

New Jersey Educational Facilities Authority (NJEFA) January Board Activity

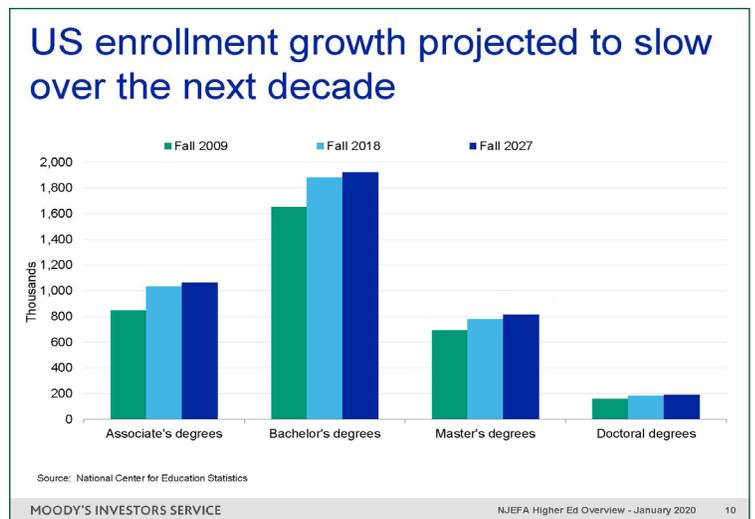
February 19, 2020

Highlights of NJEFA’s Board meeting on January 28, 2020 include a presentation by guest speakers from Moody’s Investors Service and Board adoption of resolutions that pave the way for completion of new financings on behalf of Stevens Institute of Technology and Stockton University.

On welcoming Moody’s to the Authority, Chairman, Joshua Hodes said “the Board is grateful for Moody’s willingness to share the rating agency’s broader credit perspective on higher education nationally and in the State. To receive this information first-hand and have an opportunity for dialogue is very helpful.”

Moody’s representatives, Susan Shaffer, Vice President/Senior Credit Officer and Alex Greenwald, Vice President/Relationship Management presented an overview of the Rating Agency’s 2020 U.S. higher education outlook which moved to stable from negative due in part to steady revenue growth and solid reserves. Ms. Shaffer said that while U.S. enrollment growth is projected to slow over the next decade, shifting demographics will have state- and region-specific impact. In New Jersey, according to the National Center for Education Statistics, high school graduates from 2018-2027 are projected to decline between 0% and 5%, which represents a more moderate projected decline than some other parts of the northeast.

For New Jersey public universities, Ms. Shaffer highlighted credit strengths that include adaptability, generally flat or slightly growing enrollment, ability to set pricing, and good net tuition revenue per student. In addition to changing demographics, she also noted that challenges for public universities continue to include high leverage, pension pressure, flat total state support, and thin financial reserves.



In other action, NJEFA’s Board approved two separate resolutions in connection with NJEFA Revenue Bonds, Stevens Institute of Technology Issue, 2020 Series A and B, a transaction which was initially approved by the Authority Board at its August 20, 2019 meeting. The first resolution approved technical changes to and a revised form of the Loan Agreement for the 2020 Series A Bonds. The second resolution authorized a change in structure from the originally contemplated taxable public offering of the 2020 Series B Bonds to a direct bank purchase with PNC Bank.

Board action will enable the Institute to take advantage of highly competitive rates in the private bank market. Most importantly, it clears the path for Stevens to move forward with the financing of transformative infrastructure projects that include two new student residence towers and a university center located on Stevens’ Hoboken campus. The financing itself is significant as the 2020 Series A Bonds will be the Authority’s first green bond issuance. The Authority expects to issue bonds in an amount not to exceed \$270 million, which will also place the financing as NJEFA’s largest, single new money issuance in the Authority’s history.

Lastly, NJEFA members unanimously approved the issuance of NJEFA Revenue Bonds, Stockton University Issue, Series 2020 A in a principal amount not to exceed \$7,000,000. The transaction structure is a direct placement with T.D. Bank, N.A.. Proceeds from this transaction will finance the University’s acquisition of its currently leased 126-bed residence facility located approximately 2 miles from the University’s main campus in Galloway Township.

“Board action in January,” according to Executive Director Eric Brophy, “signals a slight uptick in anticipated NJEFA financings for colleges and universities in 2020. We are looking forward to the successful pricing and closing of the transactions approved at this meeting and to bringing new financings that are in the pipeline for Board consideration in the near future.”

The Authority’s next regularly scheduled meeting is February 25, 2020 at the NJEFA offices in Princeton, New Jersey.

###