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The New Jersey Educational Facilities Authority Issued \$24,090,000 Bonds for The College of Saint Elizabeth

On May 22, 2008 the New Jersey Educational Facilities Authority sold \$24.1 million refunding bonds on behalf of The College of Saint Elizabeth. The 2008 Series F Bonds were issued as Variable Rate Demand Obligations (Weekly Mode) and secured by a direct-pay letter-of-credit provided by RBS Citizens, N.A. The bonds carried an initial interest rate of 1.60% and a final maturity of July 1, 2036.

Proceeds of the 2008 Series F bonds currently refund all of the Authority's outstanding 2000 Series C and 2006 Series K Radian-insured auction rate bonds. The financing was precipitated by the collapse of the auction rate market and resultant increase in interest expense experienced by the College with respect to the 2000 C and 2006 Series K bonds.

The transaction developed in response to recent turmoil and widespread failures in the Auction Rate Securities and insured Variable Rate Demand Bond markets precipitated by the subprime mortgage crisis and related downgrading of monoline bond insurers that had exposure to the subprime market. Like a number of other refundings the Authority has completed or is bringing to market during 2008, this financing is part of a global restructuring effort by the Authority to help its clients move out of their adversely-affected short-term borrowings and into other types of securities such as fixed-rate bonds or letter-of-credit-backed Variable Rate Demand Obligations.

Based on the transaction's letter-of-credit, Moody's Investors Service rated the 2008 Series F refunding bonds "Aa2/VMIG1." Merrill Lynch & Co., served as sole manager for the financing. McManimon & Scotland, LLC served as bond counsel and Public Financial Management Inc. provided financial advisory services.

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