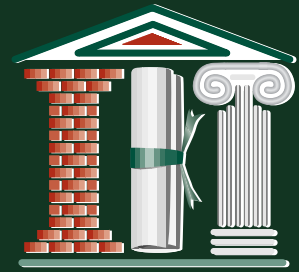


# Building Futures



NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

2002 ANNUAL REPORT



**NJEFA**

NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY

building futures

*Students gather in the atrium of the Social Science Building at The College of New Jersey to study and socialize between classes.*

# GOVERNOR'S MESSAGE

Higher education is essential to New Jersey's ability to succeed in the new economy. As a state, we must provide the opportunity, the facilities and the financial support to deliver quality college, post-graduate and professional educations. Doing so will ensure that New Jersey has the skilled, well-trained workforce that our businesses and industries need to compete in this global and increasingly technology reliant economy.

The New Jersey Educational Facilities Authority (NJFEFA) is a critical component of our efforts. The Authority was created to provide access to low-cost capital for New Jersey's public and private colleges and universities to improve and expand their campus facilities.

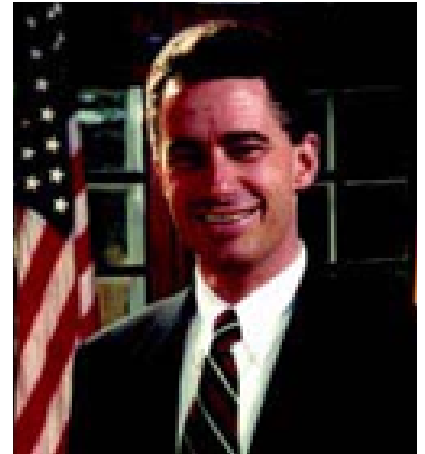
Since its establishment in 1967, the NJFEFA has been the source of more than \$5.7 billion in financing for higher education. In 2002, the Authority surpassed all previous efforts and financing benchmarks, providing record-financing for campus facilities and, for the first time, issuing bonds to build and rehabilitate public libraries in our State. In addition, the NJFEFA was able to lower

the debt service costs for several leading public and private New Jersey institutions of higher education, providing savings that are particularly important in the present economic climate.

In the upcoming year, the NJFEFA will play an important role in our efforts to restructure our State's university system into a single research university system with three distinct, autonomous university campuses in North, Central and South Jersey. As our vision begins to take clear shape, the professionalism and expertise of the Authority and its staff will be needed to provide additional financing to build the facilities New Jersey will need for this restructured, world-class research university.

The NJFEFA's performance in 2002 augurs well for its ability to take on and accomplish the task of helping to meet the future capital needs of a restructured state university as it continues to serve the financing needs of higher education in New Jersey.

As Governor, it is a pleasure to accept the NJFEFA's Annual Report. I commend Chairwoman Vivian Altman and the Board as well as Executive



Director Roger Anderson and his staff for their record-setting accomplishments, and I look forward to working closely with the Authority to ensure a successful future for the people of New Jersey.

James E. McGreevey  
Governor



# TO THE GOVERNOR

*The NJEFA closed a \$100 million bond issue on behalf of Princeton University in July 2002 for a series of maintenance projects for buildings, utility systems, roads and grounds.*

# AND THE MEMBERS OF THE NEW JERSEY LEGISLATURE

In the nearly 35 years NJEFA has been providing New Jersey's colleges and universities access to the municipal bond markets, we cannot recall a time when interest rates have been as low as they were during 2002. NJEFA issued its first Public College Bond Anticipation Notes in 1969, at interest rates approximating 5.25%, in the amount of \$9.4 million for capital projects at what were then Rider College, Montclair State College and Trenton State College. During 2002, 14 of the 16 transactions NJEFA completed achieved interest costs well below 5%, as the Authority reached an historic funding level of nearly \$1 billion.

The growing demand for admission at our State's colleges and universities, combined with the historic low rates in the bond market throughout the year, drove NJEFA to a record issuance of more than \$902 million in bonds in 2002, eclipsing the previous record for financing activity set in 2000 by more than 60%.

As an active issuer in the capital markets, we know first hand just how favorable the interest rate environment was during 2002. All of us, however, can appreciate that the conditions that created this environment were less than desirable. Faced with a declining economy, corporate accounting scandals, continued concern over terrorism and global uncertainty, virtually every

bond issue completed by NJEFA in 2002 was sold into a volatile market, posing structuring and sales challenges that were both difficult and varied. The talents of the Authority's staff and the strengths of the working groups on each of our transactions enabled NJEFA to meet these challenges, produce record performance for our clients and open new opportunities for access to low cost capital.

Among these new opportunities and new to NJEFA's client list was the addition of 68 public libraries, as the Authority issued \$45 million in the first-ever series of bonds for the State's public library community. Created in 1999, this program provides State matching grant funding for library renovation and construction.

The citizens of New Jersey will share the fruits of NJEFA's labors during 2002 for decades to come. Just as our institutions benefited from low cost capital secured for the next 20 to 30 years, all of us will benefit from an improved system of higher education and a true renaissance in building and construction among the State's community of public libraries.

As we look toward 2003, it is a near certainty that our public and private institutions will continue to pursue robust investment in their capital facilities as they strive to respond to the challenges of increasing student de-

mand. The first half of the year has already seen continued low interest rates, and continued weakness in the economy may keep rates low through 2003. The convergence of these two forces will continue to drive growth in NJEFA's business, which is likely to eclipse the funding levels of 2002.

NJEFA looks forward to continuing its vital role in providing a means for our colleges and universities to secure low cost capital to grow and maintain a world-class system of higher education in New Jersey.

We are pleased to present you with our report of activities during 2002, and on behalf of the Board and Staff, we thank you for your continued support.

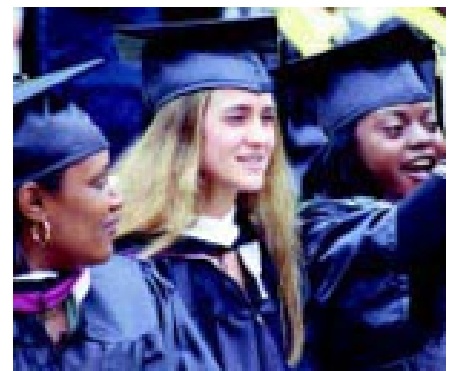
Respectfully submitted,



Vivian Altman, Chair



Roger L. Anderson,  
Executive Director





## NJEFA HAS STRONG

New Jersey's college and university campuses are homes for the higher education community in the Garden State. By every measure, the community is growing. New Jersey high schools are graduating increasing numbers of students, and more of the State's graduates are choosing to attend colleges and universities in New Jersey. Joining these high school graduates are growing numbers of nontraditional students—those who have spent at least a year in the workforce and are entering or returning to college as older students. Therefore, the higher education community needs larger and improved homes and ways to pay for the costs of expansion and preservation.

Just as homeowners need mortgages, nearly all of the State's institutions of higher education need a source of long-term financing. The New Jersey Educational Facilities Authority (NJEFA) was created in 1967 to provide access to low-cost capital for New Jersey's public and private colleges and universities to improve and expand their campus facilities. In 2002, the State's colleges and universities continued to respond to growing enrollment demands by expanding and upgrading their facilities. In

*The Student Center at the Florham Campus of Fairleigh Dickinson University draws students from the increasing residential population.*

# PERFORMANCE IN WEAK ECONOMIC TIMES

the process, they worked closely with NJEFA and drove the Authority to a record year.

NJEFA sold more than \$902 million in bonds in 2002 in 16 separate transactions. This volume outstripped by more than 60 percent the previous record set in 2000 when the Authority issued \$560 million in bonds. In fact, in the last three months of 2002 alone, the NJEFA issued almost \$520 million in bonds, nearly equaling the \$528 million in bonds sold in all of 2001. Looked at from another perspective, the bonds issued in 2002 constitute more than 15 percent of the total \$5.7 billion in bonds issued by NJEFA in its entire 34-year history.

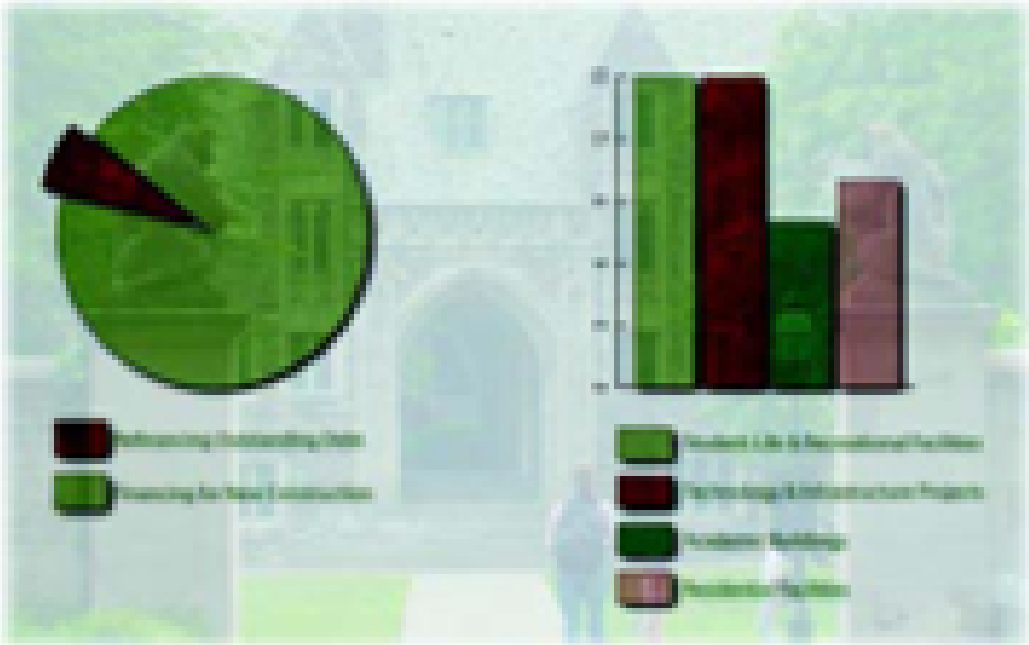
Of the \$902 million in bonds the Authority sold during 2002, more than \$750 million was issued for new construction and facility and plant improvements at 11 of the 26 public and private four-year colleges and universities in the State, and \$103 million went to college and university debt refinancing. (See chart on

*this page which shows the portion of funding that was directed to refinancing versus new construction as well as the break out of types of projects financed.)*

In addition, NJEFA is-

nancing by New Jersey's higher education community in 2003. The same factors that propelled NJEFA to record issuance in 2002—centered on capital needs to accommodate rising enroll-

## 2002 bonds finance a variety of construction projects as well as refundings



sued \$45 million in bonds in the first financing ever undertaken on behalf of New Jersey's public libraries.

As remarkable as the year turned out to be, the end of 2002 presaged even greater demand for new fi-

ments of both traditional and non-traditional students; growing attendance at in-state colleges and universities by New Jersey residents; and historically low interest rates—seem likely to continue.



The College of New Jersey

# 2002 WAS A BANNER YEAR AS THE NJEFA MET A GROWING

In the weak economy that persisted throughout 2002, home mortgage financing and refinancing showed considerable

their campuses and facilities.

NJEFA's record activity occurred even though the State's institutions were

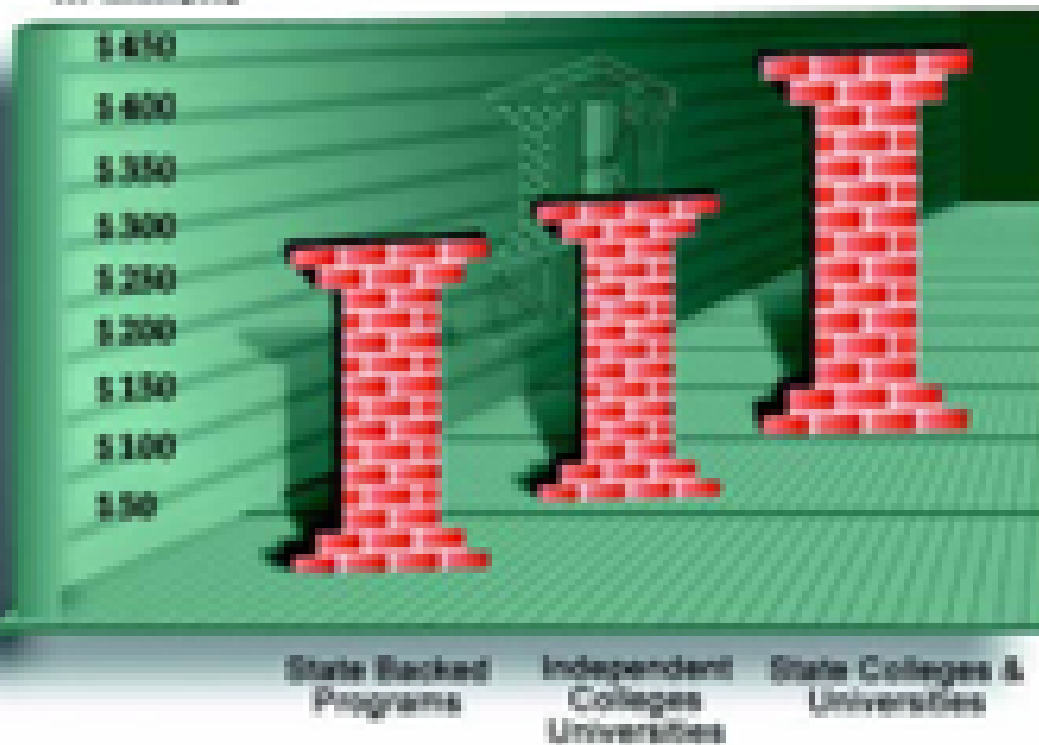
term capital advantages out of the conditions of a weak economy—rested with the NJEFA.

It is said that records are made to be broken. It is also said that the time to borrow is when interest rates are low. The record financing accomplished by the NJEFA in 2002 offered the colleges and universities of the State the lowest borrowing costs available in more than four decades, as most of the Authority's bond transactions settled out at interest rates below 5%. These low rates mean big savings—both now and in years to come—in the cost of capital to realize campus improvements necessary to preserve their past and safeguard their futures.

With NJEFA providing access to low cost capital, seven public and four private colleges and universities undertook new financing to pay for capital projects or reduce the cost of their debt through refinancing. An additional seven public and five private institutions participated in the state-supported Higher Education Capital Improvement Fund

## Authority issues nearly \$1 billion in bonds in 2002

In Millions



strength as interest rates dipped to near historic lows. Similar forces and advantages that encouraged first-time homebuyers to invest in a home and drove millions of other homeowners across the nation to seek lower cost mortgages through refinancing, also facilitated investment by New Jersey's colleges and universities in

confronted with the need to tighten operating budgets due to reduced annual public support and losses in value and income in declining endowment portfolios—both effects of a weak economy. Thus in 2002, the means and ability to make capital investment for higher education possible in New Jersey—and to secure long-





# NEED BY THE STATE'S COLLEGES AND UNIVERSITIES

Program, which provided partial grants for capital facilities and infrastructure improvements.

life and recreational facilities. NJEFA's record performance was driven by the increased demand for places in New Jersey's colleges and

expected to continue to grow until at least 2008. The number of high school graduates in 2008 is projected to be

## MEETING A GROWING NEED

In its December 2001 report, *Higher Education Capital Planning for New Jersey's Future*, the New Jersey Commission on Higher Education noted that 42 institutions of higher education in the State, including county colleges, estimated the replacement value of their facilities at \$9 billion. The figure represents campuses comprising 15,000 acres, 2,000 buildings and 54 million square feet of building space. The 42 schools reported \$542 million in deferred maintenance needs and identified \$4.7 billion in capital projects over the ensuing seven years.

Those needs are reflected in the number and type of facilities that were funded during 2002 through NJEFA financing. These projects included 10 residential facilities, 8 academic buildings, 15 technology and infrastructure projects, and more than 15 student

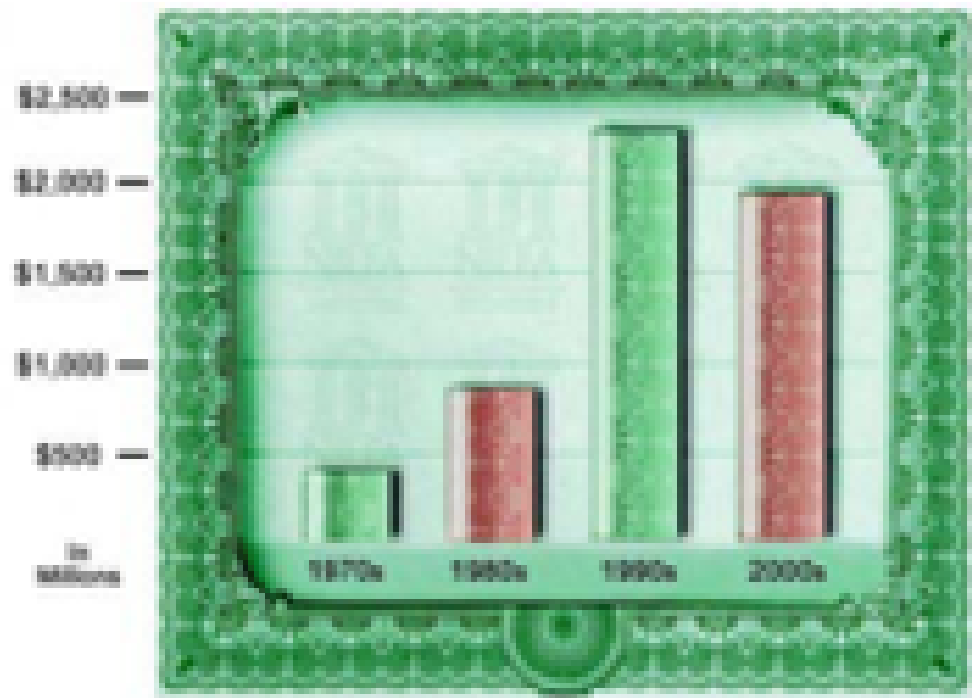
universities. Total Fall 2002 undergraduate enrollment at the State's 12 public and 14 private four-year colleges and universities was 157,163 students—about 5,000 more than in 2001. The increase in enrollment reflects two key factors. First are three enrollment trends:

- The number of high school graduates each year is growing and is

25% greater than it was in 2001.

- More New Jersey high school students are selecting and attending New Jersey colleges and universities. New Jersey has traditionally been one of the leading exporters of students to out-of-state colleges. During the 1990s, however, the percentage

## Bonds issued by decade vs. past 3 years



# MEETING NEED WITH RECORD PERFORMANCE

of Garden State high school graduates staying in-state for college grew.

- Enrollment of nontraditional students is expanding.

The second factor is the decline in the economy that has gripped higher education just as it has taken hold of private sector business and industry, and reduced public revenue and spending in the State and throughout the nation. The weak economy encouraged student enrollments closer to home and continued to place more demand on lower cost public colleges and universities for places in their first-year classes.

Indeed, more than 115,000 of the 157,163 undergraduates enrolled in New Jersey's public and private colleges in September 2002 were students at the State's

public colleges and universities. Enrollment by New Jersey residents in public four-year institutions of higher education constituted more than 85 percent of total undergraduate enrollment at the State's 26 private and public colleges and universities. Further, State residents accounted for over 90 percent of enrollment at the State's three public research universities and nine state colleges and universities and 77 percent of those enrolled at 14 private four-year institutions in the State.

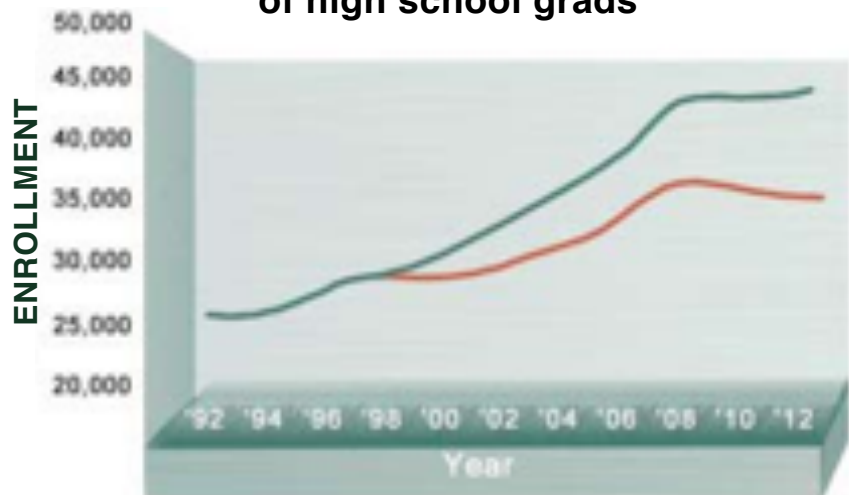
Still greater evidence of growing demand for places at New Jersey's institutions can be found in application trends. For example, the number of applications for admission to the Fall 2002 classes at the State's nine public colleges and universities rose 12 percent compared to 2001 as 42,000 applied, including 21,000 seeking 9,000 places for full-

time freshmen.

The growing trend will continue. In one report after another over the past three years, the Commission on Higher Education has pointed out that the so-called demographic "echo boom"—the maturing of the children of the baby boom

first-year students in the seven-year period from 2001 to 2008. These increases are projected with great confidence because they reflect statewide enrollments in elementary school, middle school and high school classes advancing year by year to graduation from high

**Projected range of in-state enrollment of high school grads**



generation—is generating and will continue to generate higher numbers of high school graduates in the State, at least through the year 2008. At the start of the decade, the projection called for an enrollment increase of at least 9,430 freshmen at four-year New Jersey colleges and universities between 2001 and 2005 and an overall increase of more than 22,000

school. Thereafter, 66 percent of New Jersey high school graduates opt for higher education within 12 months and, as of 1998, 36 percent of the State's high school graduates enroll at a New Jersey college or university. Projections indicate the peak year for high school graduates enrolling as freshman at New Jersey colleges and universities will come in 2008 when there will be



*The College of New Jersey*

# INDUSTRY DEMANDS A HIGHLY SKILLED WORKFORCE

6,770 more first-year students than in 2001. This projected increase will give New Jersey the seventh largest increase in the nation in high school graduates during the current decade, with more than 10,000 additional high school seniors graduating each year than were graduated in the first year of the decade.

Added to these factors is continuing growth in the enrollment of non-traditional students. These are students who may have returned to school after leaving for a period, enrolled later in life for the first time at a college or university, or have decided to attend college part-time while working.

As the Commission on Higher Education noted in its Dec. 14, 2001 report, *Higher Education Capital Planning for New Jersey's Future*, "This increase in nontraditional students is essential to meet the de-

mands of New Jersey's technology driven, knowledge-based economy. To remain competitive, private and public sector employers depend on a highly skilled workforce. As a result, growing numbers of adults are enrolling in college to upgrade skills,

25,000 by 2012.

These factors combined in 2002 to cause the largest amount of financing ever issued by or needed from the NJEFA as it assisted New Jersey's private and public colleges and universities in financing a broad array of

## THE VALUE OF HIGHER EDUCATION

Several statistics bear out the linkage between higher education and upward career paths and incomes. A report by the National Center for Public Policy and Higher Education, *Measuring Up 2000*, said 33% of New Jerseyans between the ages of 25 and 65 hold a bachelor's or higher degree. Noting this report, the Commission on Higher Education said in its *July 2002 Sixth System-wide Accountability Report* that the 33% figure means New Jersey ranks among the top five states for the percentage of college graduates and post-graduates in its population (Maryland was first at 37%), and that New Jersey ranks second in the nation for increased personal income from education and first in charitable contributions. Elsewhere, the 2002 census reported that New Jersey ranked first among the states in per capita income, providing another link to the value of higher education over a lifetime.

The Authority is pleased to provide support for these essential purposes.

**Projected enrollment of non-traditional freshmen**



change careers, obtain higher paying jobs, or pursue lifelong learning and professional development."

Indeed the Commission has noted and reported median annual growth in nontraditional student enrollment of 3.3 percent at New Jersey colleges and universities, a trend that projects enrollment by nontraditional students will rise to more than

projects. These projects are essential not only to respond to the pressures of rising enrollments but to also ensure that New Jersey's higher education system continues to produce an educated and skilled work force necessary for the State's businesses and industries to compete in today's global and technology reliant economy.

# NJEFA PROJECT

## FAIRLEIGH DICKINSON UNIVERSITY

In December, NJEFA sold \$63,650,000 in bonds on behalf of Fairleigh Dickinson University (FDU) to finance projects at the University's Metropolitan Campus and its College at Florham Campus. This transaction was the first investment grade rating for the University — a BBB- from Fitch — and the first rating the Authority has received from Fitch on an institution transaction.

On the Metropolitan Campus, bond proceeds are being used in part to construct a state-of-the-art 19,800 square foot fitness center through a combined renovation and addition to the Old Gym. In addition to renovation of all existing dormitories on this Campus, a new 300-bed four-story dormitory named Northpointe Residence Hall is being built to accommodate a growing residential student population that has had to rely on off-campus housing. Renovation is also being completed on Robison Hall, which houses the Academic Advising Center and the Regional Center for Learning Disabilities. The financing also makes possible construction of a new softball field for the women's softball team enabling the team to move both its practice and playing on campus.

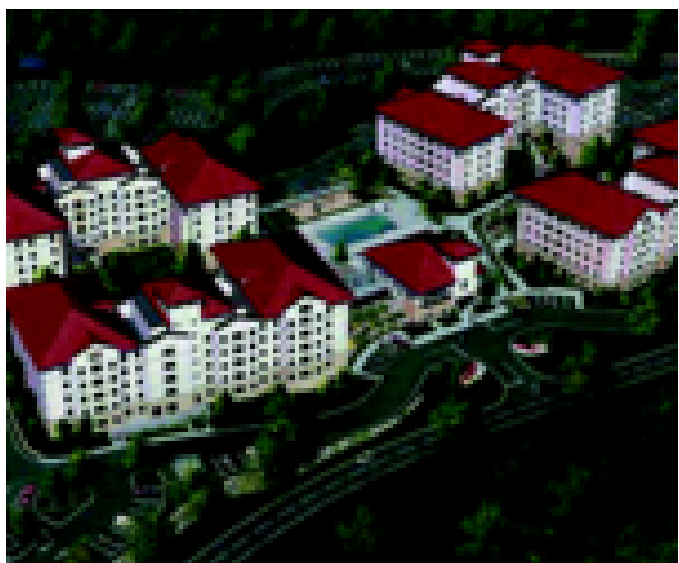
At the College at Florham Campus, NJEFA financing is being used to construct Rutherford Hall, a new 5-story 312-bed residence hall and associated parking for upperclassmen and graduate students. Also in order to accommodate needs of the increased residential population on this campus, NJEFA financing is being used to expand the dining facilities and student program and support space of the Student Union.



*Pictured at left is the interior of the new Fitness Center at the Metropolitan Campus of FDU. The top insets show the exterior of the Fitness Center and its weight room. At bottom left is the Northpointe Residence Hall, and at right, Rutherford Hall.*

# SUMMARIES FOR FINANCINGS IN 2002

## MONTCLAIR STATE UNIVERSITY



*The rendering at top shows The Village at Little Falls and below is the Abbott and Costello Center, a recreational center located in The Village.*

In November, NJEFA issued \$78,500,000 bonds for Montclair State University. In order to meet increasing enrollment, NJEFA's financing will be used in part to build a new student housing and recreational complex. The Village at Little Falls will include four new residential buildings providing approximately 850 beds in an apartment style complex located at the northwest corner of the campus. The project includes a building for ancillary recreational activities which, among other activities, will host a half basketball court, an outdoor swimming pool and fitness center. The building will also contain a police station along with more than 500 parking spaces for residents of the Village. This facility will house sophomores, juniors, seniors and graduate students.

## NEW JERSEY CITY UNIVERSITY

In March, NJEFA closed a bond issue of \$15,115,000 for New Jersey City University (NJCU). Bond proceeds are being loaned to the University to construct a fine arts building to meet current and future needs of the University's Fine Arts undergraduate and graduate programs. Located on property directly across from the main campus, the building will provide the Fine Arts programs with more than 59,000 square feet of space in a two-story structure with a basement level. The facility will offer state-of-the-art design and computer studios, classrooms, offices, student lounges, art gallery space and a 110-seat auditorium, as well as areas for printmaking, life drawing and painting studios, computer graphics, and communication design and faculty offices.

NJEFA financing is also being used to make parking improvements, to upgrade the main campus fire control system, and to make improvements to the Gilligan Student Union building constructed in 1976, including redesign of the lobby, bookstore renovation, and a new cyber café. Also funded by this transaction is a project to integrate university services under a central smart card system. The Campus Card Program will improve parking, food service, bookstore, library and athletic services for students and faculty.



*Pictured above left are the groundbreaking and construction activity of NJCU's Fine Arts building. The photo at right shows the Gilligan Student Union building which is being redesigned and renovated.*

# NJEFA PROJECT

## PRINCETON UNIVERSITY

NJEFA closed a \$100,000,000 bond issue in July on behalf of Princeton University for a series of capital improvement projects for buildings, utility systems, roads and grounds on its main campus. The projects include renovation and repair of various academic buildings including East Pyne and Chancellor Green, formerly part of the University's Student Center and which houses the Humanities Department. Once complete the buildings will also feature a new café for students and faculty. Authority bonds were also used for renovation of several dormitories, including Witherspoon Dormitory, to bring the facilities up to current construction codes and contemporary functional standards. NJEFA funds will also be used for equipment purchases for scientific equipment, computer terminals and technology related equipment, along with office, dining and health services equipment. In addition, the University used part of this issue to refinance portions of the Authority's outstanding Princeton University Commercial Notes, 1999 Series A.



*The large photo at left is Witherspoon Dormitory. The top left inset shows Green Hall; the top right shows campus life; the bottom left and right show construction at East Pyne and Chancellor Green.*

# SUMMARIES FOR FINANCINGS IN 2002

## RAMAPO COLLEGE OF NEW JERSEY

NJEFA issued three separate series of bonds in October on behalf of Ramapo College of New Jersey totaling \$60,420,000. The bonds are being utilized for several vital projects at the College. They include completion of the College's Phase VII Housing Project, which is a new 528-bed student residence, and construction of an additional 300-bed student residence, the Phase VIII Housing Project. Both of these projects will help the College address the increasing number of students each year who request to live on campus. Bond funds will also be used to purchase and renovate a residence known as the Havermeyer House Project for use by the President of the College, and to construct a new 83,000 square foot addition to an existing athletic facility, known as the Bill Bradley Sports and Recreation Center which is scheduled to open in Spring 2004. The Bradley Center will provide a number of benefits to the students and community. It will allow the College to expand its intramural program and among its many features will be a basketball court, gymnasium, pool, indoor jogging track, fitness room and ancillary space for use by Ramapo's Athletic Department and teams.



*The renderings at top show the Bill Bradley Sports and Recreation Center at Ramapo College of New Jersey. The photo at bottom is the Havermeyer House.*

## REFUNDINGS

### RIDER UNIVERSITY

In April of 2002, the Authority closed two separate current refunding transactions achieving significant savings for the participating institutions. The first was a \$27,560,000 current refunding on behalf of Rider University for its outstanding 1992 Series D bonds. With a true interest cost on the refunded bonds of slightly over 4.709%, the Authority achieved \$1,142,779 in net present value savings for Rider University. The 1992 Series D bonds were originally issued by NJEFA to fund construction of a Science and Technology Center, an Administration and Financial Aid Center, renovation of two residence halls, acquisition of an information technology system, and replacement of electronic cabling throughout the Rider campus.

### RICHARD STOCKTON COLLEGE OF NEW JERSEY

The second current refunding transaction that closed in April was on behalf of Richard Stockton College of New Jersey. Under this transaction, the NJEFA issued \$8,340,000 in bonds to complete a current refunding of the College's outstanding 1992 B and 1992 C bonds.

The refunding closed with a true interest cost of just over 3.483%, securing net present value savings of \$335,901 for the College.

# NJEFA PROJECT

## ROWAN UNIVERSITY

In November, NJEFA closed a bond issue of \$14,920,000 on behalf of Rowan University. Bond funds will be used to acquire additional land adjacent to the campus. The purchase of this land will allow the University to relocate its Athletic Fields making additional space available on its existing campus for expansion of academic and support buildings. Bond funds are also being used to upgrade the University's infrastructure, including campus landscaping and construction of an electrical sub-station in order to meet new utility demands and prepare the additional land for development. In addition to renovation of existing classrooms and its Academy Street property for administrative offices, the financing is also paying for renovation of the historic Hollybush Center, site of the June 1967 three-day summit meeting between President Lyndon B. Johnson and Premier Alexei Kosygin of the then U.S.S.R. A grant from the New Jersey Historic Trust will help the University pay for the costs of renovation to the Hollybush Center.



*NJEFA financing will help pay for renovation of the historic Hollybush Center. Shown in the large photo above is a Hollybush doorway featuring a restored hand-painted lunette and lights. The photo above right shows the engineering complex, financed by NJEFA bonds in 2000.*



# SUMMARIES FOR FINANCINGS IN 2002

## STEVENS INSTITUTE OF TECHNOLOGY

An NJEFA bond issue of \$59,585,000 closed in December on behalf of the Stevens Institute of Technology, to help the Institute pay for construction of the Lawrence T. Babbio, Jr. Center for Technology Management, Education and Research. The Center will comprise a 65,000 square foot academic building designed to accommodate high-tech educational lecture and classroom space, administrative and faculty offices, a library and dining facilities. The Center will be used for executive training as well as academic purposes by the School of Technology Management. A portion of NJEFA's financing will also be used by the Institute to finance improvements to its athletic fields and renovation of other buildings on its campus.

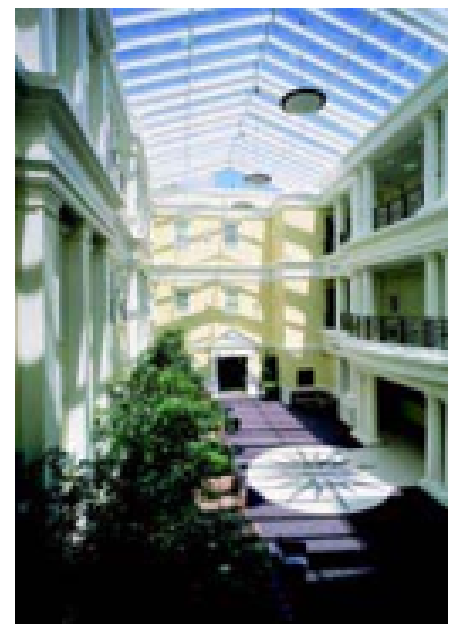
*The renderings below show the planned interior and exterior of the Lawrence T. Babbio, Jr. Center at the Institute.*



## THE COLLEGE OF NEW JERSEY

Two bond issues in amounts of \$53,155,000 and \$138,550,000 respectively, were closed by NJEFA in June for the benefit of The College of New Jersey (TCNJ). The first was a current refunding of the College's 1992 A and 1992 E bonds. With a true interest cost of just over 4.48% on the transaction, the College benefited from a net present value savings of \$5,617,683. The larger issue for \$138.5 million is being applied by the College to undertake a number of capital projects. Included in these is a new 140,000 square foot comprehensive library that will accommodate a 25 year projected growth of the college's print and non-print collection and other related circulation, reference and technical services.

Bond funds are also being used to construct a new 70,000 square foot Art Building to provide the College's Art Department with instructional space studios and laboratories, lecture gallery and faculty space. Other capital projects include new parking facilities, construction of apartments, addition to a dormitory and an addition to the Brower Student Center.

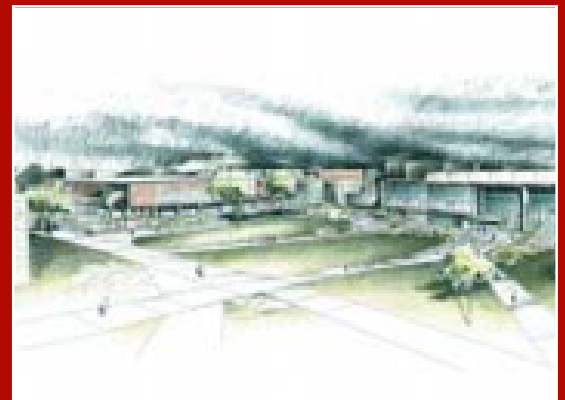


*The new Roscoe L. West Library is shown in the top rendering and is planned for completion by September 2005. In the photo at bottom left, students are shown enjoying the amenities of the Student Center. The bottom right photo shows the atrium of TCNJ's Social Sciences Building.*

# NJEFA PROJECT

## WILLIAM PATERSON UNIVERSITY

An NJEFA bond issue in the amount of \$42,125,000 closed in August on behalf of William Paterson University (WPU). A portion of this transaction provided a current refunding of \$8.64 million in principal remaining from the University's Series 1991 F bond issue, providing net present value savings of \$952,492. The balance of the transaction is new funding which will be used by the University to complete a three component project: renovation and expansion of WPU's Student Center, construction of a new Multipurpose Ballroom/Meeting Room as an addition to Wayne Hall and renovation of Wayne Hall. Once complete the Multipurpose Ballroom/Meeting Room facility will provide a physical link between the Student Center and Wayne Hall. This connection will form a student center complex providing in one location student activities, meeting space, student development services and dining services.



*The rendering at right shows proposed upgrades to WPU's Wayne Hall and student center. The photo inset at left shows WPU's Valley Road building, purchased and renovated with NJEFA financing in a 2000 bond issue. The large photo at left is the new E\*TRADE Financial Learning Center located within the Valley Road building.*

# SUMMARIES FOR FINANCINGS IN 2002

## HIGHER EDUCATION CAPITAL IMPROVEMENT FUND

In November, NJEFA closed \$194,590,000 bonds for the Higher Education Capital Improvement Fund Program (HECIF). The HECIF Program authorizes the Authority to issue up to \$550 million for partial grants to public and private four-year colleges and universities to enable them to finance preservation of their facilities and improve and expand technological infrastructures. NJEFA had two prior issuances of bond' under the HECIF Program, both in 2000, for a combined total of \$278 million in bonds sold. The remaining authorization under this program is approximately \$77 million, which NJEFA anticipates selling sometime in 2003, subject to project application approvals through the New Jersey Commission on Higher Education. The HECIF program provides that the State will pay two-thirds of the debt service on the bonds issued for public institutions and one-half of the debt service for private colleges and universities that receive financing through the program.

The proceeds of the 2002 bond issue were used to make partial grants to the following institutions: Bloomfield College; Monmouth University; Montclair State University; Ramapo College of New Jersey; Rider University; Rowan University; Rutgers, the State University; College of Saint Elizabeth; St. Peter's College; Richard Stockton State College; The College of New Jersey, and William Paterson University.

## PUBLIC LIBRARY PROJECT FUND PROGRAM

Enacted in 1999, the Public Library Project Fund Program authorized the NJEFA to issue up to \$45 million in state-supported bond financing to provide matching grants to public libraries for new construction and/or rehabilitation. In December, the Authority closed a bond issue for the full authorized \$45 million for matching grants to 68 public libraries which had projects approved by the Public Library Advisory Con-

struction Board. This Program has begun a renaissance in building and upgrading throughout New Jersey's public library community. In addition to expanded uses for community services, many of these projects represent cornerstone initiatives within a redevelopment area or within municipal complexes. *(The map below shows the number of library projects per county receiving grant funds under the Public Library Program.)*





## ABOUT THE NEW

The New Jersey Educational Facilities Authority was established by law in 1967 to provide assistance to the public and private colleges and universities of New Jersey by giving them access to tax-exempt financing through the facility of a public financial agency. Its establishment was one of several actions taken about that time by the State in recognition of the importance of higher education in serving and preserving the future of New Jersey.

Oversight and direction of NJEFA is entrusted to a seven-member Board of Directors composed of five public unsalaried members appointed by the Governor with confirmation by the New Jersey Senate. Public members are appointed to five-year terms. Two public officials serve ex-officio, the State Treasurer and the Chairperson of the Commission on Higher Education.

The mandate of NJEFA is to issue tax-exempt debt on behalf of qualified institutions of higher education to facilitate their capital finance and development needs. The bonds and other financial instruments of the Authority are limited obligations, secured and repaid by the institutions for whom it provides financing.

NJEFA's bonds and other obligations have no guarantee of repayment by the State of New Jersey unless authorized by statute. Exceptions occur only when the State assumes a repayment obligation and

*The photo at left shows the signature entry way to Ramapo College of New Jersey, called The Arch.*

# JERSEY EDUCATIONAL FACILITIES AUTHORITY

identifies a repayment source. The latter, for example, is the case in the State's commitment to pay debt service on bonds issued under the Public Library Project Fund Program, or for the Higher Education Capital Improvement Fund.

Institutions of higher education can utilize NJEFA financing for a variety of projects including construction, renovation, improvement and expansion of academic buildings such as classroom facilities, laboratories, and other research facilities.

Also eligible are auxiliary service facilities like dining halls and utility plants and related utilities projects, libraries, dormitories, athletic facilities, parking facilities, student union facilities, administration buildings, and campus health care facilities. Authority financing can be utilized as well for the acquisition of capital equipment including high technology equipment that has become so vital for exchange of information and research in the academic community.

Law precludes the use of NJEFA financing for any facility used by a college or university for sectarian instruction or as a place of religious worship.

Eligible institutions, including accredited two- and four-year colleges and universities in New Jersey, identify their facility capital and construction requirements and then work with NJEFA to develop financing that will meet the fiscal needs of their projects.

Working with the institution, NJEFA will bring its bond issue to market, capitalizing on the lower interest rates the Authority can obtain as a public fiduciary. Colleges and universities also achieve economies of scale by utilizing NJEFA to raise funds. For example, NJEFA can package a series of projects in a single financing to obtain lower interest rates. This type of "pooled financing" structure saves administrative fees and costs of issuance that would be borne separately by the colleges and universities because the Authority uses its own bond counsel, printers, and financial advisors.

Over the 35-year history

of NJEFA, New Jersey's colleges and universities have realized savings of hundreds of millions of dollars in interest expense by utilizing the Authority's lower interest bonding capability rather than venturing themselves into the capital markets. NJEFA's ability to deliver low cost financing has been enhanced by its experience in the financial community. The Authority has never defaulted. As a result, its reputation for fiscal responsibility and integrity is impeccable, resulting in the practical benefit of lower interest rates for borrowing institutions of higher education.

*The 2002/2003 staff of the New Jersey Educational Facilities Authority is pictured below.*





# NJEFA FINANCIAL

The NJEFA seeks to structure the most attractive financing packages available for the colleges and universities it serves. The following describes types of financing utilized by the Authority.

- “Bond anticipation notes”, known as “Commercial Paper,” are interim, short-term obligations used to provide funds for construction, which can be replaced promptly with more favorable, lower-cost, long-term instruments.
- “Fixed rate long-term bonds” are structured to provide the most attractive debt service payment schedule for the client, whether that is level debt, debt wrapped around other obligations or structured for present and future student enrollment or facility expansion.
- “Variable rate bonds” are issues in which the interest rate varies, sometimes according to a preset formula, and can be adjusted periodically whether annually, semiannually, quarterly, weekly or even daily. On this type of financing, the rates are generally lower than fixed rates.
- “Refundings” are bonds which are sold and then held in reserve, or used immediately to repay existing prior debt in order to take advantage of more favorable interest rates or to remove or amend certain restrictions

*This photo shows Phase VII housing and student life at Ramapo College of New Jersey.*

# MANAGEMENT

or covenants which may have been placed on an earlier debt issue.

The NJEFA uses its knowledge and experience of the financial markets, its products, and the institution's projects to add features to its bond sales to enhance their attractiveness to investors; to achieve higher ratings from bond rating agencies; or to produce lower interest rates on particular issues for particular institutions of higher education.

The NJEFA generally structures its bond sales so that there is a Debt Service Reserve Fund specific to each individual bond issuance. These Funds are separate accounts established to provide a source to pay debt service on the Authority's obligations in the event of financial difficulty of the borrowing institution. For any issue, the NJEFA may require that reserves be placed in such a fund. The NJEFA's Debt Service Reserve Funds contain amounts approximately equal to the maximum interest and principal payment coming due in any single year for each issuance with such a requirement. The NJEFA has never had to draw down on the assets of any reserve funds to meet interest or principal payments. As of December 31, 2002, the cumulative amounts held in the Authority's Debt Service Reserve Funds was \$106,535,638.

Similarly, the NJEFA maintains Renewal and Replacement Accounts

specific to certain bond sales, into which clients pay approximately 10 percent of the cost of their projects in semiannual payments as a protection against wear and tear of the improvements financed through the Authority. Institutions are permitted to apply to the Authority to use these funds to defray the cost of replacing major project components. As of December 31, 2002, NJEFA's Renewal and Replacement Accounts held approximately \$27,460,075.

As a protection for the Authority, its bondholders, and its client institutions of higher education, the NJEFA performs certain annual procedures. These protections are intended to comply with bond covenants and the formal resolutions adopted by the Board of Directors upon the issuance of debt.

*The photo below is of the Social Sciences Building at The College of New Jersey.*



### ATLANTIC COUNTY COLLEGE

- Series 1999 B, \$3,045,000, renovations, expansions, improvements

### BETH MEDRASH GOVOHA

- 2000 Series G, \$8,505,000, new dining hall, dormitory and administration building renovations, debt refinancing

### BLOOMFIELD COLLEGE

- 1998 Lease Transaction, \$315,000, equipment acquisition
- 2000 Series A, \$6,270,000, new library, library and college center renovations

### CALDWELL COLLEGE

- Bond Anticipation Note Issue M, \$3,000,000 (1990), library addition, renovation
- 1995 Series A, \$4,800,000, academic building
- 2000 Series B, \$9,235,000, student recreation center, parking lot and roadway improvements

### CENTENARY COLLEGE

- 1998 Lease Transaction, \$640,000 computer and equipment acquisition
- 2000 Series F, \$6,130,000, Equestrian Center

### DREW UNIVERSITY

- Bond Anticipation Note, Issue I, \$11,690,000 (1980), library addition, renovation
- Bond Anticipation Note Issue K, \$4,500,000 (1984), computer acquisition
- 1985 Series B, \$12,275,000 library addition and renovation
- 1992 Series E, \$29,180,000, athletic center
- 1997 Series B, \$9,140,000, library addition/renovation
- 1998 Series C, \$27,935,000, athletic center

### ESSEX COUNTY COLLEGE

- Series 1999 C, \$4,578,000, renovations

### FAIRLEIGH DICKINSON UNIVERSITY

- 1972 Series A, \$4,080,000, student residences
- 1985 Series C, \$7,000,000, equipment purchases
- 1991 Series C, \$8,700,000, recreation center
- 1993 Series C, \$40,000,000, recreation center/renovations
- 1998 Series G, \$16,615,000, student housing
- 2002 Series D, \$63,650,000, new residence halls, student center addition, renovations

### FELICIAN COLLEGE

- 1996 Series A, \$2,040,000, academic buildings
- 1997 Series D, \$12,550,000, property acquisition
- 1998 Lease Transaction, \$897,000, telephone/telecommunications equipment acquisition

### GEORGIAN COURT COLLEGE

- 1991 Series, Project A, \$7,410,000, library and student lounge
- 1998 Series, Project B, \$6,445,000, renovations

### HUDSON COUNTY COLLEGE

- Series 1999 D, \$7,750,000, land acquisition
- Series 1999 G, \$2,035,000, property acquisition construction

### INSTITUTE FOR ADVANCED STUDY

- 1980 Series A, Collateralized, \$8,775,000, rehabilitation and renovations
- 1991 Series B, \$17,895,000, administration building
- 1997 Series F and 1997 Series G, \$42,875,000, administration building and renovations
- 2001 Series A, \$11,000,000, School of Natural Sciences, building "D" renovations and capital projects

### INSTITUTE FOR DEFENSE ANALYSES

- 2000 Series D, \$16,695,000, property acquisition, office facility and parking lot

### KEAN UNIVERSITY

- Series 1974 B, \$7,960,000, student apartments
- Series 1991 B, \$9,625,000, student apartments
- Series 1981 E, \$4,185,000 Pingry School acquisition (East Campus)
- Series 1985 D, \$4,440,000, Pingry School acquisition (East Campus)
- Series 1993 G, \$8,770,000, College Center and Library
- Series 1998 A, \$16,400,000, academic building and athletic facilities
- Series 1998 B, \$9,595,000, student apartments
- Series 2001 A, \$6,465,000, renovations, addition to Downs Hall

### MIDDLESEX COUNTY COLLEGE

- Bond Anticipation Note Issue 9, \$265,000 (1971) parking facility
- Series 1999 E, \$4,370,000, road, building, safety improvements

### MONMOUTH UNIVERSITY

- 1975 Series A, \$2,710,000, student union
- 1987 Series C, \$1,750,000, student housing
- 1988 Series B, \$10,500,000, apartment and renovation work
- Bond Anticipation Note Issue L, \$5,735,000 (1990) School of Business
- 1993 Series A, \$14,365,000 various construction and renovation projects
- 1994 Series B, \$2,855,000
- 1994 Series C, \$5,270,000, student housing facility
- 1997 Series C, \$12,910,000, student housing facility

# A HISTORICAL

### MONMOUTH UNIVERSITY, continued

- 1998 Series D, \$8,815,000 telecommunications/equipment acquisition

### MONTCLAIR STATE UNIVERSITY

- Series 1972 B, \$5,415,000, student union
- Series 1974 D, \$6,425,000, dormitory/dining hall
- Series 1977 A, \$1,720,000, student apartments
- Series 1977 B, \$998,000, student apartments
- Series 1982 B, \$15,980,000, dormitory, cafeteria
- Series 1982 C, \$8,245,000, student center annex/playfields
- Series 1983 A, \$20,720,000, dormitory/cafeteria
- Series 1983 B, \$10,720,000, student center annex/playfields
- Series 1986 H, \$21,690,000, dormitory/cafeteria
- Series 1986 I, \$11,010,000, student center annex/playfield
- Series 1991 E, \$10,260,000, academic building
- Series 1995 F, \$4,780,000, dormitory
- Series 1996 C, \$18,845,000, dormitory/cafeteria
- Series 1996 D, \$9,575,000, student center annex/playfields
- Series 1997 D and Series 1997 E, \$20,925,000, academic building
- Series 2001 F, \$18,695,000, parking facility
- Series 2002 F, \$78,500,000, student housing and recreational complex

### NEW JERSEY CITY UNIVERSITY

- Series 1971 B, \$280,000, student apartments
- Series 1975 A, \$7,275,000, student center
- Series 1977 C, \$8,570,000, student center
- Series 1987, \$2,475,000, dormitory
- Series 1992 D, \$15,350,000, athletic/recreation center, academic building
- Series 1993 H, \$2,310,000, administration building



# REVIEW OF NJFA FINANCINGS

- Series 1995 A, \$2,315,000, property acquisition
- Series 1995 C, \$2,175,000, dormitory
- Series 1998 E, \$6,945,000, library and recreation center renovations
- Series 1999 B, \$17,795,000, refunding
- Series 2002 A, \$15,115,000, fine arts building, student union renovation, campus card technology, parking improvements, fire protection upgrades

## NEW JERSEY INSTITUTE OF TECHNOLOGY

- 1978 Series A, \$700,000, dormitory
- Series 1982 A, \$3,520,000, engineering building
- Series 1982 F, \$6,235,000, dormitory
- Series 1986 A, \$26,775,000, academic building
- Series 1986 B, \$6,815,000, dormitory
- Series 1989 A, \$20,925,000, dormitory and gymnasium addition
- Series 1991 D, \$4,575,000, parking structure
- Series 1994 A, \$56,460,000, various facilities
- Series 1995 E, \$33,230,000, residence hall
- Series 2001 G, \$62,335,000, residence hall, renovations and additions
- Series 2001 H, \$12,570,000 (federally taxable), Enterprise Development Center

## OCEAN COUNTY COLLEGE

- Series 1980 A, \$1,680,000, computer acquisition

## PASSAIC COUNTY COLLEGE

- Series 1999 F, \$2,015,000, acquisition and renovation

## PRINCETON THEOLOGICAL SEMINARY

- 1985 Series E, \$80,000,000, academic building
- 1992 Series c, \$205,00,000, library addition
- 1996 Series B, \$16,210,000, residence hall
- 1997, Series A, \$22,485,000, library addition

## PRINCETON UNIVERSITY

- Bond Anticipation Note Issue H, \$5,000,000 (1980), dining hall and social facilities
- 1982 Series, Project A, \$16,625,000, rehabilitation and repair work
- 1984 Series, Project B, \$52,885,000, rehabilitation and repair work
- 1985 Series, Project C, \$32,100,000, rehabilitation and repair work
- 1987 Series A, \$28,785,000, rehabilitation and repair work
- 1987 Series B, \$22,285,000, rehabilitation and repair
- 1988 Series A, \$21,885,000, rehabilitation and repair work
- 1989 Series A, \$15,400,000, rehabilitation and repair work
- 1990 Series A, \$13,370,000, rehabilitation and repair work
- 1991 Series A, \$15,185,000, rehabilitation and repair work
- 1992 Series F, \$17,330,000, rehabilitation and repair work
- 1993 Series B, \$17,475,000, rehabilitation and repair work
- 1994 Series A, \$46,060,000, rehabilitation and repair work
- 1995 Series C, \$28,865,000, rehabilitation and repair work
- 1996 Series C, \$28,865,000, rehabilitation and repair work
- 1997 Series E, \$22,150,000, rehabilitation and repair work
- Commercial Paper Notes, Series 1997 A and Series 1997 B, Not to Exceed

- \$120,000,000, stadium and renovations and repair work
- 1998 Series F, \$40,000,000, rehabilitation/repair work
- 1999 Series A, \$45,500,000, refunding
- 1999 Series B, \$50,000,000, major maintenance
- 2000 Series E, \$50,000,000, renovations/capital improvements, loan to PU press for renovations
- 2000 Series H, \$100,000,000, renovations and refunding
- 2001 Series B, \$100,000,000, renovations and capital improvements
- 2002 Series B, \$100,000,000, renovations, refunding a portion of 1999 A Commercial Paper

## RABBINICAL COLLEGE OF AMERICA

- 1985 Series D, \$1,883,000, housing

## RAMAPO COLLEGE OF NEW JERSEY

- Series 1973 A, \$1,760,000, student apartments
- Series 1973 B, \$1,310,000, campus life facility
- Series 1976 C, \$2,525,000, student apartments
- Series 1978 B, \$100,000, student housing
- Series 1979 C, \$1,325,000, campus life annex
- Series 1984 A, \$7,295,000, dormitory
- Series 1986 F, \$8,445,000, dormitory
- Series 1988 B, \$8,975,000, dormitory
- Series 1988 C, \$2,865,000, campus life addition
- Series 1990 A, \$2,270,000, dormitory renovations
- Series 1993 D, \$3,120,000, campus life addition
- Series 1993 E, \$17,870,000, dormitories
- Series 1997 A, \$7,330,000, performing and visual arts center
- Direct Loan Program, \$295,910 (1997), equipment

- Direct Loan Program, \$600,000 (1998), equipment
- Series 1998 G, \$16,845,000, housing and pavilion
- Series 1998 H, \$2,000,000, campus life renovations
- Series 1998 I, \$955,000, technology infrastructure match
- 2000 Lease Purchase, \$1,696,079, computer related equipment
- Series 2001 D, \$40,480,000, student residence, telecommunications equipment
- Series 2001 E, \$2,535,000, sustainability center and instructional equipment
- Series 2002 H, \$28,655,000, Phase VII and Phase VIII housing
- Series 2002 I, \$2,145,000, student union alterations, rehabilitation, renovations
- Series 2002 J, \$29,620,000, athletic building addition, Havermeyer House acquisition and renovation

## THE COLLEGE OF ST. ELIZABETH

- 2000 Series C, \$12,000,000, facility conversion and renovations to administration building

## THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

- Series 1973 C, \$1,780,000, College Center
- Series 1973 D, \$5,700,000, student apartments
- Series 1980 B, \$9,790,000, dormitories
- Series 1981 D, \$3,860,000, College Center Annex
- Series 1985 A, \$10,980,000, dormitories
- Series 1985 C, \$4,370,000, College Center Annex
- Series 1985 F, \$7,810,000, dormitories
- Series 1987 B, \$1,000,000, convenience center
- Series 1988 A, \$3,294,000, renovation work
- Series 1992 B, \$10,600,000, dormitories

**THE RICHARD STOCKTON  
COLLEGE OF NEW JERSEY,  
continued**

- Series 1992 C, \$7,330,000, dormitories
- Series 1993 F, \$6,690,000, library addition/arts and sciences building (1995)
- Series 1996 B, \$1,680,000, College Center Annex
- Series 1996 F, \$19,280,000, recreation center
- Series 1998 C, \$13,110,000 student housing and commons building
- Series 2002 B, \$8,340,000, current refundings of 1992 B and 1992 C

**RIDER UNIVERSITY**

- 1971 Series A, \$3,700,000, Student Union
- 1987 Series B, \$21,400,000, administration building
- 1992 Series D, \$31,735,000, academic buildings
- 1995 Series B, \$4,819,85, equipment
- 2002 Series A, \$27,560,000, current refunding of 1992 Series D

**ROWAN UNIVERSITY**

- Series 1971 A, \$1,205,000, student apartments
- Series 1975 B, \$580,000, Winans Hall
- Series 1976 B, \$2,555,000, student apartments
- Series 1979 A, \$1,710,000, student housing
- Series 1982 D, \$1,760,000, computer facility acquisition
- Series 1983 C, \$10,365,000
- Series 1983 D, \$3,500,000, dormitory
- Series 1983 G, \$3,385,000, student union renovations
- Series 1985 E, \$1,545,000, computer facility acquisition
- Series 1986 C, \$11,950,000, dormitory
- Series 1986 E, \$3,280,000, student union renovations
- Series 1991 A, \$9,000,000, student recreation center
- Series 1993 A, \$9,600,000,

library renovations and equipment

- Series 1993 B, \$1,765,000, student apartments
- Series 1993 C, \$10,955,000, dormitory
- Series 1994 C, \$6,145,000, cogeneration plant
- Series 1996 E, \$40,785,000, School of Engineering
- Series 1997 B, \$6,770,000, engineering building expansion and renovations
- Series 1997 C, \$9,035,000, recreation center
- Direct Loan Program, \$3,000,000, equipment acquisition
- Series 2000 B, \$51,620,000, science building
- Series 2001 B, \$8,790,000, student center renovations
- Series 2001 C, \$60,930,000, land acquisition, refunding of Series 1979 A, 1993 A, 1994 C, 1996 E
- Series 2002 K, \$14,920,000, various renovations, land acquisition, sub-station and boilers

**RUTGERS,  
THE STATE UNIVERSITY**

- Series 1974 A, \$6,725,000, student apartments

**SAINT PETER'S COLLEGE**

- 1975 Series B, \$6,000,000, gymnasium facility
- 1977 Series A, \$7,290,000, gymnasium facility
- 1992 Series B, \$11,215,000, dormitory
- 1998 Series B, \$36,815,000, student housing
- 1999 Lease Purchase, \$663,000, equipment

**SETON HALL UNIVERSITY**

- 1976 Series A, \$4,550,000, Law Center
- 1985 Series, Project A, \$31,985,000, dormitory and recreation center
- 1988 Series, Project B, \$23,000,000, dormitory
- 1989 Series, Project C,

\$53,535,000, Law School and parking garage

- 1991 Series, Project D, \$28,970,000, library
- 1991 Refunding Series A, \$33,965,000, dormitory and recreation center
- 1991 Refunding Series B, \$21,785,000, dormitory
- 1996 Series, Project E, \$20,800,000, Law School and parking garage
- 1998 Series, Project F, \$7,620,000, library
- Series 1999 A, \$50,450,000, refunding
- 2001 Refunding Series A, \$22,840,000, current refunding outstanding 1991 Series A bonds
- 2001 Refunding Series B, \$11,600,000, current refunding outstanding 1991 Series B bonds
- 2001 Series, Project G, \$8,740,000, parking facility, additions, dormitory fire suppression project

**STEVENS INSTITUTE  
OF TECHNOLOGY**

- 1983 Series A, Collateralized, \$5,350,000, dormitory
- 1992 Series A, \$18,995,000, athletic/ recreation center
- 1998 Series I, \$17,000,000, renovations
- 2002 Series C, \$59,585,000, Center for Technology Management, improvements to athletic fields

**THE COLLEGE OF NEW JERSEY**

- Series 1972 A, \$9,270,000, dormitory/dining hall
- Series 1976 D, \$5,580,000
- Series 1976 E, \$1,086,000, student center
- Series 1979 B, \$2,300,000, athletic/recreation center
- Series 1983 E, \$2,810,000, sportsfield
- Series 1983 F, \$9,000,000, dormitory
- Series 1984 B, \$9,110,000, gymnasium renovations
- Series 1986 D, \$10,050,000, dormitory

# A HISTORICAL

**THE COLLEGE OF NEW JERSEY,**

- Series 1986 G, \$10,400,000, gymnasium renovation
- Series 1989 C, \$35,680,000, student residence
- Series 1992 A, \$9,955,000, cogeneration plant
- Series 1992 E, \$56,160,000, dormitories and athletic facilities
- Series 1994 B, \$24,890,000, dormitory and parking garage
- Series 1996 A, \$75,185,000, classroom, dormitory and renovations
- Series 1999 A, \$146,455,000, Synthetic Fixed-Rate Swap
- Series 2002 C, \$53,155,000, current refunding of 1992 A & 1992 E
- Series 2002 D, \$138,550,000, library, parking garage, apartments, various renovations

**THOMAS EDISON STATE COLLEGE**

- Direct Loan Program, \$1,300,000 (1998), equipment purchase

**UNION COUNTY COLLEGE**

- 1973 Series A, \$3,635,000, library/classroom building
- Series 1989 B, \$6,660,000, commons building
- Series 1991 C, \$3,945,000, computer laboratories

**UNIVERSITY OF MEDICINE AND  
DENTISTRY OF NEW JERSEY**

- Series 1995 B, \$143,645,000, academic building
- Series 1999 C, \$15,720,000, building acquisition

**WILLIAM PATERSON UNIVERSITY OF  
NEW JERSEY**

- Series 1974 C, \$4,025,000, student apartments
- Series 1976 A, \$5,685,000, student center
- Series 1981 A, \$12,405,000
- Series 1981 B, \$5,000,000, dormitory
- Series 1982 E, \$2,200,000, Student Center Annex
- Series 1985 B, \$13,700,000, dormitory
- Series 1991 F, \$21,605,000, dormitory
- Series 1998 D, \$6,575,000,

# REVIEW OF NJEFA FINANCINGS

- Series 1999 D, \$12,785,000, dormitory
- Series 2000 A, \$26,425,000, property acquisition and renovations
- Series 2002 E, \$42,125,000, current refunding Series 1991 F, student center renovations, addition

## STATE-BACKED ISSUES

- Floating Rate Weekly Demand Equipment & Capital Improvement Revenue Bonds 1985 Series A, \$50,000,000
- Higher Education Equipment Leasing Fund Revenue Bonds Series 1994 A, \$100,000,000
- Higher Education Facilities Trust Fund Bond Series 1995 A, \$220,000,000
- Higher Education Technology Infrastructure Fund Bonds Series 1998 A, \$55,000,000
- County College Capital Projects Fund Issue Series 1999 A, \$19,295,000; and Series 1999 B-F, \$23,785,000
- Higher Education Capital Improvement Fund Series 2000 A, \$132,800,000
- Higher Education Capital Improvement Fund Series 2000 B, \$145,295,000
- Series 2001 A, Dormitory Safety Trust Fund, \$67,970,000
- Series 2001 B, Dormitory Safety Trust Fund, \$5,800,000 (federally taxable)
- Series 2001 A, Higher Education Equipment Leasing Fund, \$87,385,000
- Higher Education Capital Improvement Fund, Series 2002 A, \$194,590,000,
- Public Library Grant Program, Series 2002 A, \$45,000,000

## 2001 SUMMARY OF OTHER SIGNIFICANT ACTIVITY

- Georgian Court College Issue, 1991 Series, Project A (a non-refunded portion) redeemed on July 1, 2002
- Princeton University Issue, 1991 Series A, redeemed on July 1, 2001
- Seton Hall University Issue, 1991 Refunding Series A, current refunded (call date 07/27/2001) by 2001 Refunding Series A
- Seton Hall University Issue, 1991 Refunding Series B, current refunded (call date 07/27/2001) by 2001 Refunding Series B
- Glassboro State College Issue, Series 1979 A, current refunded (call date 07/01/2001) by Series 2001 C
- Rowan College of New Jersey Issue, Series 1993 A, advanced refunded (call date 07/01/2003) by Series 2001 C
- Rowan College of New Jersey Issue, Series 1994 C, current refunded (call date 07/01/2001) by Series 2001 C
- Rowan College of New Jersey Issue, Series 1996 C, advanced refunded (call date 07/01/2006) by Series 2001 E

## FINAL REDEMPTIONS FROM ESCROW FUNDS ON 07/01/2001

- Georgian Court College Issue, 1991 Series, Project A
- Fairleigh Dickinson University Issue, 1991 Series C
- Union County College Issue, Series 1991 C
- New Jersey Institute of Technology Issue, Series 1991 D
- Glassboro State College Issue, Series 1991 A
- Institute for Advanced Study Issue, 1991 Series B
- Montclair State College Issue, Series 1991 E
- Kean College of New Jersey Issue, Series 1991 B
- Seton Hall University Issue, 1991 Series, Project D
- William Paterson College of New Jersey Issue, Series 1991 F

## 2002 SUMMARY OF OTHER SIGNIFICANT ACTIVITY

- Monmouth College Issue, 1975 Series A, redeemed on July 1, 2002
- Princeton University Issue, 1992 Series F, redeemed on July 1, 2002
- Richard Stockton State College Issue, Series 1992 B, current refunded (call date 07/01/200) by Series 2002 B
- Rider College Issue, Series 1992 Series D, current refunded (call date 07/01/2002) by 2002 Series A
- William Paterson College of New Jersey Issue, Series 1991 F, current refunded (Call date 09/09/2002) by Series 2002 E
- Richard Stockton State College Issue, Series 1992 C, current refunded (call date 07/01/200) by Series 2002 B
- Rabbinical College of America Issue, 1985 Series D, redeemed on April 1, 2002
- Stevens Institute of Technology Issue, 1992 A, redeemed on July 1, 2002
- Centenary College 1998 Lease Transaction redeemed on April 30, 2002
- Trenton State College Issue, Series 1992 A, current refunded (call date 08/01/2002) by Series 2002 C
- Trenton State College Issue, Series 1992 E, current refunded (call date 08/01/2002) by Series 2002 C
- Thomas Edison State College 1998 Direct Loan redeemed on December 31, 2002

## FINAL REDEMPTIONS FROM ESCROW FUNDS ON 07/01/2002

- Stevens Institute of Technology Issue, 1992 Series A
- Princeton Theological Seminary Issue, 1992 Series C
- Saint Peter's College Issue, 1992 Series B
- Drew University Issue, 1992 Series E
- Jersey City State College Issue, Series 1992 D

# NJEFA STAFF & MEMBERS OF THE AUTHORITY



ROGER L. ANDERSON  
EXECUTIVE DIRECTOR



BARBARA CANNON  
DEPUTY EXECUTIVE  
DIRECTOR



MARY JANE DARBY  
DIRECTOR OF PROJECT  
MANAGEMENT



SHERYL A. STITT  
DIRECTOR OF  
COMMUNICATIONS



DONALD D. UYHAZI  
CONTROLLER

In October of 2002, Roger L. Anderson was appointed Executive Director. His experience includes service in the U.S. Treasury Department as Deputy Assistant Secretary for Federal Finance and service to The City of New York as Deputy Comptroller for Finance. Barbara Cannon joined NJEFA as Deputy Executive Director in January of 2003. Currently Mayor of Old Bridge Township, she previously served as the Inter Library Loan and Reference Coordinator for East Brunswick's Public Library. Mary Jane Darby became NJEFA's new Director of Project Management in September of 2002. She brings financial services experience, most recently as First Vice President of the Public Finance Department of Ryan Beck & Co., LLC.



VIVIAN ALTMAN  
CHAIR



ROBERT MEDINA  
VICE CHAIR



SUSAN F. BATEMAN, ESQ.  
TREASURER



JUAN C.  
FERNANDEZ, ESQ.



ROGER B. JACOBS, ESQ.



LAWRENCE DOWNES,  
CHAIR,  
COMMISSION ON  
HIGHER EDUCATION  
EX-OFFICIO



JOHN E. McCORMAC  
TREASURER,  
STATE OF NEW JERSEY  
EX-OFFICIO

NJEFA has welcomed several new members to its Board. Robert Medina joined the Authority in September 2002 as a public member. Lawrence Downes joined the Authority as an ex-officio member upon his appointment as Chair of the Commission on Higher Education in January 2003. Roger Jacobs, the newest public member of the Authority, was appointed in June 2003.

FINANCIAL STATEMENTS  
AND SUPPLEMENTAL FINANCIAL INFORMATION



New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

# FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

DECEMBER 31, 2002



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## Report of Independent Auditors

To the Members of the New Jersey Educational Facilities Authority

We have audited the accompanying statements of assets, liabilities and net assets of the New Jersey Educational Facilities Authority, a component unit of the State of New Jersey, as of December 31, 2002 and 2001, and the related statements of revenues, expenses and changes in fund net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Educational Facilities Authority as of December 31, 2002 and 2001, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Ernst + Young LLP*

March 10, 2003

## Management's Discussion and Analysis

Year ended December 31, 2002

### INTRODUCTION

This section of the New Jersey Educational Facilities Authority's (the "Authority's") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2002. It should be read in conjunction with the Authority's financial statements and accompanying notes.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The Basic Financial Statements for an Enterprise Fund include: Statements of Assets, Liabilities, and Net Assets; Statements of Revenues, Expenses and Changes in Fund Net Assets; and Statements of Cash Flows. These statements provide, respectively, a view of the Authority's financial position as of the end of the year, a description of the financial activity during the year, and a description of the cash activity during the year.

### REIMBURSEMENT TO STATE OF NEW JERSEY

In 2002, the Authority paid \$5,000,000 to the State of New Jersey as reimbursement for a portion of the State's support of several programs benefiting New Jersey's institutions of higher education.

Consequently, the Authority's change in net assets for 2002 was a negative \$3,100,723. The change in net assets excluding that reimbursement would have been a positive \$1,899,277.



## Management's Discussion and Analysis (continued)

Year ended December 31, 2002

### CONDENSED FINANCIAL INFORMATION

The following table represents the changes in net assets between December 31, 2002 and December 31, 2001:

	2002	2001	\$ Increase/ (Decrease)	% (Increase/ Decrease)
Current assets	\$6,170,042	\$9,078,051	\$ (2,908,009)	(32.0)%
Noncurrent assets	175,491	161,470	14,021	8.7
Total assets	<u>6,345,533</u>	<u>9,239,521</u>	<u>(2,893,988)</u>	<u>(31.3)</u>
Current liabilities	145,925	95,790	50,135	52.3
Noncurrent liabilities	606,600	450,000	156,600	34.8
Total liabilities	<u>752,525</u>	<u>545,790</u>	<u>206,735</u>	<u>37.9</u>
Total net assets	<u>\$5,593,008</u>	<u>\$8,693,731</u>	<u>\$ (3,100,723)</u>	<u>(35.7)%</u>

The following table represents the changes in revenues and expenses between fiscal years 2002 and 2001:

	2002	2001	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Operating revenues:				
Administrative fees	\$ 3,155,362	\$2,456,549	\$ 698,813	28.4%
Total operating revenues	<u>3,155,362</u>	<u>2,456,549</u>	<u>698,813</u>	<u>28.4</u>
Operating expenses:				
Salaries and related expenses	765,153	856,791	(91,638)	(10.7)
Provision for post-retirement benefits	80,000	225,000	(145,000)	(64.4)
General expenses	583,611	603,066	(19,455)	(3.2)
Total operating expenses	<u>1,428,764</u>	<u>1,684,857</u>	<u>(256,093)</u>	<u>(15.2)</u>
Operating income	<u>1,726,598</u>	<u>771,692</u>	<u>954,906</u>	<u>123.7</u>
Nonoperating revenues (expenses):				
Gain on asset disposal	5,353	—	5,353	N/A
State of New Jersey reinsurance	(5,000,000)	—	(5,000,000)	N/A
Investment income	167,326	514,934	(347,608)	(67.5)
Change in net assets	<u>\$ (3,100,723)</u>	<u>\$1,286,626</u>	<u>\$ (4,387,349)</u>	<u>(341.0)%</u>

## Management's Discussion and Analysis (continued)

Year ended December 31, 2002

### ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Authority's solid financial position and strong operating results were continued.

#### Financial Highlights

- Net assets represent 3.9 times annual operating expenses.
- Cash and investments constitute 95% of net assets.
- Operating revenues increased 28% over the prior year.
- Salaries and related expenses decreased 11% from the prior year.
- Total operating expenses decreased 15% from the prior year.
- Operating income was 55% of operating revenue.

During 2002, demand for the Authority's services remained strong and its financing activity continued at record levels. Against the backdrop of rising enrollments and increasing need for spaces in New Jersey's colleges and universities, the State's public and private institutions have continued to invest in the upgrading of their capital facilities, technology infrastructures and capital equipment. Low interest rates in the capital markets have fostered an economically advantageous environment for new borrowing capital, as well as opportunities for refinancing higher-cost outstanding debt. During 2002, the Authority also continued to finance State-supported programs, for multiple borrowers, as authorized by the New Jersey Legislature and Governor.

The Authority currently has outstanding over 150 issues of non-recourse conduit bond and note issues with a par value of \$3.4 billion. Administrative Fees are collected to provide funds to ensure that the Authority's operating expenses will be met, and that sufficient reserves will be available in the event of potential financial difficulty related to the Authority's financings or operations. Net assets represent the maximum amount of available reserves, which equaled \$5.6 million as of December 31, 2002.

Contacting the Authority's Financial Management

If you have any questions about this report or need additional financial information, contact the Office of the Controller, New Jersey Educational Facilities Authority, 101 College Road East, Princeton, NJ 08540-6601.

# FINANCIAL STATEMENTS

## Statements of Assets, Liabilities and Net Assets

	December 31	
	2002	2001
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 87,696	\$ 83,322
Investments, principally U.S. Government obligations (Note 5)	5,248,667	8,685,925
Accrued interest receivable	48,456	62,851
Fees receivable	702,468	177,300
Prepaid expenses	73,832	45,366
Due from colleges and universities	8,923	23,287
<b>Total current assets</b>	<u>6,170,042</u>	<u>9,078,051</u>
<b>Noncurrent assets:</b>		
Capital assets, at cost, less accumulated depreciation of \$201,077 and \$190,287 during 2002 and 2001, respectively	175,491	161,470
	<u>\$6,345,533</u>	<u>\$9,239,521</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 145,925	\$ 95,790
<b>Noncurrent liabilities:</b>		
Post-retirement benefits other than pension	530,000	450,000
Public library project obligations	76,600	—
<b>Total noncurrent liabilities</b>	<u>606,600</u>	<u>450,000</u>
<b>Net assets:</b>		
Unrestricted	5,593,008	8,693,731
<b>Total liabilities and net assets</b>	<u>\$6,345,533</u>	<u>\$9,239,521</u>

See accompanying notes.

# FINANCIAL STATEMENTS

## Statements of Revenues, Expenses and Changes in Fund Net Assets

	Year ended December 31	
	2002	2001
Operating revenues:		
Administrative fees	\$ 3,155,362	\$ 2,456,549
Total operating revenues	<u>3,155,362</u>	<u>2,456,549</u>
Operating expenses:		
Salaries and related expenses	765,153	856,791
General and administrative expenses	395,857	412,178
Provision for post-retirement benefits	80,000	225,000
Professional fees	<u>187,754</u>	<u>190,888</u>
Total operating expenses	<u>1,428,764</u>	<u>1,684,857</u>
Operating income	1,726,598	771,692
Nonoperating revenue (expense):		
Gain on asset disposal	5,353	—
Investment income	167,326	514,934
State of New Jersey reimbursement	<u>(5,000,000)</u>	<u>—</u>
Net changes in net assets	<u>(3,100,723)</u>	<u>1,286,626</u>
Net assets at beginning of year	<u>8,693,731</u>	<u>7,407,105</u>
Net assets at end of year	<u>\$ 5,593,008</u>	<u>\$ 8,693,731</u>

See accompanying notes.

# FINANCIAL STATEMENTS

## Statements of Cash Flows

	Year ended December 31	
	2002	2001
Cash flows from operating activities		
Cash received from administrative fees	\$ 2,728,794	\$ 2,427,739
Cash payments for operating expenses	<u>(1,300,940)</u>	<u>(1,448,513)</u>
Net cash provided by operating activities	1,427,854	979,226
Cash flows from noncapital financing activities		
State of New Jersey reimbursement	<u>(5,000,000)</u>	—
Net cash used in noncapital financing activities	(5,000,000)	—
Cash flows from investing activities		
Loan repayments	14,364	(15,512)
Purchase of investments	(6,218,099)	(7,104,407)
Sale and maturity of investments	9,564,198	5,823,724
Investment income	<u>272,880</u>	<u>431,881</u>
Net cash provided by (used in) investing activities	3,633,343	(864,314)
Cash flows from capital activities		
Purchase of capital assets	<u>(56,823)</u>	<u>(68,962)</u>
Net cash used in capital activities	(56,823)	(68,962)
Net increase in cash	4,374	45,950
Cash at beginning of year	<u>83,322</u>	<u>37,372</u>
Cash at end of year	<u>\$ 87,696</u>	<u>\$ 83,322</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,726,598	\$ 771,692
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	48,155	50,162
Changes in assets and liabilities:		
Increase in fees receivable and prepaids	(553,634)	(56,176)
Increase (decrease) in accounts payable	50,135	(11,452)
Increase in public library project obligation	76,600	—
Increase in post-retirement benefits obligation	<u>80,000</u>	<u>225,000</u>
Net cash provided by operating activities	<u>\$ 1,427,854</u>	<u>\$ 979,226</u>
Supplemental schedule of noncash investing activities		
Change in fair value of investments	<u>\$ (91,159)</u>	<u>\$ 105,148</u>

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

## 1. ORGANIZATION AND FUNCTION OF THE AUTHORITY

The New Jersey Educational Facilities Authority (the "Authority"), a component unit of the State of New Jersey, was created under the provisions of Chapter 106 of New Jersey Public Laws of 1966 as a public body corporate and politic. The powers of the Authority permit the sale of notes, bonds and other obligations to support the construction, acquisition and equipping of educational facilities for public and private institutions of higher education in the State of New Jersey. The Authority is also authorized, pursuant to statutory amendments, to issue State supported bonds to fund matching grants to qualified public libraries for capital improvements. The obligations issued by the Authority are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

The Authority is exempt from both federal and state taxes.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB). In addition, the Authority follows the pronouncements of only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

### Administrative Fees

The Authority charges administrative fees to its constituent institutions for which bond and note sales have been completed. Such fees are considered operating revenue and are charged for services related to the structuring and administration of Authority financings, investment management of bond proceeds, monitoring of financial performance and other project costs and services. The fees are used to provide sufficient funds to ensure that the Authority's operating expenses will be met, and that sufficient reserves will be available to provide for the Authority's needs.

### Depreciation

Furniture and equipment are carried at cost and depreciated over their useful lives using the straight-line method.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 3. DESIGNATED NET ASSETS

On May 18, 1999, the Members of the Authority passed a resolution to designate \$2,000,000 from the Authority's operating fund balance as a reserve to facilitate the normal operations of the Authority and for counsel and consultants, if needed, in the event of difficulties experienced by the Authority or its client colleges.

## 4. CASH AND INVESTMENTS

At year-end, the Authority's bank balance was \$86,157 all of which was covered by FDIC insurance and held in the Authority's name by a New Jersey banking institution.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

## 4. CASH AND INVESTMENTS (continued)

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey. Governmental Accounting Standards Board (GASB) Statement No. 3 requires disclosure of the level of investment risk assumed by the Authority as of December 31, 2002 and 2001. Category 1 includes investments that are insured or registered, or held by the Authority or its agent in its name.

Investments of the Authority comprise of the following:

	2002	2001
Investments:		
U.S. Treasury and agency obligations (category 1)	\$4,750,144	\$7,175,760
Money Market Mutual Funds (noncategorized)	498,523	1,510,165
Total investments	<u>\$5,248,667</u>	<u>\$8,685,925</u>

In 2002 and 2001, the Authority has \$498,523 and \$1,510,165, respectively, invested in money market mutual fund, which invest in short-term and other obligations of the U.S. Treasury. Such investments are listed as noncategorized above, because they are not evidenced by securities that exist in physical or book entry form. U.S. Treasury and agency obligations are considered category 1 for GASB purposes. All investments are carried at fair value.

For the years ended December 31, 2002 and 2001, investment income comprises the following:

	2002	2001
Interest earnings	\$258,485	\$409,786
Net (decrease) increase in fair value of investments	(91,159)	105,148
	<u>\$167,326</u>	<u>\$514,934</u>

## 5. PENSION PLAN

The Authority's employees participate in the Public Employees Retirement System of New Jersey (PERS), a cost sharing multiple-employer defined benefit plan. The Authority's contribution is based upon an actuarial computation performed by the PERS. The Authority's required contribution and pension expense for each of the years ended December 31, 2002, 2001, 2000 and 1999 was \$-0-. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage range of contributions, as determined by PERS is 3% in 2002, 2001 and 2000 and 4.50% in 1999.

In addition to the pension benefits noted above, as permitted by Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, the Authority has agreed to pay the health insurance premiums for eligible pensioners and their dependents. These postretirement benefits are available to all employees who retire from the Authority with at least twenty-five years of service credit in the PERS. Postretirement benefits are accrued based on actuarial calculations that utilize the projected unit credit cost method and a discount rate of 6.5%. At December 31, 2002 and 2001, the Authority has accrued \$530,000 and \$450,000, respectively. At December 31, 2002, the Plan had 13 participants of which 11 were active employees and 2 were retirees. Of the Plan participants 2 retirees and 1 active employee were eligible to receive benefits under the agreement.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

## 6. CONDUIT DEBT

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financing. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2002, the amount of conduit debt outstanding totaled \$3,401,164,018.

## 7. COMMITMENTS AND CONTINGENCIES

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$151,000 through June 2003.

The Authority, in the normal course of business, is involved in various legal matters. Under the terms of the agreements between the Authority and the public and private institutions, any costs associated with litigation are the obligation of the institution. It is the opinion of the Authority after consultation with legal counsel that its financial position will not be adversely affected by the ultimate outcome of any existing legal proceedings.

## 8. STATE OF NEW JERSEY REIMBURSEMENT

At its regular meeting of March 27, 2002, the Authority Board passed a resolution authorizing the use of \$5 million of its reserves to provide reimbursement to the State of New Jersey for a portion of the debt service paid in support of several programs benefiting the State's institutions of higher education. This amount was paid on May 20, 2002.



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D ecem ber 31, 2002



New Jersey Educational Facilities Authority  
(A Component Unit of the State of New Jersey)

# SUPPLEMENTAL FINANCIAL INFORMATION

## DECEMBER 31, 2002

### BALANCE SHEETS — TRUSTEESHOLD FUNDS

	December 31	
	2002	2001
<b>Assets</b>		
Cash	\$ 43,512	\$ 174,007
Investments, principally U.S. Government obligations	1,194,294,929	848,740,514
Accrued interest receivable	1,086,700	1,694,500
Due from colleges and universities	13,582,240	8,685,072
Loans and leases receivable	3,370,405,791	2,659,623,570
U.S. Government debt service subsidies receivable	193,681	93,171
	<u>\$4,579,606,853</u>	<u>\$3,519,010,834</u>
<b>Liabilities and fund balance</b>		
Accounts payable and accrued expenses	\$ 51,388,993	\$ 40,509,140
Accrued interest payable	53,493,414	50,766,091
Bonds and notes payable	3,401,164,018	2,689,923,297
Funds held in trust	1,073,560,428	737,812,306
	<u>\$4,579,606,853</u>	<u>\$3,519,010,834</u>

The accompanying notes to supplemental financial statements are an integral part of this statement.

# SUPPLEMENTAL FINANCIAL INFORMATION

## DECEMBER 31, 2002

### STATEMENTS OF CHANGES IN TRUSTEESHOLD FUNDS

	Year ended December 31	
	2002	2001
Funds held in trust at beginning of year	\$ 737,812,306	\$618,189,346
<b>Additions:</b>		
Proceeds from sale of bonds and issuance of notes:		
Par amount	933,972,000	559,535,000
Bond premium, net	11,164,187	7,276,504
Interest accrued to date of delivery	748,315	1,018,714
Annual ban and rental requirements	238,884,746	201,007,847
Investment income	22,782,627	31,195,280
College and university contributions	774,739	6,684,688
U.S. Government debt service subsidies	1,519,951	1,557,642
Change in investment valuation reserve	8,188	87,237
Total additions	1,209,854,753	808,362,912
<b>Deductions:</b>		
Debt service:		
Interest	133,064,848	121,193,325
Principal	119,392,333	93,953,161
Project costs	500,874,471	377,874,690
Issuance costs	10,364,559	3,893,576
Administrative fees	1,918,834	1,627,815
Transfers to escrow accounts for defeasance of refunded issues	108,491,586	90,197,385
Total deductions	874,106,631	688,739,952
Increase in funds held in trust	335,748,122	119,622,960
Funds held in trust at end of year	\$1,073,560,428	\$737,812,306

The accompanying notes to supplemental financial statements are an integral part of this statement.

# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 1. INTRODUCTION

Under the terms of the Authority's enabling legislation, the Authority has the power to issue bonds on behalf of public and private institutions of higher education in the State of New Jersey. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

Because the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financing. The supplemental financial statements presented herein include information pertaining to funds held by Trustees of the various bond and note issuances of the Authority.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The Trustee Held Funds as presented is an agency fund and as such is custodial in nature and does not present results of operations and utilizes the accrual basis of accounting.

## 3. FUNDS HELD IN TRUST

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2002 and 2001:

	2002	2001
Construction funds	\$ 898,762,956	\$599,984,443
Debt service funds	40,801,759	15,012,259
Debt service reserve funds	106,535,638	96,018,759
Renewal and replacement accounts	27,460,075	26,796,845
	<u>\$1,073,560,428</u>	<u>\$737,812,306</u>

## 4. CASH AND INVESTMENTS

Investments permitted in the Trustee Held Funds are authorized by the respective Bond Resolutions. All funds held by the trustees may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey. Governmental Accounting Standards Board (GASB) Statement No. 3 requires disclosure of the level of investment risk assumed by the Authority as of December 31, 2002. Category 1 includes investments that are insured or registered, or held by the Authority or its agent in its name. The credit risk for all categorized investments held by the Authority are considered category 1 by GASB standards.

# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

Investments held by trustees are carried at fair value and comprise the following:

	2002	2001
Investments:		
Collateralized investment agreements	\$ 28,159,968	\$220,390,722
U.S. Treasury and agency obligations	1,166,134,96*	628,349,792*
Total investments	<u>\$1,194,294,929</u>	<u>\$848,740,514</u>

\* Includes \$983,094,886 and \$497,074,308 of investments in pooled U.S. Treasury funds at December 31, 2002 and 2001, respectively, which are uncategorized.

## 5. LOANS AND LEASES RECEIVABLE

Since its inception, the Authority has issued obligations of \$5,925,540,749 and \$4,991,568,749 as of December 31, 2002 and 2001, respectively, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

The loans and mortgages are secured by revenue produced by the facilities and by other legally available funds of the institutions. The Authority is the owner of those projects under lease agreements. It is the intention of the Authority to transfer title in the projects at the expiration of the leases. Accordingly, the leases are being accounted for as financing transactions.

Restricted fund receivables comprise the following:

	December 31	
	2002	2001
Loans:		
Drew University	\$ 3,545,000	\$ 4,882,500
Institute for Advanced Study	50,585,000	51,780,000
Princeton University	608,177,500	505,350,000
Mortgages:		
Beth Medrash Govoha	8,220,000	8,337,500
Bloomfield College	6,155,000	6,232,500
Caldwell College	13,185,000	13,482,500
Centenary College	5,500,000	5,500,000
College of Saint Elizabeth	11,527,273	11,727,273
Drew University	24,185,000	25,310,000
Fairleigh Dickinson University	114,267,500	51,870,000
Felician College	11,769,000	12,049,000
Georgian Court College	5,657,500	6,105,000
Institute for Defense Analysis	16,695,000	16,695,000
Monmouth University	26,115,000	27,680,000
New Jersey Institute of Technology	152,595,000	155,485,000
Princeton Theological Seminary	36,565,000	37,202,500
Rabbinical College of America	—	31,382
Rider University	28,550,000	28,957,500
Saint Peter's College	34,262,522	35,351,571
Seton Hall University	112,850,000	118,417,500
Stevens Institute of Technology	76,227,500	17,722,500
University of Medicine and Dentistry of New Jersey	143,660,000	149,000,000

# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 5. LOANS AND LEASES RECEIVABLE (CONTINUED)

	December 31	
	2002	2001
Leases:		
Bloomfield College	194,404	223,502
Centenary College	—	85,000
Felician College	381,454	510,590
Kean University	36,480,000	38,667,500
Montclair State University	144,225,000	68,600,000
New Jersey City University (formerly Jersey City State College)	44,610,000	30,920,000
Ramapo College of New Jersey	161,253,485	104,133,096
Richard Stockton College of New Jersey	48,954,000	51,179,000
Rider University	2,548,653	3,025,656
Rowan University (formerly Gloucester State College)	156,040,000	144,685,000
Rutgers, The State University	2,107,500	2,422,500
The College of New Jersey (formerly Trenton State College)	340,382,500	209,732,500
William Paterson University of New Jersey	91,010,000	59,905,000
Equipment Leasing Fund	74,915,000	87,385,000
Higher Education Capital Improvement Fund	457,020,000	271,165,000
Higher Education Facilities Trust Fund	137,950,000	151,550,000
Higher Education Technology Infrastructure Fund	33,080,000	37,755,000
County College Capital Projects Fund	30,190,000	34,740,000
Domitory Safety Trust Fund	73,770,000	73,770,000
Library Grant Program	45,000,000	—
	<u>\$3,370,405,791</u>	<u>\$2,659,623,570</u>

## 6. BONDS, NOTES AND LEASES PAYABLE

Bonds, notes and leases payable comprise the following:

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2002	2001
<b>BONDS PAYABLE</b>					
Beth Medrash Govoha:					
2000 Series G	\$ 8,505,000	7/1/2030	6.720%	\$ 8,280,000	\$ 8,395,000
Bloomfield College:					
2000 Series A	6,270,000	7/1/2030	6.978%	6,195,000	6,270,000
Caldwell College:					
1995 Series A	4,800,000	7/1/2025	7.385%	4,420,000	4,495,000
2000 Series B	9,235,000	7/1/2025	1.90% -1.86% *	8,805,000	9,025,000
Centenary College:					
2000 Series F	6,130,000	10/1/2020	.90% -1.70% *	5,500,000	5,500,000

# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 6. BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2002	2001
<b>Drew University:</b>					
1997 Series B	9,140,000	3/1/2005	4.787%	4,225,000	5,540,000
1998 Series C	27,935,000	7/1/2017	4.936%	24,760,000	25,860,000
<b>Domitory Safety Trust Fund:</b>					
Series 2001 A	67,970,000	3/1/2016	4.239%	67,970,000	67,970,000
Series 2001 B – taxable	5,800,000	3/1/2016	6.117%	5,800,000	5,800,000
<b>Equipment Leasing Fund:</b>					
Series 2001 A	87,385,000	9/1/2009	3.089%	74,915,000	87,385,000
<b>Fairleigh Dickinson University:</b>					
1993 Series C	40,000,000	7/1/2023	6.735%	35,760,000	36,550,000
1998 Series G	16,615,000	7/1/2028	5.796%	15,500,000	15,930,000
2002 Series D	63,650,000	7/1/2032	6.114%	63,650,000	–
<b>Felician College:</b>					
1997 Series D	10,550,000	11/1/2022	7.375%	9,950,000	10,165,000
1997 Series D – taxable	2,000,000	11/1/2017	4.79%*	1,819,000	1,884,000
<b>Georgian Court College:</b>					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	5,885,000	6,325,000
<b>Higher Education Facilities Trust Fund:</b>					
Series 1995 A	220,000,000	9/1/2010	5.063%	137,950,000	151,550,000
<b>Higher Education Technology Infrastructure Fund:</b>					
Series 1998 A	55,000,000	9/1/2008	4.518%	33,080,000	\$ 37,755,000
<b>Higher Education Capital Improvement Fund:</b>					
Series 2000 A	132,800,000	9/1/2020	5.242%	124,685,000	128,835,000
Series 2000 B	145,295,000	9/1/2020	5.003%	137,745,000	142,330,000
Series 2002 A	194,590,000	9/1/2022	4.599%	194,590,000	–
<b>Institute for Advanced Study:</b>					
1997 Series F	16,310,000	7/1/2021	5.111%	14,360,000	15,085,000
1997 Series G	26,565,000	7/1/2028	5.111%	25,225,000	25,695,000
2001 Series A	11,000,000	7/1/2031	5.101%	11,000,000	11,000,000
<b>Institute for Defense Analyses:</b>					
2000 Series D	16,695,000	10/1/2030	.92-1.78%*	16,695,000	16,695,000

# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 6. BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2002	Amount Outstanding December 31, 2001
<b>New Jersey City University (formerly Jersey City State College):</b>					
Series 1977 C	8,570,000	7/1/2010	6.290%	3,745,000	4,095,000
Series 1993 H	2,310,000	7/1/2018	5.199%	1,785,000	1,855,000
Series 1995 C	2,175,000	7/1/2007	4.671%	1,180,000	1,385,000
Series 1998 E	6,945,000	7/1/2028	5.165%	6,585,000	6,710,000
Series 1999 B	17,795,000	7/1/2025	4.807%	16,995,000	17,505,000
Series 2002 A	15,115,000	7/1/2032	4.949%	15,115,000	—
<b>Kean University:</b>					
Series 1974 B	7,960,000	7/1/2008	6.272%	2,690,000	3,055,000
Series 1993 G	8,770,000	7/1/2018	4.965%	6,070,000	6,315,000
Series 1998 A & B	25,995,000	7/1/2027	4.872%	22,635,000	23,880,000
Series 2001 A	6,465,000	7/1/2016	4.474%	6,225,000	6,465,000
<b>Monmouth University:</b>					
1975 Series A	2,710,000	7/1/2002	8.132%	—	105,000
1993 Series A	14,365,000	7/1/2013	5.538%	9,760,000	10,380,000
1997 Series C	12,910,000	7/1/2022	5.732%	9,625,000	10,335,000
1998 Series D	8,815,000	7/1/2024	5.225%	7,390,000	7,765,000
<b>Montclair State University:</b>					
Series 1972 B	5,415,000	7/1/2007	5.926%	1,605,000	1,870,000
Series 1974 D	6,425,000	7/1/2008	6.173%	2,290,000	2,595,000
Series 1977 A	1,720,000	7/1/2008	6.263%	575,000	655,000
Series 1977 B	988,000	7/1/2008	3.000%	263,000	302,000
Series 1995 F	4,780,000	7/1/2025	5.517%	4,335,000	4,430,000
Series 1996 C	18,845,000	7/1/2012	5.356%	13,635,000	14,650,000
Series 1996 D	9,575,000	7/1/2012	5.358%	6,935,000	7,450,000
Series 1997 D	10,960,000	7/1/2027	5.007%	10,105,000	10,310,000
Series 1997 E	9,965,000	7/1/2021	5.007%	8,760,000	9,045,000
Series 2001 F	18,695,000	7/1/2031	5.072%	18,695,000	18,695,000
Series 2002 F	78,500,000	7/1/2032	1.000%	78,500,000	—
<b>New Jersey Institute of Technology:</b>					
Series 1994 A	56,460,000	7/1/2024	6.136%	49,465,000	50,560,000
Series 1995 E	33,230,000	7/1/2025	5.408%	30,705,000	31,380,000
Series 2001 G	62,335,000	7/1/2031	4.932%	61,835,000	62,335,000
Series 2001 H — taxable	12,570,000	7/1/2016	6.259%	12,120,000	12,570,000
<b>Princeton Theological Seminary:</b>					
1996 Series B	16,210,000	7/1/2026	5.936%	16,210,000	16,210,000
1997 Series A	22,485,000	7/1/2022	4.988%	20,680,000	21,305,000



# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 6. BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2002	2001
<b>Princeton University:</b>					
1992 Series F	17,330,000	7/1/2002	5.079%	—	2,145,000
1993 Series B	17,475,000	7/1/2003	4.168%	2,075,000	4,060,000
1994 Series A	46,060,000	7/1/2024	5.843%	10,795,000	13,370,000
1995 Series C	28,865,000	7/1/2025	5.078%	15,430,000	17,580,000
1996 Series C	24,530,000	7/1/2006	4.858%	11,255,000	13,730,000
1997 Series E	22,150,000	7/1/2007	4.423%	12,350,000	14,505,000
1998 Series E	19,010,000	7/1/2024	4.873%	17,300,000	17,760,000
1998 Series F	40,000,000	7/1/2018	4.438%	27,215,000	30,570,000
1999 Series A	45,500,000	7/1/2029	4.798%	42,890,000	43,715,000
1999 Series B	50,000,000	7/1/2019	4.980%	45,295,000	47,010,000
2000 Series E	50,000,000	7/1/2020	5.355%	47,070,000	48,575,000
2000 Series H	100,000,000	7/1/2030	5.336%	98,145,000	99,660,000
2001 Series B	100,000,000	7/1/2021	50% -2.05%	97,500,000	100,000,000
2002 Series B	100,000,000	7/1/2031	35% -1.70%	100,000,000	—
<b>Rabbinical College of America:</b>					
1985 Series D	1,883,000	4/1/2002	3.30% -5.63% *	—	31,382
<b>Ramapo College of New Jersey:</b>					
Series 1973 A	1,760,000	7/1/2003	5.571%	115,000	225,000
Series 1993 D	3,120,000	7/1/2013	5.467%	2,145,000	2,285,000
Series 1993 E	17,870,000	7/1/2013	5.422%	11,500,000	12,415,000
Series 1997 A	7,330,000	7/1/2007	5.181%	7,330,000	7,330,000
Series 1998 G	16,845,000	7/1/2028	4.832%	15,830,000	16,150,000
Series 1998 H	2,000,000	7/1/2013	4.309%	1,630,000	1,745,000
Series 1998 I	955,000	7/1/2008	4.044%	645,000	735,000
Series 1999 E	19,900,000	7/1/2029	5.774%	19,580,000	19,900,000
Series 2001 D	40,480,000	7/1/2031	5.105%	40,480,000	40,480,000
Series 2001 E	2,535,000	7/1/2008	4.037%	2,225,000	2,535,000
Series 2002 H	28,655,000	7/1/2032	4.485%	28,655,000	—
Series 2002 I	2,145,000	7/1/2032	4.485%	2,145,000	—
Series 2002 J	29,620,000	7/1/2032	4.485%	29,620,000	—
<b>Richard Stockton College of New Jersey:</b>					
Series 1973 D	5,700,000	7/1/2008	5.885%	1,905,000	2,165,000
Series 1988 A	3,294,000	7/1/2016	3.000%	1,839,000	1,949,000
Series 1992 B	10,600,000	7/1/2010	6.322%	—	6,455,000
Series 1992 C	7,330,000	7/1/2005	6.085%	—	2,840,000
Series 1993 F	6,690,000	7/1/2023	5.356%	5,790,000	5,935,000

# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 6. BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2002	2001
<b>Richard Stockton College of New Jersey (continued):</b>					
Series 1996 B	1,680,000	7/1/2006	4.774%	770,000	940,000
Series 1996 F	19,280,000	7/1/2027	5.494%	18,925,000	19,280,000
Series 1998 C	13,110,000	7/1/2028	5.089%	12,650,000	12,885,000
Series 2002 B	8,340,000	7/1/2010	3.482%	8,340,000	—
<b>Rider University:</b>					
1971 Series A	3,700,000	7/1/2009	6.895%	1,455,000	1,615,000
1992 Series D	31,735,000	7/1/2017	6.163%	—	27,960,000
1995 Series B	4,819,851	3/15/2007	6.221%	2,548,653	3,025,65
2002 Series A	27,560,000	7/1/2017	4.709%	27,560,000	—
<b>Rowan University (formerly Glassboro State College):</b>					
Series 1971 A	1,205,000	7/1/2005	6.245%	255,000	325,000
Series 1974 E	6,080,000	7/1/2009	6.944%	2,425,000	2,695,000
Series 1983 D	3,500,000	7/1/2013	3.000%	1,725,000	1,855,000
Series 1993 B	1,765,000	7/1/2006	5.162%	760,000	925,000
Series 1993 C	10,955,000	7/1/2008	5.235%	5,310,000	6,070,000
Series 1997 B	6,770,000	7/1/2026	5.346%	6,170,000	6,325,000
Series 1997 C	\$9,035,000	7/1/2021	5.524%	8,285,000	\$8,510,000
Series 2000 B	51,620,000	7/1/2030	5.566%	51,620,000	51,620,000
Series 2001 B	8,790,000	7/1/2031	5.025%	8,645,000	8,790,000
Series 2001 C	60,930,000	7/1/2031	4.943%	57,755,000	59,305,000
Series 2002 K	14,920,000	7/1/2033	4.866%	14,920,000	—
<b>Rutgers, The State University:</b>					
Series 1974 A	6,725,000	7/1/2008	5.945%	2,270,000	2,575,000
<b>Saint Peter's College:</b>					
1998 Series B	36,815,000	7/1/2027	5.514%	34,365,000	35,340,000
<b>Seton Hall University:</b>					
1996 Series, Project E	20,800,000	7/1/2019	5.804%	20,005,000	20,100,000
1998 Series, Project F	7,620,000	7/1/2021	5.189%	7,620,000	7,620,000
1999 Refunding Series	50,450,000	7/1/2018	5.122%	47,750,000	50,200,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	20,595,000	22,840,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	11,025,000	11,600,000
2001 Series Project G	8,740,000	7/1/2026	4.598%	8,740,000	8,740,000

# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 6. BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2002	Amount Outstanding December 31, 2001
<b>Stevens Institute of Technology:</b>					
1992 Series A	18,995,000	7/1/2008	6.501%	—	1,445,000
1998 Series I	17,000,000	7/1/2028	5.109%	17,000,000	17,000,000
2002 Series C	59,585,000	7/1/2032	5.228%	59,585,000	—
<b>The College of New Jersey (formerly Trenton State College):</b>					
Series 1972 A	9,270,000	7/1/2007	5.952%	2,740,000	3,195,000
Series 1976 D	5,580,000	7/1/2008	6.853%	2,110,000	2,385,000
Series 1992 A	9,955,000	7/1/2009	6.189%	—	6,510,000
Series 1992 E	56,160,000	7/1/2019	6.217%	—	53,780,000
Series 1999 A	146,455,000	7/1/2029	4.948%	144,855,000	144,855,000
Series 2002 C	53,155,000	7/1/2019	4.480%	53,155,000	—
Series 2002 D	138,550,000	7/1/2035	4.167%	138,550,000	—
<b>The College of Saint Elizabeth:</b>					
2000 Series C	12,000,000	7/1/2030	1.30% - 2.10% *	11,600,000	11,800,000
<b>University of Medicine and Dentistry of New Jersey:</b>					
Series 1995 B	143,645,000	12/1/2025	5.319%	128,690,000	133,770,000
Series 1999 C	15,720,000	12/1/2029	5.321%	14,970,000	15,230,000
<b>William Paterson University of New Jersey:</b>					
Series 1974 C	4,025,000	7/1/2008	6.272%	1,355,000	1,540,000
Series 1976 A	5,685,000	7/1/2009	7.644%	2,510,000	2,770,000
Series 1981 B	5,000,000	7/1/2011	3.000%	2,085,000	2,285,000
Series 1991 F	21,605,000	7/1/2021	6.368%	—	9,315,000
Series 1998 D	6,575,000	7/1/2021	4.994%	6,180,000	6,365,000
Series 1999 D	12,785,000	7/1/2019	5.162%	11,905,000	12,355,000
Series 2000 A	26,425,000	7/1/2030	5.515%	26,080,000	26,425,000
Series 2002 E	42,125,000	7/1/2027	4.714%	42,125,000	—
<b>Notes Payable</b>					
<b>Princeton University:</b>					
1997 Series A - Commercial Paper	\$13,750,000	3/6/2002	1.30% - 1.85%	\$91,700,000	\$64,100,000
<b>Leases Payable</b>					
Bloomfield College	315,000	4/1/2008	5.900%	194,404	223,502
Centenary College	640,000	4/30/2002	5.000%	—	85,000
Felician College	897,000	8/29/2005	5.550%	381,454	510,590
St. Peter's College	663,000	8/3/2006	5.630%	410,022	499,071
Ramapo College	1,377,090	10/1/2010	6.08% - 6.16%	1,273,485	1,493,096

# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 6. BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2002	2001
County College Capital Projects Treasurer, State of New Jersey,					
Series 1999 A	\$19,295,000	9/1/2014	4.705%	10,335,000	13,520,000
Atlantic County, Series 1999 B	3,045,000	9/1/2009	4.799%	2,255,000	2,530,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	3,880,000	4,115,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	6,580,000	6,990,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	3,705,000	3,935,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	1,705,000	1,815,000
Hudson County Community College (Chapter 78), Series 1999 G					
Library Grant Program 2002 A	45,000,000	9/1/2022	4.560%	45,000,000	—
				<u>\$ 3,401,164,018</u>	<u>\$ 2,689,923,297</u>

\* Variable rate issue — rates indicated are the range for the year.

The minimum aggregate principal maturities for each of the next five years and thereafter are as follows:

2003	\$ 128,494,489
2004	136,705,370
2005	143,900,941
2006	144,840,235
2007	150,799,177
Thereafter	<u>2,696,423,806</u>
	<u>\$3,401,164,018</u>

## 7. REFUNDED BOND ISSUES

When conditions have warranted, the Authority has sold various issues of bonds to provide for the refunding of previously issued obligations.

The proceeds received from the sales of the bond issues were used to refund currently the outstanding bond issues or to deposit in an irrevocable escrow fund held by the Escrow Agent, an amount which, when combined with interest earnings thereon, is at least equal to the sum of the outstanding principal amount of the bonds, the interest to accrue thereon to and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Authority's financial statements.

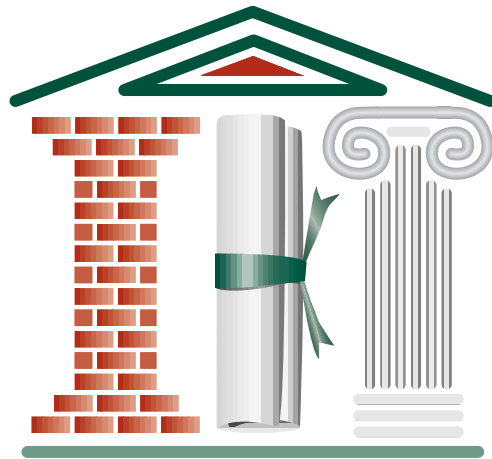
# NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

## 7. REFUNDED BOND ISSUES (CONTINUED)

Certain transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues. The debt service savings, together with any accounting gain or loss that will be deferred, accrue to the respective institutions.

Refunded bonds outstanding at December 31, 2002 comprise the following:

Issue	Principal Amount Outstanding December 31, 2002	Refunded Issues		Debt Service Savings	Date of Issuance	Refunding Issues		
		Principal Amount Refunded	Call Date			Issue	Original Amount of Issue	
<b>Princeton University Issue</b>								
1994 Series A	\$17,815,000	\$17,815,000	7/1/2004	\$1,401,467	7/21/98	Series E 1998	\$19,010,000	
<b>Monmouth University Issues</b>								
1994 Series B	1,690,000	2,350,000	7/1/2004					
1994 Series C	4,780,000	5,090,000	7/1/2004	367,193	8/6/98	Series D 1998	8,815,000	
<b>New Jersey City University (formerly Jersey City State College) Issues</b>								
1992 Series D	—	14,320,000	7/1/2002					
1995 Series A	2,085,000	2,245,000	7/1/2005	1,163,732	3/31/99	Series 1999 B	17,795,000	
<b>The College of New Jersey Issues</b>								
1994 Series B	22,250,000	24,090,000	7/1/2004					
1996 Series A	75,185,000	75,185,000	7/1/2006	6,271,500	4/26/99	Series 1999 A	146,455,000	
<b>Rowan University (formerly Glassboro State College)</b>								
1979 Series A	—	890,000	7/1/2001					
1993 Series A	8,250,000	8,450,000	7/1/2003					
1994 Series C	—	2,580,000	7/1/2001					
1996 Series E	37,035,000	38,635,000	7/1/2006	1,629,416	4/10/01	Series 2001 C	60,930,000	



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