer must either commit the credit of, or pledge revenues of, the State, City, or County, or the State, City, or County must guarantee the Eligible Notes issued by such issuer. If the Eligible Issuer is a Multi-State Entity or Designated RBI, the Eligible Notes will be expected to be parity obligations of existing debt secured by a senior lien on the gross or net revenues of the Multi-State Entity or Designated RBI.

Limit per State, City, County, Multi-State Entity, and Designated RBI: The SPV may purchase Eligible Notes issued by or on behalf of a State, City, or County in one or more issuances of up to an aggregate amount of 20% of the general revenue from own sources and utility revenue of the applicable State, City, or County government for fiscal year 2017.[5] The SPV may purchase Eligible Notes issued by a Multi-State Entity or Designated RBI in one or more issuances of up to an aggregate amount of 20% of the gross revenue of the Multi-State Entity or Designated RBI, as reported in its audited financial statements for fiscal year 2019. States may request that the SPV purchase Eligible Notes in excess of the applicable limit in order to assist political subdivisions and other governmental entities that are not eligible for the Facility.

Pricing: The methodology for pricing is set forth in the attached Appendix B.

Origination Fee: Each Eligible Issuer that participates in the Facility must pay an origination fee equal to 10 basis points of the principal amount of the Eligible Issuer's notes purchased by the SPV. The origination fee may be paid from the proceeds of the issuance.

Prepayment Right: With the approval of the SPV, Eligible Notes purchased by the SPV may be prepaid by the Eligible Issuer at any time, in whole or in part, at par (or, in the case of Eligible Notes purchased at a premium, par plus unamortized premium) plus accrued interest, prior to maturity.

Eligible Use of Proceeds: An Eligible Issuer may use the proceeds of Eligible Notes purchased by the SPV to help manage the cash flow impact of income tax deferrals resulting from an extension of an income tax filing deadline; deferrals or reductions of tax and other revenues or increases in expenses related to or resulting from the COVID-19 pandemic; and requirements for the payment of principal and interest on obligations of the Eligible Issuer or its political subdivisions or other governmental entities. An Eligible Issuer (other than a Multi-State Entity or Designated RBI) may use the proceeds of the notes purchased by the SPV to purchase similar notes issued by, or otherwise to assist, political subdivisions and other governmental entities of the relevant State, City, or County for the purposes enumerated in the prior sentence.

Termination Date: The SPV will cease purchasing Eligible Notes on December 31, 2020, unless the Board and the Treasury Department extend the Facility. The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

[5] Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020 (https://www.census.gov/data/datasets/2017/econ/local/public-use-datasets.html).

Municipal Liquidity Facility – Appendix A

State	Designated Cities and Counties	State	Designated Cities and Counties
Alabama	1	Montana	2
Alaska	1	Nebraska	0
Arizona	0	Nevada	0
Arkansas	2	New Hampshire	2
California	0	New Jersey	0
Colorado	0	New Mexico	0
Connecticut	2	New York	0
Delaware	1	North Carolina	0
Florida	0	North Dakota	2
Georgia	0	Ohio	0
Hawaii	1	Oklahoma	0
Idaho	2	Oregon	0
Illinois	0	Pennsylvania	0
Indiana	0	Rhode Island	2
Iowa	2	South Carolina	1
Kansas	0	South Dakota	2
Kentucky	0	Tennessee	0
Louisiana	1	Texas	0
Maine	2	Utah	0
Maryland	0	Vermont	2
Massachusetts	0	Virginia	0
Michigan	0	Washington	0
Minnesota	0	West Virginia	2
Mississippi	2	Wisconsin	0
Missouri	0	Wyoming	2

Municipal Liquidity Facility - Appendix B

Tax-Exempt Eligible Notes: If interest on the Eligible Notes is excluded from gross income for federal income tax purposes, pricing will be at a fixed interest rate based on a comparable maturity overnight index swap ("OIS") rate plus the applicable spread based on the long-term rating of the security for the Eligible Notes as follows:

Rating*	**Spread (bps)**
AAA/Aaa	150
AA+/Aa1	170
AA/Aa2	175
AA-/Aa3	190
A+/A1	240
A/A2	250
A-/A3	265
BBB+/Baa1	325
BBB/Baa2	340
BBB-/Baa3	380
Below Investment Grade	590

* To account for split ratings across different credit rating agencies, an average rating generally will be calculated.

Taxable Eligible Notes: If interest on the Eligible Notes is not excluded from gross income for federal income tax purposes, pricing will be at a fixed interest rate that is calculated by (i) first, adding the comparable maturity OIS rate to the spread in the above table that would apply to such Eligible Notes if the Eligible Notes were tax-exempt Eligible Notes, and (ii) second, dividing the sum calculated under clause (i) by 0.65.

EXHIBIT L

MUNICIPAL LIQUIDITY FACILITY APPLICATION (AS OF JUNE 16, 2020)

Instructions

The Municipal Liquidity Facility ("MLF"), which has been authorized under Section 13(3) of the Federal Reserve Act, will support lending to each:

- U.S. state and the District of Columbia (together, "States"),
- U.S. city that (i) has a population exceeding 250,000 residents or (ii) is a Designated City (together, "Cities"),
- U.S. county that (i) has a population exceeding 500,000 residents or (ii) is a Designated County (together, "Counties"),
- Multi-State Entity, and
- Designated Revenue Bond Issuer ("Designated RBI").[1]

Each such entity is an "Eligible Issuer." The Federal Reserve Bank of New York ("Reserve Bank") has established the Municipal Liquidity Facility LLC, a Delaware limited liability company ("LLC"), for purposes of purchasing tax anticipation notes (TANs), tax and revenue anticipation notes (TRANs), bond anticipation notes (BANs), revenue anticipation notes (RANs), and other similar short-term notes with maturities not longer than 36 months from the date of issuance ("Eligible Notes") from Eligible Issuers under the MLF. States may also designate three types of issuers for direct participation in the MLF:

1. "Designated Issuers." Subject to Reserve Bank review and approval, an entity that issues securities on behalf of a State, City, or County for the purpose of managing its cash flows (or those of one or more of its political subdivisions or governmental entities) may also be an Eligible Issuer only if such entity can commit the credit of, or pledge revenues of, the applicable State, City, or County, or if the applicable State, City, or County guarantees the Eligible Notes issued by such an entity (for purposes of this Municipal Liquidity Facility Application ("Application"), a "Designated Issuer"). **The Eligible Issuer pledging its credit or revenue or guaranteeing the notes must complete and submit this Application. A Designated Issuer may not submit an Application.**

2. Designated Cities and Designated Counties. The Governors of certain U.S. States may designate for direct participation in the MLF a number of Designated Cities and Designated Counties (on a combined basis) listed in Appendix A to the MLF Term Sheet. The numbers set forth in Appendix A were selected to ensure that each U.S. state has at least two total cities and counties (on a combined basis) that may participate in the Facility. **A Designated City or Designated County must complete and submit this Application. A State may not submit an Application on behalf of a Designated City or Designated County.**

3. Designated RBIs. Each Governor of a U.S. state may designate up to two Designated RBIs. The Mayor of the District of Columbia may designate one Designated RBI. **A Designated RBI must complete and submit this Application. A State may not submit an Application on behalf of a Designated RBI.**

The Eligible Issuer has submitted a Notice of Interest ("NOI") and has been informed by the LLC that it is qualified to submit an Application. The LLC will rely on the information submitted with the NOI as part of this Application process. The Eligible Issuer must complete and submit the additional information requested by this Application. **The Eligible Issuer should contact the Administrative Agent immediately if any information submitted in the NOI has changed, which will require a review by the Administrative Agent to verify that the Eligible Issuer remains qualified to participate in the MLF and may require the Eligible Issuer to submit a new NOI prior to submitting this Application.**

The Eligible Issuer should refer to the MLF Term Sheet and Frequently Asked Questions posted on the Reserve Bank's website ("FAQs") and the legal documents and certifications required by the MLF to be executed by the Eligible Issuer (the "Form Documents and Certifications").

[1] Each term as defined in the Municipal Liquidity Facility Term Sheet effective June 3, 2020, available at https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200603a1.pdf ("MLF Term Sheet").

MUNICIPAL LIQUIDITY FACILITY APPLICATION (AS OF JUNE 16, 2020)

Application Submission

The Application must include:

1) A completed Application Form, including the Supporting Document Checklist,
2) A signed Issuer Certification (Section F of this Application); and
3) All attachments requested and referenced in this Application Form.

The applicant should answer all questions in this form and provide all required documentation to MLFapp@blxgroup.com. Incomplete Applications cannot be approved. Narrative answers can reference source documents by including the name of the document and relevant pages or sections and providing any referenced documents as attachments. **The completed Application Form and Supporting Document Checklist should be saved electronically and submitted as a .pdf file. If signed by hand, the Issuer Certification page (Section F) can be scanned and submitted as a separate .pdf file.** If the Application files are more than 20MB, they should be converted to .zip files for transmittal or sent as separate emails.

The applicant should reference the Supporting Document Checklist provided in pages 5-6 of this Application to ensure all required information is provided in the Application submission. Upon receipt of the Application materials, the Administrative Agent will provide a confirmation email to the Eligible Issuer's Primary Contact.

If the Application is approved, the Administrative Agent will provide a confirmation email to the Eligible Issuer's Primary Contact (i) confirming approval of the Application, (ii) setting forth the anticipated pricing date and closing date, after consultation with the Eligible Issuer, (iii) designating the primary contact at the MLF Administrative Agent to facilitate pricing and closing, and (iv) enumerating any additional requirements and conditions resulting from the review of the Application. The LLC will evidence its commitment to purchase notes, and the conditions to funding, in a Note Purchase Agreement or similar documentation.

Additional information is available on the Municipal Liquidity Facility website or by contacting MLFinfo@blxgroup.com

APPLICATION FORM

Provide the following information in this form. Narrative answers should reference source documents (and should include the name of the document and relevant pages or sections). Provide any referenced documents as attachments.

SECTION A: APPLICANT INFORMATION	
1. Legal name of the Eligible Issuer that has submitted an NOI and has been informed by the LLC that it is qualified to submit an Application.	
a. CUSIP Identifier of Eligible Issuer (from NOI):	
2. Confirm that there have been no changes to the information provided by the Eligible Issuer in its NOI.	☐ Confirmed
a. If there have been any changes to the information provided by the Eligible Issuer in its NOI, the Eligible Issuer should immediately contact the Administrative Agent to verify that the Eligible Issuer remains qualified to participate in the MLF and is not required to submit a new NOI prior to submitting this Application. If the Administrative Agent has confirmed that the Eligible Issuer is not required to submit a new NOI, describe any changes to the information provided by the Eligible Issuer in its NOI.	
3. Eligible Issuer Primary Contact Information	Name:
Phone:	Email:

Team Member	Name of Entity	Name and Title of Lead Contact	Email	Phone Number
Designated Issuer (if applicable)				
Financial Advisor				
Bond Counsel				
Paying Agent/Registrar				
Other (Disclosure Counsel, Tax Counsel, Trustee, etc.)				

SECTION B: ELIGIBLE NOTES

Each Eligible Issuer should provide the following information regarding the proposed Eligible Notes to supplement the information provided in the NOI.

4. For each Series Designation, please list the maturity date, par amount, interest payment frequency and tax status for the Eligible Notes.

Series Designation	Maturity Date[2]	Par Amount	Interest Payment Frequency	Tax Status

[2] The maturity of each such Series of Eligible Notes may not exceed thirty-six (36) months.

5. **Provisions for Eligible Note repayment**. For Eligible Notes that are TRANs, TANs, RANs, or other similar notes to be repaid from revenues of the Eligible Issuer, Eligible Issuers are required to provide cashflow statements (prior 12-month actuals and 12-month projections).	
Prior 12-month actuals attached:	Yes ☐ No ☐
12-month projections attached:	Yes ☐ No ☐

a. For instruments other than BANs, describe any statutorily required or policy-determined "set-asides" from revenues for Eligible Note repayment. If set-asides are not required, please describe the plan for repayment of the Eligible Notes.

b. For BANs: Describe the proposed plan of finance to repay the Eligible Notes, including the governmental authorizations for the issuance of the take-out bonds.

SECTION C: CREDIT RATINGS

During the NOI process, the Eligible Issuer confirmed that it meets the minimum credit rating eligibility criteria thresholds as of April 8, 2020, or expects to meet the credit rating eligibility criteria by the time of closing. The Eligible Issuer also identified the proposed credit for the Eligible Notes. **If the Eligible Issuer's credit ratings for either purpose have changed since the submission of the NOI, the Eligible Issuer should immediately contact the Administrative Agent.**

In Question 6, below, the Eligible Issuer should provide additional information regarding the ratings on the proposed credit for the Eligible Notes. In Question 7, below, the Eligible Issuer should provide an update on any expected ratings relating to the ratings eligibility criteria.

6. Two (2) business days prior to pricing, the Eligible Issuer or Designated Issuer must provide confirmation letters, or their substantive equivalent, from each major NRSRO rating the proposed credit for the Eligible Notes. Any such confirmations must take into account the anticipated issuance of the Eligible Notes.

   In the table below, please provide an update on the status of the Eligible Issuer's or Designated Issuer's requests for confirmation of the ratings on the proposed credit, described in the NOI, including the expected timing for each major NRSRO that currently rates the proposed credit for the Eligible Notes.

   In addition, if the Eligible Issuer is obtaining a new rating or ratings on the proposed credit for the Eligible Notes, either because the proposed credit did not carry a long-term rating by at least two major NRSROs when the Eligible Issuer submitted its NOI or because the Eligible Issuer indicated in response to Question 18 or Question 27 of the NOI that it would request a third rating from a major NRSRO, please provide an update regarding efforts to obtain such ratings in the table below.

NRSRO	Confirmation or New Rating Request	Status of Request	Expected Response Date	Comments
S&P				
MOODY'S				
FITCH				
KROLL				

7. If an Eligible Issuer that is a State, City, or County had a GO/ICR rating assigned by only one major NRSRO as of April 8, 2020, please provide an update, using the table below, regarding efforts to obtain a second rating meeting the MLF eligibility requirements described in the NOI, MLF Term Sheet and FAQs.

NRSRO	Type	Rating as of April 8, 2020	Status	Expected Rating[3]	Comments
S&P					
MOODY'S					
FITCH					
KROLL					

SECTION D: PROCESS, EXECUTION AND TIMING

8. Has the Eligible Issuer's requested closing date changed since it submitted its NOI? Please note that the LLC will schedule a closing date, in consultation with the Eligible Issuer, only after final review and approval of an Eligible Issuer's Application. Yes ☐ No ☐

If Yes, provide new requested closing date: ______________

9. Describe the authorizing actions and requisite approvals already obtained, and the authorizing actions, requisite approvals and timeline for actions and approvals not yet obtained but required (noting any appeal periods) by the applicant in order to enter into a Note Purchase Agreement, or similar document, with the LLC (e.g., board vote, local vote, ordinance, or state approvals).

SECTION E: DISCLOSURE

Consistent with municipal market practices and requirements, Eligible Issuers offering Eligible Notes in a competitive sale process that is eligible for the MLF should anticipate providing the same level of disclosure normally prepared in connection with a public offering of notes.

If the Eligible Issuer is not conducting a competitive sale process and is, therefore, not preparing a disclosure document for public sale, then the LLC will review the financial information and operating data provided by the Eligible Issuer on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system (EMMA) and on the Eligible Issuer's website. Eligible Issuers are required to provide a direct link to the financial information on their websites and EMMA. For Eligible Notes that are not BANs, Eligible Issuers are required to provide cashflow statements (prior 12-month actuals and 12-month projections). Each Eligible Issuer is required to provide copies of written materials containing financial information and operating data that have been provided to the rating agencies in connection with the process to obtain confirmation of the Eligible Issuer's ratings.

The Eligible Issuer (or a Designated Issuer, or both) will be expected to execute an MLF Continuing Disclosure Undertaking on the closing date.

10. Is the Eligible Issuer currently compliant in all material respects with all its continuing disclosure agreements regarding filings required under SEC Rule 15c2-12? Yes ☐ No ☐

11. If the Eligible Issuer is using a Designated Issuer to issue Eligible Notes, which entity will be responsible for providing continuing disclosure? Check both if applicable and describe the information that will be provided by each entity.
☐ Eligible Issuer
☐ Designated Issuer

[3] As of closing.

SECTION F: ISSUER CERTIFICATION			
Issuer Name:			
Issuer hereby certifies that: (a) the information provided in the Application is true and correct; (b) the information submitted with the related Notice of Interest remains true and correct, as of the date indicated below; (c) the documentation submitted with the Application is in substantially final form and includes all of the documents required for the authorization, sale and issuance of the Eligible Notes; (d) the Issuer will execute (i) all certifications included in the Form Documents and Certifications on the closing date, and (ii) the Note Purchase Agreement or similar documentation, as applicable, when delivered to the Issuer by the MLF, in all cases in a form identical to those included in the Form Documents and Certifications; (e) the Issuer remains eligible to participate in the MLF; and (f) the proposed transaction meets the requirements of the MLF as set forth in the publicly available MLF Term Sheet and FAQs in effect on the date below.			
By:		Title:	
Name:		Date:	

SUPPORTING DOCUMENT CHECKLIST

The documents listed below should be submitted by email to MLFapp@blxgroup.com. If you believe a given document is not applicable or not available, please check the N/A box for that document. All documents required for the authorization, sale and issuance of the Notes must be submitted in substantially final form with the Application, including a certification to that effect and including the resolution or other action of the governing body of the Eligible Issuer/Designated Issuer approving and authorizing execution of agreements with the LLC as well as execution of the documents listed below and issuance of the Notes.

Please submit each item as a separate file and include in the filename the attachment number as provided below, e.g., 1(a).

Documents to be Submitted	Included	N/A
Completed Application	☐	
Attachments to Application (All Issuances)		
1. Draft Eligible Note Documentation in Final Form:[4]		
(a) Authorizing Resolution	☐	☐
(b) Form of Note	☐	
(c) Documents pursuant to which Notes will be issued (e.g., Resolution, Note Agreement, Indenture, Bond Ordinance, Statute, etc.)	☐	
(d) For BANs, bond take-out documentation, authorization or certification pursuant to which take-out bonds are authorized and will be issued [Section B(5)(b)]	☐	☐
(e) If Notes will be issued by a Designated Issuer, form of agreement by which the Eligible Issuer commits the credit of, or pledges revenues of, the applicable State, City or County, or the form of guarantee of the Eligible Notes by the applicable State, City or County	☐	☐
(f) Any other transaction documents	☐	☐
2. Form of Authorization, Incumbency and Signature Certificate	☐	
3. Draft opinion of Bond Counsel as to valid and binding nature of obligation identical in all material respects to the form of opinion typically delivered in connection with the issuance of publicly offered obligations of the Eligible Issuer, in final form	☐	
4. Draft exemption from securities registration opinion, in final form	☐	
4a. Draft exemption from Trust Indenture Act opinion, in final form	☐	☐
5. Draft Tax Opinion from bond counsel or special tax counsel (if tax-exempt), in final form	☐	☐
6. Draft opinion re: Designated Issuer authorization to commit the credit of, or pledge revenues of, the Eligible Issuer, in final form	☐	☐
7. Draft opinion re: valid and binding nature of the guarantee, or other agreement, by the Eligible Issuer of the Eligible Notes issued by the Designated Issuer, in final form	☐	☐
8. Timeline for Authorizing Actions/Approvals Not Yet Obtained [Section D(9)]	☐	

[4] This documentation should include documentation that evidences the debt, the authorization of the Eligible Issuer to issue the debt, and the security provided.

Additional Attachments Specific to Issuances Involving a Competitive Offering	Included	N/A
9. Form of notice of sale expected to be used or previously used	☐	
10. Preliminary Official Statement (POS) (if not available at the time of Application, the POS must be provided to the LLC when made publicly available)	☐	☐
11. Draft disclosure opinion, in final form	☐	☐
Additional Attachments Specific to Direct Purchases Without a Competitive Offering		
12. Copies of written materials containing financial information and operating data that have been provided to the rating agencies in connection with the process to obtain confirmation of the Eligible Issuer's ratings [Section E]	☐	
13. Most recent audited financial statements (2 years)	☐	
14. Most recent unaudited fiscal year to date financial statements presented to your governing body	☐	☐
15. Current fiscal year budget	☐	
16. Proposed/Adopted budget for next fiscal year	☐	☐
17. Most recent official statement or other offering document for parity obligations	☐	☐
18. If the Eligible Notes are TANs, TRANs, RANs or other similar notes to be repaid from revenues, cashflow statements prepared within the last 60 days (prior year actuals and 12-month projections) [Section B(5)]	☐	☐