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### **New Jersey Educational Facilities Authority Completed \$15,015,000 Remarketing for the Institute for Defense Analyses**

On June 26, 2008, the New Jersey Educational Facilities Authority completed a \$15 million remarketing of all of the Authority's outstanding 2000 Series D bonds issued on behalf of the Institute for Defense Analyses. The 2000 Series D variable rate bonds originally carried municipal bond insurance by Ambac Assurance Corporation and have now been remarketed with a Branch Banking and Trust Company Letter of Credit. Prior to the remarketing, the interest rate on the bonds was a 4.75%. The initial rate on the remarketing was 1.50%.

The 2000 Series D bonds were originally issued to reimburse the Institute for a portion of the costs associated with its acquisition of a 13-acre parcel of undeveloped land in Princeton Township. The bonds also helped to finance the construction of a new 55,221 square foot research facility on the site along with parking facilities, furniture, equipment, and related land improvements.

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 remarketing 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 structures. This remarketing of the 2000 Series D bonds, with the addition of a letter of credit, helped the Institute to mitigate variable interest rate exposure and the pervasive credit risk associated with bond insurance in the variable rate market.

Shattuck Hammond partners, a division of Morgan Keegan & Company, Inc., served as remarketing agent on the transaction. McManimon & Scotland, LLC served as bond counsel to the Authority.

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