



NJEFA News
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**The New Jersey Educational Facilities Authority Issued
\$35,205,000 Bonds for Rowan University**

On March 26, 2008 the New Jersey Educational Facilities Authority sold \$35.2 million refunding bonds on behalf of Rowan University. The Series 2008 B bonds were issued at a fixed rate with a true interest cost of 4.839 % and a final maturity of July 1, 2027.

The Series 2008 B bonds currently refund all of the Authority's outstanding Series 2003 K and Series 2006 H auction rate bonds. The financing was precipitated by the collapse of the auction rate market and resultant increase in interest expense experienced by the University with respect to the Series 2003 K and Series 2006 H 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. 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.

Assured Guaranty Corp. provided municipal bond insurance for the Series 2008 B bonds. Moody's Investors Service assigned the University an underlying rating of "A2" and cited credit strengths of the University that included: healthy student demand and market position; solid operating performance, despite the current state funding environment; and growth in financial reserves. Standard and Poor's assigned an underlying rating of "A+" noting the University's good liquidity, strong financial performance, healthy admissions evidenced by growing student demand and strong management team.

RBC Capital Markets served as senior manager for the financing, with Powell Capital Markets, Inc. serving as co-manager. DeCotiis, FitzPatrick, Cole & Wisler, LLP served as Bond Counsel and Public Financial Management Inc. provided financial advisory services.

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