NJEFA
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

NJEFA News
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The College of New Jersey

**The New Jersey Educational Facilities Authority Issued $287,790,000 Bonds for The College of New Jersey**

On April 22, 2008, the New Jersey Educational Facilities Authority sold $287.8 million refunding bonds on behalf of The College of New Jersey. The Series 2008 D bonds were issued at a fixed rate with a true interest cost of 5.086% and a final maturity of July 1, 2035. The bonds currently refunded all of the Authority's outstanding Series 1999 A and Series 2002 D bonds, which were issued as variable rate demand and auction rate bonds, respectively. The financing also included swap unwinds on both series of bonds refunded.

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 College 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 Financial Security Assurance Inc. Moody's Investors Service assigned the College an underlying rating of "A3" with a stable outlook and cited credit strengths of the College that included: healthy student demand; a favorable market position in New Jersey; and strong operating and cash flow generation, despite a weak state funding environment. Standard and Poor's assigned an underlying rating of "A" and noted the College's strong operating performance with an operating surplus in fiscal year 2007 that exceeded $16 million, effective management practices, stable enrollment and a strong admissions profile.

Morgan Stanley & Co., Inc., senior managed the transaction while Merrill Lynch & Co., Inc. and Wachovia Bank served as Co-Senior Managers. Co-Managers included Loop Capital Markets, LLC, RBC Capital Markets, and Roosevelt & Cross, Inc. Gluck Walrath 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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