

New Jersey Educational Facilities Authority Closes \$108 Million in Bond Transactions for Montclair State University

On July 6, 2006 the New Jersey Educational Facilities Authority issued \$98.09 million revenue bonds and \$9.97 million refunding bonds in its Series 2006 A and Series 2006 B financings on behalf of Montclair State University.

The \$98.09 million Series 2006 A bonds were issued for the purpose of financing, along with other available funds, the costs of a number of capital projects on the University's campus. These projects include construction of a new student recreation center, a 2,000 space parking structure and renovation of Panzer Gymnasium. Other projects include construction of an addition to and renovation of Chapin Hall, and renovation of Mallory and Finley Halls, all of which are academic buildings on campus.

The \$9.97 million Series 2006 B bonds provided funds to finance the current refunding of a portion of the University's outstanding bonds under the Authority's Series 1996 C and Series 1996 D issues. The Series 2006 B bonds generated approximately \$340,000 in net present value savings for the University.

Montclair State University is rated "A2" by Moody's Investors Service and "A" by Fitch Ratings. Moody's report highlighted the University's robust operating performance for a public University, evidenced by an average operating margin of 9%, which is reflective of careful financial management and planning. Fitch cited the University's "historical operating profitability, strong revenue growth, impressive undergraduate enrollment growth, and an increasingly prominent market position as the second largest public University in New Jersey's higher education sector."

Lehman Brothers served as senior manager for the transaction, with UBS Investment Bank serving as co-senior manager. Loop Capital Markets LLC, Piper Jaffray & Company and NW Capital Markets Inc. served as co-managers. The bonds were insured by Ambac Assurance Corporation. DeCotiis, FitzPatrick, Cole & Wisler, LLP served as bond counsel on the transaction, while Acacia Financial Group, Inc. served as financial advisor.

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