

New Jersey Educational Facilities Authority, closed \$20,750,000 Revenue Refunding Bonds, 2006 Series A, for Seton Hall University as the University fully executed its first interest rate swap refunding

On May 17, 2006, The New Jersey Educational Facilities Authority sold \$20,750,000 revenue refunding bonds on behalf of Seton Hall University. Issued as Auction Rate Securities, the 2006 Series A transaction was a variable rate current refunding of the University's outstanding 1996 Series E bonds. In anticipation of this transaction back in 2005, the University entered into a Forward Starting Swap Agreement with Citibank, N. A., in August of 2005 to lock in the rate of interest the University would pay upon issuance of the 2006 Series A refunding bonds.

Under the terms of the swap agreement, the University will pay 3.433% to Citibank, N.A., and will receive 69% of LIBOR. The total present value savings from the transaction for the University was almost \$2.4 million, or just over 12.2% of refunded par.

The 1996 Series E bonds were originally issued to finance the construction of the University's 200,000 sq/ft law school in downtown Newark. The 1996 bonds also financed renovations to Boland Hall dormitory located on the main campus and construction of an on-campus parking garage.

Moody's assigned the 2006 Series A issue an underlying rating of A3 with a stable outlook based on several factors including, solid student demand, stable enrollment and sustained strong operating performance. Standard and Poor's assigned an underlying rating of A- with a revised outlook from stable to positive. S & P's improved outlook also reflected solid operating performance and the Universities market niche as the largest Roman Catholic university in New Jersey. Bond insurance on the transaction was provided by CIFG Assurance North America, Inc.

Citigroup Global Markets Inc. served as sole manager for the financing. Wilentz, Goldman & Spitzer, P.A. served as bond counsel and Municipal Advisory Partners, Inc. served as financial advisor to the Authority on the transaction.

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