



## 2018 Year-End Review



Consistent with national trends, the year 2018 for the New Jersey Educational Facilities Authority (the "Authority" or "NJEFA") was characterized by a sharp decline in bond financing activity on behalf of the State's colleges and universities.

According to Thomson Reuters, overall municipal market volume was \$321 billion, down 22% from the prior year. Municipal issuance nationally for the higher education sector in 2018 was \$21 billion, representing a 50% decline over 2017 issuance.

The Authority anticipated 2018's lower deal flow having just completed four consecutive years of heavy issuance volume from 2014-2017, coupled with the impact of tax reform measures that became effective on January 1, 2018 and elimination of advanced refundings. Regarding the latter, the Authority proactively moved to accelerate and complete transactions in December of 2017 with nearly \$400 million in combined par value. Doing so enabled the Authority to execute tax-exempt advanced refundings that

would not have been viable after January 1, 2018 and to cap off 2017 with nearly \$140 million in net present value savings for participating institutions. These savings had and are continuing to have an immediate impact on institutions' balance sheets, freeing up resources for other important academic purposes in 2018 and beyond.

The year also saw the Authority Board and Staff welcome a new Executive Director, develop new financing products for the Authority's client institutions and modernize its internal IT infrastructure. In September, Eric D. Brophy joined the NJEFA team as the Authority's ninth Executive Director. Mr. Brophy's immediate professional background includes over a decade of experience practicing business and municipal law as a partner at Diegnan & Brophy, LLC. As Eric began his tenure of leadership at NJEFA, he remarked, "New Jersey's higher education institutions face ever-increasing development and maintenance challenges across their campus facilities. We understand these challenges and we can help. I am eager to help our client institutions identify, develop and roll out innovative financing solutions targeted at their specific challenges."

*Continued on page 2*

### NJEFA P3 Training with AIAI

- On January 8 AIAI hosted an education session for NJEFA staff to learn about the intricacies of P3s
- Topics included: why P3s are important, the growth of P3s in the United States, the different P3 delivery models, why institutions consider using a P3 structure, potential benefits of P3, and case studies on successful P3 transactions for higher education institutions
- Regulations are being developed; program to be enacted in February, 2019
- NJEFA plans to host a P3 seminar. Stay tuned for more details

## 2018 Year-End Review Cont.

Throughout 2018, the Authority focused on the development of new initiatives expanding financing opportunities for colleges and universities centered, primarily, on the NJEFA's Tax-Exempt Leasing Program (TELP) and Public-Private Partnerships ("P3") for higher education institutions.

TELP and P3 financing structures allow New Jersey's higher education institutions more flexibility in capital project planning and NJEFA estimates these programs will provide quicker access to lower-cost capital. TELP, originally authorized in 2006, provides New Jersey institutions the ability to lease equipment, vehicles, computers, software and more. In August 2018, Governor Murphy authorized the Authority to enter into P3 transactions with private entities by signing Senate Bill No. 865 into law. Among projects that can be financed are student housing, utility/energy facilities, dining facilities, parking garages, athletic facilities and other revenue producing projects.

NJEFA anticipates increased financing activity in 2019. At its November 2018 meeting, the Authority's Board approved the procurement of professionals for a new money project on behalf of the Stevens Institute of Technology. Expected to price and close in the third quarter of 2019, this transaction will provide financing for a dorm and student center that will be the centerpiece of Stevens' campus.

The Authority is also in active discussions with several institutions that have capital projects in the pipeline for 2019/2020, some of which are exploring P3 development and financing structures. NJEFA has also provided

proposed comments and revisions to the Department of Treasury draft P3 regulations. In further preparation for future P3 project financings, Authority staff has participated in targeted P3 educational opportunities to ensure the NJEFA provides best-in-class service to our client institutions.

In the coming weeks, NJEFA will provide educational opportunities for New Jersey's higher education community. Workshops on navigating the new P3 regulations and the P3 application process are in planning stages and the Authority expects to announce workshop dates soon.

**"NEW JERSEY'S HIGHER EDUCATION INSTITUTIONS FACE EVER-INCREASING DEVELOPMENT AND MAINTENANCE CHALLENGES ACROSS THEIR CAMPUS FACILITIES. WE UNDERSTAND THESE CHALLENGES AND WE CAN HELP."**

NJEFA staff is excited to provide alternative financing solutions for our client-institutions. In addition to those programs discussed, Authority staff continues to search and analyze new ways to offer creative financing solutions for New Jersey's higher education institutions. NJEFA also looks forward to our continued partnership with Governor Murphy's Administration and the Secretary of Higher Education, Zakiya Smith Ellis, in advancing their vision for a stronger and fairer New Jersey economy.

### NJEFA Staff Promotions



**Rebecca Clark**

Staff member, Rebecca Clark has been promoted to Associate Project Manager for the Authority. In her new position, Clark will be responsible for assisting in the management of debt issuance for New Jersey colleges and universities as well as other finance transaction activities.



**J. Zachary Barby**

Staff member, J. Zachary Barby has been promoted to Communications / IT Coordinator for the Authority. In his new position, Barby is responsible for developing internal and external communications strategies for the Authority as well as IT modernization efforts.

#### For more information, contact:

Steve Nelson  
Director of Project Management  
609-987-0880  
Steven.Nelson@njefa.nj.gov

Jamie O'Donnell  
Senior Communications Manager  
609-987-0880  
Jamie.ODonnell@njefa.nj.gov