

Princeton University issuance sets record and ushers in new options for how Authority bond funds are managed

July 15, 2021, Princeton, New Jersey – The New Jersey Educational Facilities Authority (NJEFA or the Authority) partnered with Princeton University to announce today the appointment of Ramirez Asset Management (RAM), a certified minority business enterprise, as a sub-advisor on the proceeds of the university’s 2021 Series B and 2021 Series C Bonds. The bonds were issued through the Authority and closed on April 8, 2021. With a combined aggregate par value of approximately \$430 million, this financing represents the largest transaction in Authority history.

While the record-setting transaction is noteworthy, the appointment of RAM is historic. The appointment marks the first time that the Authority worked in collaboration with an investment manager (PFM Asset Management) and a client to ensure a portion of bond proceeds are invested and managed by a diverse (minority, women or veteran-owned) asset management firm. Under this arrangement, RAM will be responsible for the investment of a substantial share of the bond proceeds with PFM Asset Management separately investing the balance of the bond proceeds.

“Governor Murphy has committed to building a stronger and fairer New Jersey, and the Authority sees diversity in asset management as one way to level the playing field” said Executive Director Eric Brophy. “We have participated in events with the Office of Diversity and Inclusion where we’ve talked about the importance of diversifying the procurement process, and we are happy to see progress in this area.”

“The Authority has previously worked with Ramirez as an underwriter, and we are aware of their distribution capabilities on our bond financings,” said Director of Project Management Steve Nelson. “We are pleased to be working with the firm in this new line of business.”

The selection of a certified minority business enterprise is also a significant step for the university towards diversifying its external investment managers, a goal highlighted in President Christopher L. Eisgruber’s [September 2020 letter](#) to the University community on how the institution intends to combat systemic racism at Princeton and beyond.

“The University is committed to forging financial partnerships that will not only have positive impacts on growing and preserving our financial resources, but also help build wealth in diverse and under-represented communities. I am proud that Princeton’s commitment to diversity extends to this aspect of addressing structural inequality,” Princeton Vice President for Finance and Treasurer Jim Matteo said. Princeton’s [supplier diversity initiative](#) aims to support more businesses owned by people of color, women, veterans and members of the LGBTQ+ community.

Princeton’s Associate Vice President for Treasury Services Tim Graf added: “This is a major milestone for Princeton University and for the New Jersey EFA. Princeton is in a unique position as a well-respected leader in higher education and as a global institution. It is our hope that this model will encourage other universities to similarly think creatively, expanding existing relationships with minority, women or veteran-owned firms.”

To assist Princeton University achieve its goals, Authority staff worked closely with its investment advisor, PFM Asset Management, to identify a process allowing for the appointment of minority, women, and veteran-owned business (MWVOB) firms as bond proceed investment sub-advisors at the request of an Authority client. An amendment to the investment advisory agreement between the Authority and PFM Asset Management was required to accomplish this goal. A resolution permitting the amendment was unanimously approved by the Authority’s board on April 27, 2021, allowing Authority clients to request MWVOB firms as bond proceed investment sub-advisors.

“The staff at the Authority take a client service approach to every transaction we do,” said Mr. Brophy. “In this instance, Princeton University approached us about how we could help them realize their goals for hiring diverse asset managers. We worked with our investment advisor, PFM Asset Management, to create a new system that will not only meet Princeton’s needs today, but also meet the needs of our other client institutions as they work to align management of their investments with their missions.”

The inclusion of RAM as a sub-advisor in the Princeton issuance was not the only MWVOB contractor engaged on the transaction, as both the financial printer and the verification agent used were MWVOB firms. Additionally, the underwriting firms comprising the two winning syndicates for the bonds were among the most diverse in recent memory: of the 25 firms across both series, 13 were minority, women, veteran, or service-disabled veteran-owned firms.

“The Authority has been using more minority, women, and veteran-owned firms in its transactions than ever before,” said Mr. Nelson. “Since 2015, the Authority procurements have resulted in more than \$1 million in revenues to MWVOB underwriting and financial advisory firms alone, which is an increase of 450% from the previous five years. That does not take into account the Authority’s other procurements and professional contracts.”

“I applaud these efforts to incorporate equitable, inclusive policies that not only bolster New Jersey’s economy but can serve as a model for other institutions considering how to implement diversity goals, particularly for women and communities of color,” said Secretary of Higher Education Dr. Brian Bridges. “This commitment to and appointment of MWVOB’s in these roles is key to reinforcing these principles and signifies major steps in effectuating change in the bond fund asset management arena.”

Largest Transaction in Authority History

With a combined issuance total of \$429,265,000, the Princeton University 2021 Series B and 2021 Series C Bonds represent the largest issuance in Authority history, eclipsing the Authority’s Princeton University 2017 Series I issue in the amount of \$357,105,000. Mr. Graf, speaking on the impact the issuance of these bonds would have on the university, said “Princeton University is committed to growing our undergraduate student body to give more students an opportunity to earn a Princeton education, and these bonds will help support that effort.”

Princeton University Revenue Bonds, 2021 Series B, were authorized for the purpose of financing, in whole or in part, the costs of the acquisition, construction, renovation, and installation of certain capital assets to be located at or near the University’s main campus in Princeton, New Jersey; its Forrester Campus in Plainsboro, New Jersey; its administrative building at 701 Carnegie Center in West Windsor, New Jersey; and/or at its lake campus in West Windsor, New Jersey. These projects consist of: the renovation and repair of various university buildings and other facilities, including utility systems, roads, grounds, and parking; the purchase of capital equipment for academic departments and administrative and supporting units; the construction of academic, administrative, athletic, housing and/or student/faculty/staff-related capital facilities and utility/infrastructure-related assets; the acquisition of land; the refunding of all or a portion of the Authority’s Princeton University Commercial Paper Notes, Series 2018A and Series 2020A (Tax-Exempt); and, the refunding of a portion of The Trustees of Princeton University Taxable Commercial Paper Notes.

Princeton University Revenue Refunding Bonds, 2021 Series C, were used to finance the current refunding and defeasance of all or a portion of the outstanding 2011 Series B Bonds.

Both series were issued on a competitive basis.

Originally authorized by the Authority board on February 23, 2021, the tax-exempt 2021 Series B and 2021 Series C Bonds represent the latest transaction with Princeton University, which has been working with the Authority since 1980. Over the years, that relationship has grown and evolved to include nearly 50 transactions.

As an independent and self-supporting state entity, NJEFA is New Jersey’s primary issuer of municipal bonds to finance the development of campus facilities at public and private colleges and universities. NJEFA finances a wide array of projects including construction, renovation, and acquisition of academic and research facilities; libraries; technology infrastructures; student housing; student life and athletic facilities; parking structures; and refinancing of existing debt. NJEFA’s 54 years of experience in the financial markets with institutions of every type, size, and credit has led it to complete 525 transactions with a total par volume of over \$19 billion.

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