



NJEFA News
April 24, 2008

Contact: Sheryl Stitt
609-987-0880



The New Jersey Educational Facilities Authority Issued \$74,620,000 Bonds for New Jersey City University

On April 16, 2008, the New Jersey Educational Facilities Authority sold two series of bonds with a combined par value of \$74,620,000 on behalf of New Jersey City University. The financing included \$68,445,000 of Series 2008 E tax-exempt bonds and \$6,175,000 of Series 2008 F taxable bonds. Both series of bonds were issued at a fixed rate, with a combined aggregate true interest cost of 5.01%. The tax-exempt portion of this financing included swap unwinds on two series of bonds refunded.

The Series 2008 E bonds currently refunded all of the Authority's outstanding Series 2003 A auction rate bonds, insured by FGIC, and the Series 2005 A auction rate bonds, insured by CIFG. The Series 2008 F bonds currently refunded all of the Authority's outstanding taxable Series 2006 C bonds which were also issued as auction rate securities and insured by CIFG.

The transaction developed in response to recent turmoil and widespread market 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. This financing allowed the University to achieve attractive financing terms in the fixed-rate market, while eliminating variable interest rate exposure and the pervasive credit risk associated with bond insurance in the variable-rate market.

Bond insurance for the financing was provided by Assured Guaranty Corp. Moody's Investors Service assigned the University an underlying rating of "A3" with a stable outlook and cited credit strengths of the University that included: a healthy market position as an urban university in northern New Jersey; an increased demand for program offerings; and generally balanced operating performance, despite the current state funding environment. Fitch Ratings assigned an underlying rating of "A-" noting the University's positive operating performance, effective management practices and stable enrollment.

Morgan Stanley & Company, Inc served as Senior Manager on the transaction with Merrill Lynch & Co., Inc. and Ramirez & Company, Inc. serving as Co-Managers. McCarter & English, LLP served as Bond Counsel, Phoenix Advisors, LLC provided financial advisory services and PFM Asset Management LLC provided swap advisory services.

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