

*building futures*

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

2005 Annual Report



**NJEFA**

NEW JERSEY EDUCATIONAL  
FACILITIES AUTHORITY

*building futures*



**2005 Annual Report**



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## LETTER FROM THE GOVERNOR



JON S. CORZINE  
GOVERNOR



STATE OF NEW JERSEY  
OFFICE OF THE GOVERNOR  
P.O. Box 001  
TRENTON  
08625  
(609) 292-6000

Dear Friends,

Higher education is essential for the long-term prosperity of our State, and for creating additional opportunities for our citizens. With 57 different colleges and universities, New Jersey has a campus to fit every higher education dream. Whether you are preparing for a specific career or your future goals are still taking shape, you will find the perfect educational experience right here in the Garden State.

Many students enter a four-year college right after high school. Others select a community college and complete a certificate or associate degree program to prepare for a job or transfer on to a four-year college to earn a baccalaureate degree. In New Jersey they find a campus with the classrooms, laboratories, libraries and recreational facilities to fit the demands of students and faculty. Whatever path you choose, our colleges are plugged into the hottest careers, with high-tech research, internships, and training opportunities that give you the edge in today's competitive job market, and prepare you for the job market of the future. Whether you are looking for undergraduate, graduate or professional programs, you have world-class options in New Jersey.

New Jersey is home to some of the nation's most wired campuses and has a state-of-the-art higher education video and data network. Substantial investments in technology give students in all disciplines access to high-tech equipment, interactive online learning, and high-speed data and video communication. Thank you to the members and staff of the NJEFA for your hard work, and congratulations on your achievement. I applaud the ongoing work of our colleges and universities as they build a better New Jersey.

Sincerely,

A handwritten signature in black ink, which appears to read "Jon Corzine". The signature is fluid and cursive.

JON S. CORZINE

We proudly present the 2005 Annual Report of the New Jersey Educational Facilities Authority (NJEFA). Last year, NJEFA recorded its highest financing volume ever as it completed nearly \$1 billion in financing for new and modernized facilities at New Jersey's institutions of higher education.

Over the last six years, we have completed over \$4.1 billion in financing, representing half of the total \$8.2 billion of issuance the NJEFA has accomplished since our founding in 1966.

Our volume has grown as our clients have endeavored to meet the growing demand for spaces in their classrooms. During 2005, almost 380,000 people enrolled in the State's institutions of higher learning, and New Jersey colleges and universities awarded more than 64,000 degrees and certificates. Over the same six-year period during which NJEFA's business has grown, enrollment at our clients is up more than 10 percent, and the number of degrees and certificates awarded is up by more than 20 percent.

The growth in college enrollment has been driven both by a growing population and by the fact that a college education is increasingly becoming an economic necessity. As President Clinton said, "[E]ducation is the fault line between those who will prosper in the new economy and those who will not."

A survey in *The Economist* last year, discussed in more detail in the following pages, examined the globalization of higher

education. It defined the primary challenge of colleges and universities worldwide as meeting the twin demands of excellence and access.

NJEFA supports the efforts of our State's institutions to meet these challenges by providing financing for campus projects that is as low-cost and economical as possible. NJEFA financing helps to keep New Jersey colleges and universities competitive, not only in the United States but worldwide. Our financings enable the institutions we serve to attract the best and keep the brightest, thereby supplying New Jersey with the intellectual resources and power to keep our State globally competitive and prosperous.

The Authority's record activity in 2005 is testament to the determination of our State's institutions to fulfill their missions to provide world-class education to growing numbers of students. The true testament to their success, and ours, is the education of those students. Our service to our clients and to New Jersey is evidenced by each new generation of graduates taking its place in a workforce and society that are demanding greater knowledge and skills than ever before. These graduates are the human



**Vivian Altman**  
Chair



**Roger L. Anderson**  
Executive  
Director

infrastructure of our economy, and New Jersey's prosperity relies on the excellence of their education.

We could not have achieved our record accomplishments during 2005, or indeed during our entire history, without the contributions of the NJEFA Members and our excellent staff. Their dedication has been vital to NJEFA's success. We thank all of them, and we thank Governor Corzine and the members of the New Jersey Legislature for their continued support of NJEFA's mission to help keep New Jersey's colleges and universities in the forefront of the global higher education industry.

## ABOUT THE NJEFA

The New Jersey Educational Facilities Authority was established in 1966 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 agency.

Oversight and direction of NJEFA is entrusted to a seven-member board composed of five public, unsalaried members appointed to five-year terms by the Governor with confirmation by the New Jersey Senate. The State Treasurer and the Chair of the Commission on Higher Education serve ex-officio.

The mandate of NJEFA is to issue tax-exempt and taxable 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 special and limited obligations, secured and repaid by the institution for which it provides financing.

NJEFA's bonds and other obligations have no guarantee of repayment by the State unless authorized by statute. Exceptions occur only when the State assumes a repayment obligation and identifies a repayment source. The latter is the case in the State's commitment to pay debt service on bonds issued under programs like 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, utility plants, libraries, dormitories, athletic facilities, parking facilities, student unions, administration buildings and campus health care facilities. Authority financing can be utilized as well for the acquisition of capital equipment such as high technology equipment.

Eligible institutions, including accredited two- and four-year colleges and universities, identify their 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 take its bond issue to market, capitalizing on the lower interest rates the Authority can obtain as a public fiduciary.

The Authority has never experienced a default. As a result, its reputation for fiscal responsibility and integrity is impeccable and carries the practical benefit of lower interest rates for its clients.



**NJEFA Staff**

## NJEFA BOARD MEMBERS

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**VIVIAN ALTMAN**  
Chair



**ROBERT MEDINA**  
Vice Chair



**ROGER B.  
JACOBS, Esq.**



**BRADLEY ABELOW**  
Treasurer  
State of New Jersey  
Ex-Officio



**LAURENCE  
DOWNES**  
Chair, Commission  
on Higher Education  
Ex-Officio

*FELICE K. VAZQUEZ, who was appointed to the NJEFA Board in December 2004, is not pictured.*

## NJEFA STAFF

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ROGER L. ANDERSON, Executive Director  
BARBARA L. CANNON, Deputy Executive Director  
KATHERINE A. NEWELL, Esq., Senior Advisor  
SHEILA R. TOLES, Executive Assistant  
MARY JANE DARBY, Director of Project Management  
DEBRA L. PATERSON, Project Manager  
ROBERT LYNN, Project Manager  
NICHOLE MURATORE, Project/Communications Assistant

DONALD D. UYHAZI, Controller  
KRISTEN MIDDLETON, Assistant Controller  
GARY D. VENCIOUS, Senior Accountant  
JAMIE WRIGHT, Accountant  
SHERYL A. STITT, Director of Communications and HR  
GARY CARDINALE, Communications Manager  
LINDA J. HAZLEY, Office Manager  
CHRISTINE M. HART, Summer Intern

## MEETING THE CHALLENGES OF EXCELLENCE AND ACCESS



Though its halls are hallowed and its walls are often ivied, higher education does not exist in a vacuum. It is part of the larger world and affected by all the trends, pressures and economic forces that shape this world.

So in New Jersey, in the nation and around the globe, institutions of higher education are examining the present, peering into the future and attempting to understand how technological advances affect them and how the institutions must therefore change.

While the means will change, the goal is constant: to educate each new generation and send graduates out to participate productively in the economy and society at large. Each year, however, the economy and society demand more of graduates, and higher education must prepare its students to meet these demands. In doing so, higher education institutions confront an ever more competitive environment. They are competing not only for students but for the best students, not only for faculty but for the best faculty. And always, they are competing for resources in an environment with growing student populations and limited government resources.

To help New Jersey's institutions meet these needs, the New Jersey Educational Facilities Authority (NJEFA) posted its highest annual financing volume in 2005, providing nearly \$1 billion in financing to New Jersey's public and

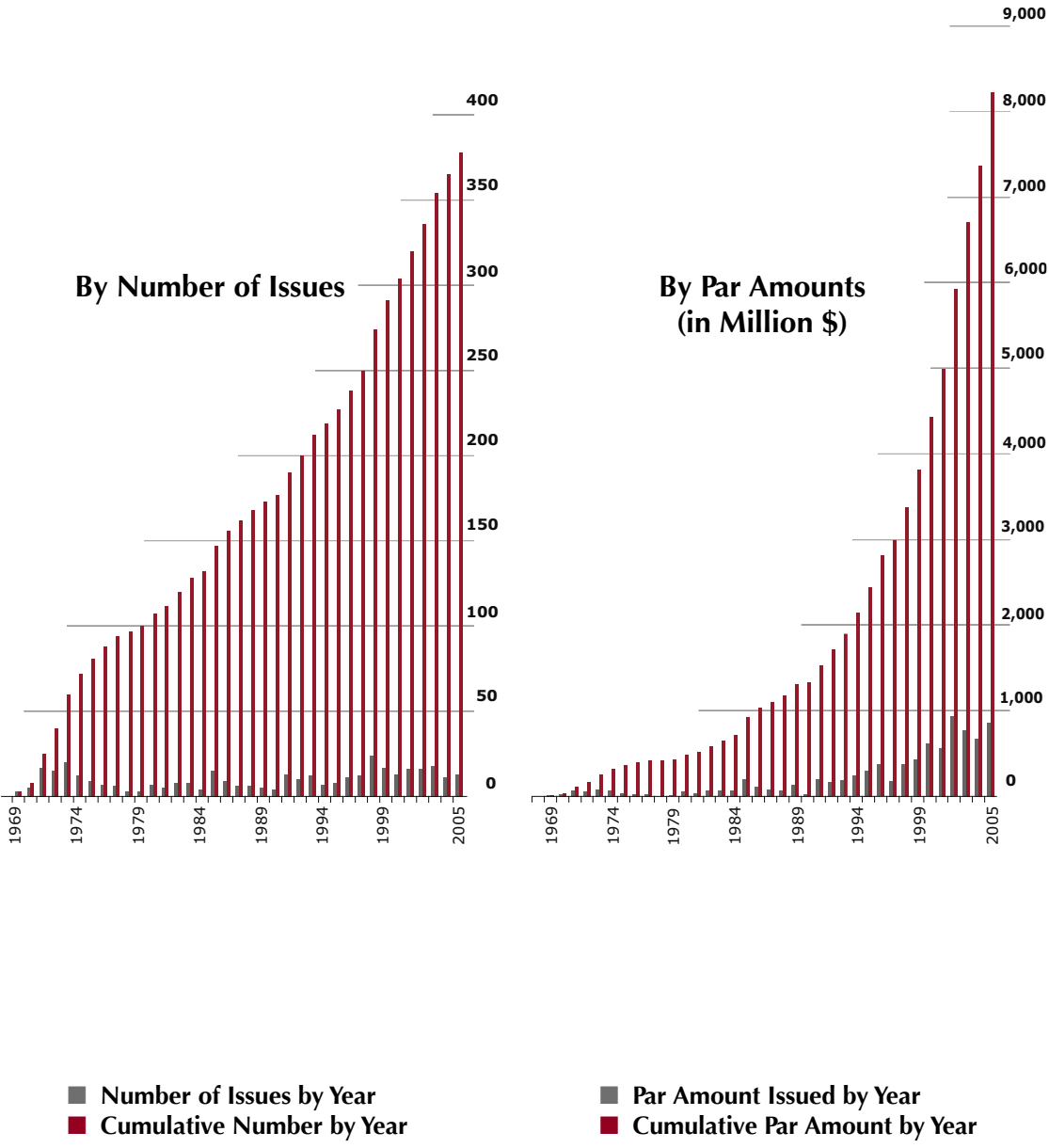
private colleges and universities to expand and modernize campus facilities. The year's activity brought to 377 the number of transactions undertaken by NJEFA since its establishment in 1966 and pushed the cumulative value of all those transactions to \$8.2 billion, with approximately half that value outstanding at year-end.

In just the last six years, NJEFA has issued over \$4.2 billion of obligations, fully as much as the Authority issued in its first 34 years. The growth in our business is part of a national trend. Higher education's share of the municipal finance market nationally, according to Moody's Investors Service, has more than doubled over the last 12 years. In 2005 alone, tax-exempt financings for new higher education projects nationwide exceeded \$24 billion.

This U.S. investment in higher education, in turn, is part of a global trend. The World Bank recently estimated there are over 80 million students and 3.5 million faculty and staff in higher education worldwide and calculated that global spending on higher education amounts to \$300 billion a year, or one percent of global economic output.



## NJEDA BONDS ISSUED



*NJEDA posted its highest annual financing volume in 2005, providing nearly \$1 billion in financing*

A recent survey of higher education in *The Economist* called our industry the “engine of the knowledge economy.”

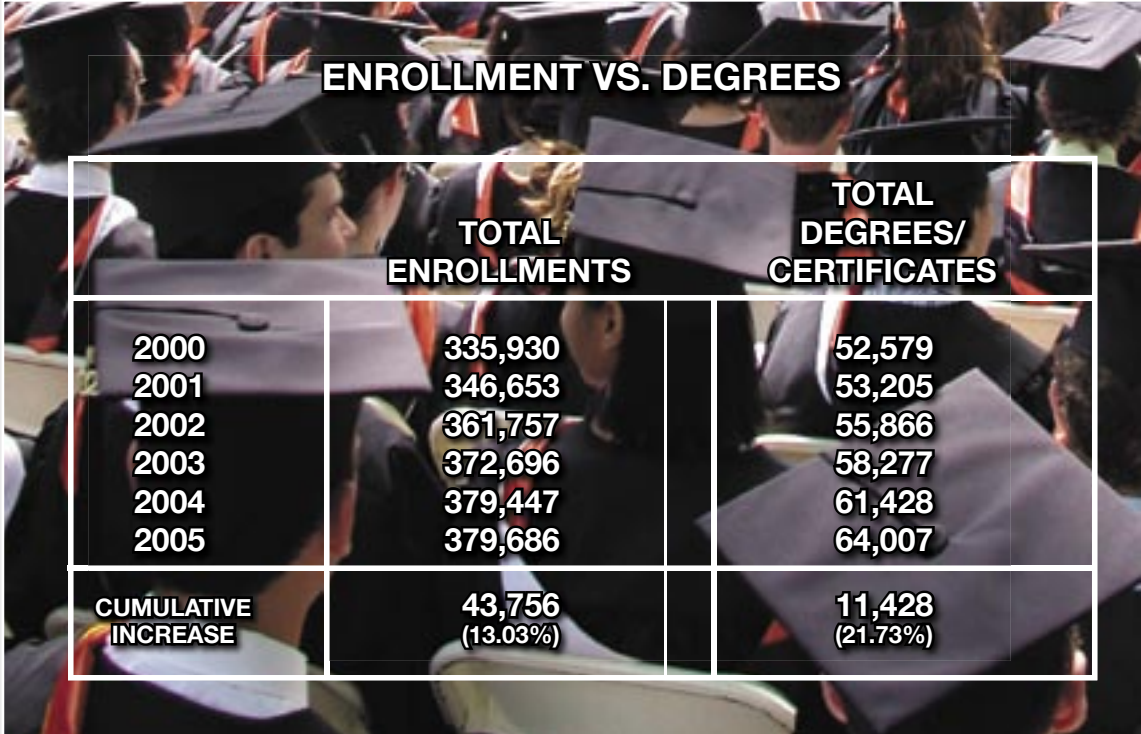
*America’s  
system of  
higher  
education  
... the  
most  
successful in  
the world*

Today in New Jersey, according to the Commission on Higher Education (the Commission), there are approximately 380,000 people enrolled in the State’s public, private and county colleges and universities, and more than 75,000 people serve as faculty and staff. In 2005, these institutions awarded more than 64,000 degrees and certificates. Annual enrollments have increased 13 percent since 2000, and the number of degrees and certificates conferred each year has increased almost 22 percent over the same period.

our State’s colleges and universities is what comes out of them: graduates qualified to work in the industries and businesses that define our workforce and keep New Jersey on the forefront of prosperity. Nine years ago, President Clinton said, “[E]ducation is the fault line between those who will prosper in the new economy and those who will not.”

*The Economist* credited America’s system of higher education as being the most successful in the world in providing both academic excellence and “access to the bulk of those who deserve it.” It cited a world-wide ranking

More important than what goes into



**ENROLLMENT VS. DEGREES**

	<b>TOTAL ENROLLMENTS</b>	<b>TOTAL DEGREES/ CERTIFICATES</b>
<b>2000</b>	<b>335,930</b>	<b>52,579</b>
<b>2001</b>	<b>346,653</b>	<b>53,205</b>
<b>2002</b>	<b>361,757</b>	<b>55,866</b>
<b>2003</b>	<b>372,696</b>	<b>58,277</b>
<b>2004</b>	<b>379,447</b>	<b>61,428</b>
<b>2005</b>	<b>379,686</b>	<b>64,007</b>
<b>CUMULATIVE INCREASE</b>	<b>43,756 (13.03%)</b>	<b>11,428 (21.73%)</b>

## America rules

The world's top universities\*

1	Harvard University	America	11	Yale University	America
2	Stanford University	America	12	Cornell University	America
3	University of Cambridge	Britain	13	University of California (San Diego)	America
4	University of California (Berkeley)	America	14	Tokyo University	Japan
5	Massachusetts Institute of Technology	America	15	University of Pennsylvania	America
6	California Institute of Technology	America	16	University of California (Los Angeles)	America
7	Princeton University	America	17	University of California (San Francisco)	America
8	University of Oxford	Britain	18	University of Wisconsin (Madison)	America
9	Columbia University	America	19	University of Michigan (Ann Arbor)	America
10	University of Chicago	America	20	University of Washington (Seattle)	America

\*Ranked by a mixture of indicators of academic and research performance, including Nobel prizes and articles in respected publications

Source: Jiao Tong University, Shanghai

Source: The Economist - The Brains Business - A Survey of Higher Education, Sept. 10, 2005

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of universities produced by the Institute of Higher Education at Shanghai's Jiao Tong University that shows 17 American institutions among the world's top 20 based on academic and research performance and 35 American institutions among the top 50. Princeton University ranked seventh. The fact that the survey came out of China underscores the international nature of higher education and competition among industry leaders.

America's leadership is also shown by its investment in higher education. *The Economist*

reported that the U.S., on average, spends approximately \$20,000 per student on higher education, more than twice the average in Organisation for Economic Co-operation and Development (OECD) countries. In addition, a larger portion of the U.S. population goes to college than almost anywhere else. About one-third of college-aged people in this country get a degree in higher education, and approximately one-third of these graduates go on to receive advanced degrees.

*America's leadership is also shown by its investment in higher education*



This is the environment in which New Jersey's institutions are challenged and must perform. *The Economist* defined higher education's worldwide challenge as balancing the twin demands of excellence and access.

The growth in NJEFA's business is driven by our clients' needs both to accommodate growing enrollments and to invest in facilities capable of delivering world-class environs for the academic disciplines of the 21<sup>st</sup> century.

The growing enrollments come both from a growing population and from the fact that the pursuit of a college degree has become not only a common ambition but an economic necessity. One example of the latter is that, according to the OECD, doctoral degrees awarded in China grew from virtually none 20 years ago to close to 20,000 in 2003. Further, the growth in enrollments and degrees in New Jersey over the first part of this decade shows both the population growth and that more of our fellow citizens than ever before are seeking and completing higher education in order to prepare themselves to meet the rising demands of the workplace.

New Jersey's institutions, however, are not fully prepared to meet the increased challenges. More of our State's high school graduates go to college than do those from most other states, yet New Jersey serves a smaller percentage of its high school graduates — 36 percent (based on 2002 data) — than the national average of 47 percent. We send a greater percentage of our high school graduates out of state to go to college than do 44 other states.

Efforts to reduce this "brain drain" of New Jersey's brightest students are to some degree stymied

since adequate space at our colleges and universities is already at a premium. Although the Commission's long-range plan for higher education, *A Blueprint for Excellence*, recommends increasing enrollment by up to 54,000 additional students by 2010, it acknowledges that today:

[F]or the most part, New Jersey's colleges and universities lack additional capacity to respond to increasing demand from high school graduates . . . and graduate students, especially in math, science and other areas related to the state's economic development initiatives . . . The institutions also lack capacity to attract more high-achieving out-of-state students, which is an important aspect of a competitive, nationally recognized system of higher education.

Our business has grown throughout this decade as New Jersey's colleges and universities invested to be able to accommodate the growth in students. The needs, however, are still great.

New Jersey's population historically has sustained an economy that has been a leader in chemical and industrial manufacturing and today relies increasingly on highly skilled and knowledge-based industries. Population in the Garden State is growing, according to the U.S. Census Bureau, so the potential of human capital to serve our State's

economic development and workforce needs is promising, but the demands on the State's colleges and universities will be more pressing. Today, the State has approximately 8.7 million residents, a number that is expected to grow to 9.3 million by 2015 and 9.8 million by 2030. In order for New Jersey to remain competitive in a global economy, our State's colleges and universities must be able to adapt their academic offerings and transform their facilities to meet the workforce needs of our growing industries.

According to *The Chronicle of Higher Education*, over 32 percent of adults in New Jersey hold a bachelor's degree or higher and nearly 38 percent hold at least an associate's degree. Last year, New Jersey's colleges and universities awarded, among others, 2,908 degrees in computer and information

sciences; 6,953 degrees in education; 2,641 engineering degrees; 1,821 degrees in biological and biomedical sciences; 4,019 degrees in the social sciences; 2,002 security and protective services degrees; 5,520 degrees in the health professions and related clinical sciences; and 11,249 degrees in business, management and marketing.

According to the New Jersey Department of

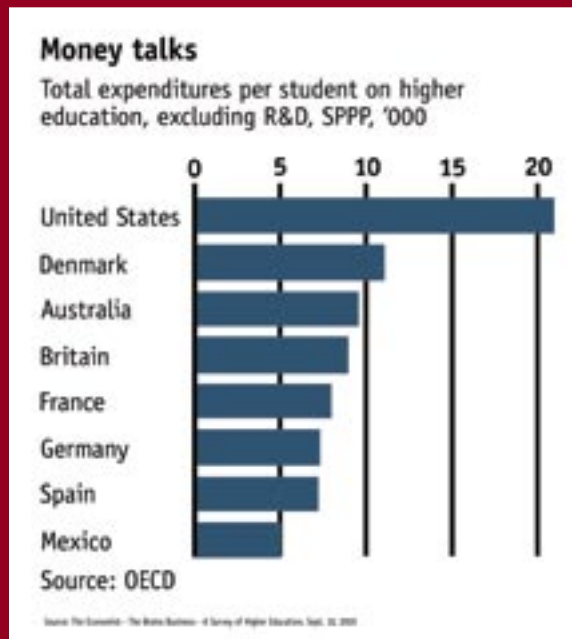
Labor and Workforce Statistics, in 2002 there were 598,000 jobs in New Jersey for which a bachelor's degree was required, a number that is also expected to grow to more than 700,000 by 2012. Despite the growth in degrees awarded in New Jersey, a recent national study showed that New Jersey, a state that exports so many college students, had a net in-migration of 45,000 individuals with baccalaureate or higher degrees between the years

1995 and 2000. Clearly, New Jersey's economy requires a steady supply of well-prepared college graduates and is importing people to fill the gaps in its workforce.

To support our clients as they prepare our future workforce, for nearly four decades NJEFA has provided low-cost tax-exempt financing to preserve, expand and improve campus facilities.

NJEFA's record activity in 2005 is testament to the determination of New Jersey's higher education industry to provide exceptional educations for the new economy to a growing numbers of students. As it has since its establishment in 1966, NJEFA looks forward to supporting the continued success of our colleges and universities in meeting the twin demands of ensuring excellence and access.

*...NJEFA  
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During 2005, NJEFA issued nearly one-eighth of the debt the Authority has issued in its entire 40-year history. We closed 13 transactions totaling \$953 million, surpassing our previous record of \$902 million set in 2002.

The year's activity reflects \$319 million in new project financing and \$634 million in refunding transactions that generated combined net present value savings of approximately \$17.5 million for participating institutions and the State.

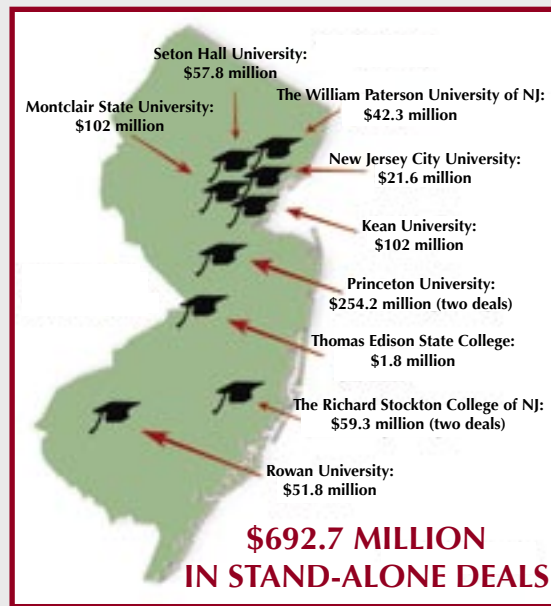
The 13 NJEFA transactions during 2005 included 11 stand-alone deals worth nearly \$693 million. The 2005 transactions were:

- New Jersey City University, \$21.6 million
- The Richard Stockton College of New Jersey, \$59.3 million (two transactions)
- Thomas Edison State College, \$1.8 million
- Princeton University, \$254.2 million (two transactions)
- Rowan University, \$51.8 million
- Montclair State University, \$102 million
- Seton Hall University, \$57.8 million
- The William Paterson University of New Jersey, \$42.3 million
- Kean University, \$102 million

The remaining transactions during 2005 were two state-supported refunding issues that totaled nearly \$261 million. These included \$170 million

refunding bonds under the Higher Education Capital Improvement Fund (CIF) Program and \$91 million refunding bonds under the Higher Education Facilities Trust Fund (HEFT) Program.

NJEFA financings for the three-year period from 2003 through 2005 have generated, among other projects, the following new construction on



campuses across the State:

- 21 student residence projects, including 10 new dormitories
- 28 academic buildings, including 12 new facilities
- 2 new or substantially renovated student life and recreational facilities
- 5 athletic facilities
- 2 new libraries
- 5 major parking or campus grounds projects
- 14 major infrastructure and deferred maintenance projects

## OTHER NJEFA PROJECTS

In addition to the low-cost, tax-exempt capital NJEFA provided during the year, the Authority expanded its continuing educational opportunities for members, staff and clients and improved its own internal policies on the use of derivative products.

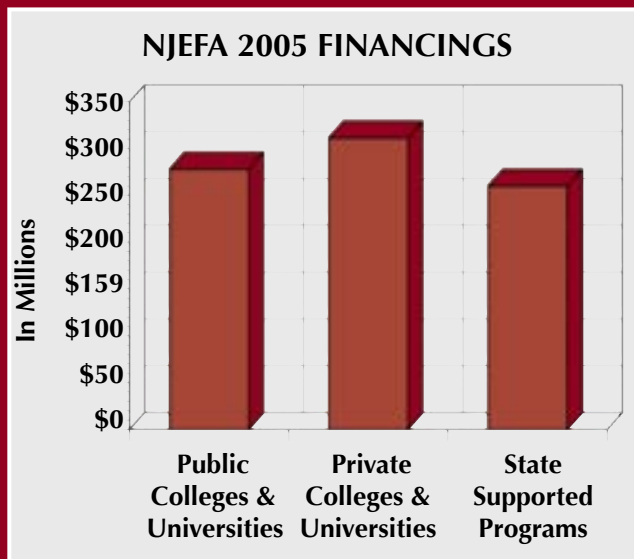
NJEFA's client outreach again included Authority Board meetings at universities in the State. During 2005, NJEFA hosted meetings at Monmouth University, Montclair State University and The William Paterson University of New Jersey. These campus visits enabled NJEFA's members and staff to get a first-hand look at campus facilities and capital investments made possible by NJEFA financings and to learn of current and future capital needs requiring NJEFA assistance.

In October, NJEFA conducted its Fourth Annual Conference on Higher Education Finance at The College of New Jersey. The conference was widely attended by

finance officers from our clients and provided eligible participants with continuing education credits in law and accounting. The full-day seminar began with a presentation on derivatives valuation. The morning also featured a panel discussion concerning the possible implementation of certain provisions of the *Sarbanes-Oxley Act*, the federal law on corporate governance, by colleges and universities. The afternoon continued with a presentation on the

2004 College Board study *Education Pays 2004: The Benefits of Higher Education for Individuals and Society* and was followed by discussions on the U.S. Treasury's Circular 230 dealing with tax counsel opinions and on credit rating factors in higher education financings.

Also in October, the Authority adopt-



ed its *New Jersey Educational Facilities Authority Swap and Derivatives Policy*. This policy is the first and only one of its kind among issuers in New Jersey and was modeled on the Government Finance Officers Association's *Recommended Best Practices for Use of Debt-Related Derivatives Products and the Development of a Derivatives Policy*. This policy was adopted to further informed and responsible use of derivative products by the Authority and its clients. To our knowledge, it is the first swap policy for a conduit issuer in the country. The policy also authorizes NJEFA to retain the services of a swap monitor on behalf of our clients, to monitor the critical terms of each swap for its life.

*... the Authority adopted its ... Swap and Derivatives Policy ... the first and only one of its kind among issuers in New Jersey*

## PROJECT SUMMARIES FOR 2005 FINANCINGS

### NEW JERSEY CITY UNIVERSITY Series 2005 A

**N**JEFA closed its first transaction in 2005 with the sale of nearly \$21.6 million bonds on behalf of New Jersey City University. Issued initially in auction rate mode, the Series 2005 A bond transaction included a floating to fixed interest rate swap on the entire issue to allow the University to lock in a long term fixed rate of 3.355%.

Proceeds from this issue helped the University to finance a number of campus improvements necessary to meet growing student demand. Included among the capital projects were renovations of the Gilligan Student

Union Building to provide a new main entrance, reconfiguration of the interior to include a central atrium with social spaces, and the replacement and upgrading of all mechanical, life-safety and electrical systems. Other projects financed with the Series 2005 A bonds include construction of a tree-lined pedestrian mall, an upgrade to the campus information technology infrastructure to a state-of-the-art “gigabit” network and the installation of a cogeneration plant, which will cut utility costs by recapturing potential energy waste and acting as a backup energy source.



**Gilligan Student Union Renovation  
Entrance**



**Gilligan Student Union Renovation  
Atrium**



**Gilligan Student Union Renovation  
Lobby**



**Gilligan Student Union Renovation  
Service Center**



## PROJECT SUMMARIES FOR 2005 FINANCINGS

### THE RICHARD STOCKTON COLLEGE OF NEW JERSEY Series 2005 C and Series 2005 F

**N**JEFA completed two transactions in 2005 for The Richard Stockton College of New Jersey providing a combined total of nearly \$60,000,000 bonds to help the College finance new capital projects and to refund certain outstanding debt.

The first of these transactions was the issuance in March of the Series 2005 C bonds that were sold in the amount of \$31,150,000. The bonds were initially sold as 7-day auction rate maturities, and subsequent to the sale, NJEFA executed an interest rate swap agreement on behalf of the College to synthetically fix the rate at 3.71% on approximately one half of the transaction par amount.

The Series 2005 C bonds helped the College to finance several projects, including major renovations to its F-Wing and J-Wing academic buildings in order to provide approximately 7,440 square feet of additional academic space with 15 new classrooms and 31 offices. The transaction also helped to fund electrical power

improvements including the installation of an emergency generator for the College's computer and telecommunications center. Approximately \$5.5 million of the Series 2005 C bonds also provided for a current refunding of the Series 1993 F bonds that were originally issued to finance an addition to the E-Wing Library and the construction of the Arts and Sciences Building on the College's campus. The refunding bonds provided the College with net present value savings of \$543,000.

The second transaction completed for the College was the sale in October of the Series 2005 F bonds in the amount of \$28,180,000. The issue advance refunded the Series 1996 F and Series 1998 C bonds which originally financed a 70,000-square-foot multipurpose recreation center and the nine-building Housing IV project, respectively. The issue provided net present value savings to the College of \$1,452,793.61, or 4.904% of the refunded bonds.



F-Wing Exterior Rendering



F-Wing Interior Rendering

## PROJECT SUMMARIES FOR 2005 FINANCINGS

### THOMAS EDISON STATE COLLEGE

#### 2005 Tax-Exempt Lease Financing

**I**n March, NJEFA closed a \$1,800,000 tax-exempt equipment lease transaction on behalf of Thomas Edison State College providing the College with lease financing at rates significantly below conventional lending rates.

Components of the transaction included an \$840,000, five-year lease at an interest rate of 3.533% and a \$960,000 seven-year lease at 3.6935%.

This transaction helped the College to finance the acquisition of furnishings, equipment and technology infrastructure necessary for its new educational facility, the Canal Banks Building. The project includes the purchase and installation of a state-of-the-art wide area network (WAN), a wireless local area network (LAN), and appropriate workstations and cubicles.



**Canal Banks Building**

## PROJECT SUMMARIES FOR 2005 FINANCINGS

### PRINCETON UNIVERSITY

#### 2005 Series A and 2005 Series B

**N**JEFA completed two transactions in 2005 on behalf of Princeton University. These transactions provided a combined total par value of \$254,235,000 bonds to help the University finance various new capital projects and refund certain outstanding debt of the University.

The first of these transactions was the issuance in April of the 2005 Series A bonds in the amount of \$139,590,000. Proceeds from the sale of the bonds financed the current or advance refunding of all or a portion of the University's outstanding 1995 Series C, 1998 Series E, 1998 Series F, 1999 Series A, 1999 Series B, 2000 Series E, 2000 Series H, 2003 Series E and 2004 Series D bonds. The bonds were sold at fixed rates and carried a true interest cost of approximately 4.41% and generated

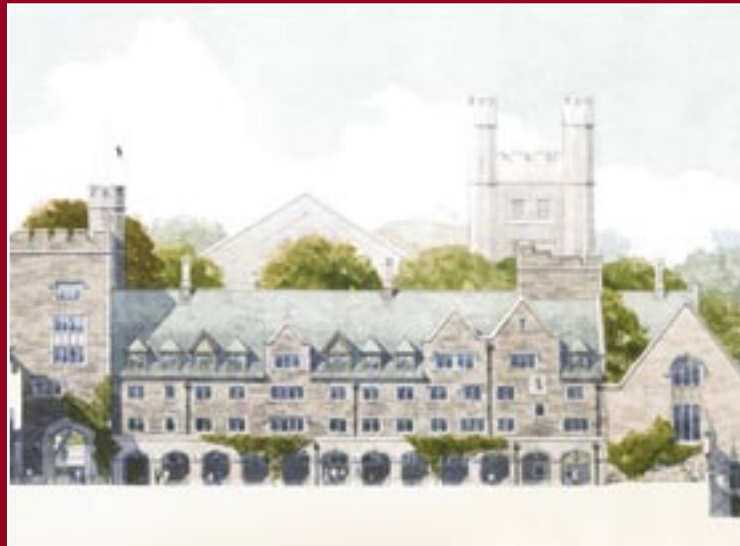
more than \$4.2 million in net present value savings for the University.

The second transaction completed for the University was the competitive sale in June of the 2005 Series B bonds in the amount of \$114,645,000. The bonds were sold at fixed rates and carried a true interest cost of 4.24%.

Proceeds of these bonds are being used by the College to finance new capital projects that include construction, renovation and equipping of various academic, athletic, residential and administrative facilities at both the University's main and Forrestal campuses. Included among these projects are the construction of Whitman College, renovations to Holder Hall dormitory and construction of a new science library.



**Holder Hall**



**Whitman College Rendering**

## PROJECT SUMMARIES FOR 2005 FINANCINGS

### ROWAN UNIVERSITY

#### Series 2005 D

In April, NJEFA issued \$51,840,000 bonds in its Series 2005 D financing on behalf of Rowan University. Proceeds from this transaction advance refunded all of the University's outstanding bonds under the Authority's Series 1997 B transaction and a portion of the Series 2000 B bonds. The bonds were sold at a fixed rate with a true interest cost of 4.53%.

NJEFA worked with the University to maximize savings achieved through this transaction after the initial pricing, twice re-subscribing for State and Local Government Series securities with higher rates. These market trends afforded the University the opportunity to capitalize on increased savings of approximately \$260,000 in the time between pricing and closing of the bond sale. The University,

overall, saved in excess of \$2.2 million in total debt service, with a net present value savings of \$1.91 million.

The Series 1997 B issue provided funding to broaden the scope of the University's 1996 projects to include additional construction for the College of Engineering, Savitz Hall and Memorial Hall. The Series 1996 E bonds were originally issued to finance the construction of an academic building for the College of Engineering and renovations to Savitz Hall, Hawthorn Hall, Westby Hall, Memorial Hall and the Bole Administration Building. The Series 2000 B bonds were originally issued to finance the construction of a 149,000-square-foot academic building to house the University's Science Department.



**Hawthorn Hall (top),  
and Science Building**

## PROJECT SUMMARIES FOR 2005 FINANCINGS

### MONTCLAIR STATE UNIVERSITY

#### Series 2002 F and Series 2003 E

In August, NJEFA closed a \$101,925,000 bond financing on behalf of Montclair State University to convert outstanding auction rate notes into a fixed rate mode to maturity. The conversion financing was comprised of \$78.5 million of the Authority's Series 2002 F bonds and \$23.425 million of its Series 2003 E bonds and marked the first time that step-coupon bonds were sold by a New Jersey issuer.

The financing strategy allowed the University to achieve near-term debt service savings and to benefit from a five-year par call at no additional cost versus a more traditional 10-year par call.

In addition, by issuing premium bonds, the University was able to generate \$2.5 million in additional bond proceeds that will be used in part to fund a new children's center, new parking garage and/or a new student recreation center.

The Series 2002 F bonds originally financed the construction of four new residence buildings, which provided approximately 850 beds in an apartment style complex, and the Abbott and Costello Center, a recreational facility. Along with other funds, the Series 2003 E bonds originally financed the partial construction of the University's Alexander Kasser Theater.



Alexander  
Kasser Theater

## PROJECT SUMMARIES FOR 2005 FINANCINGS

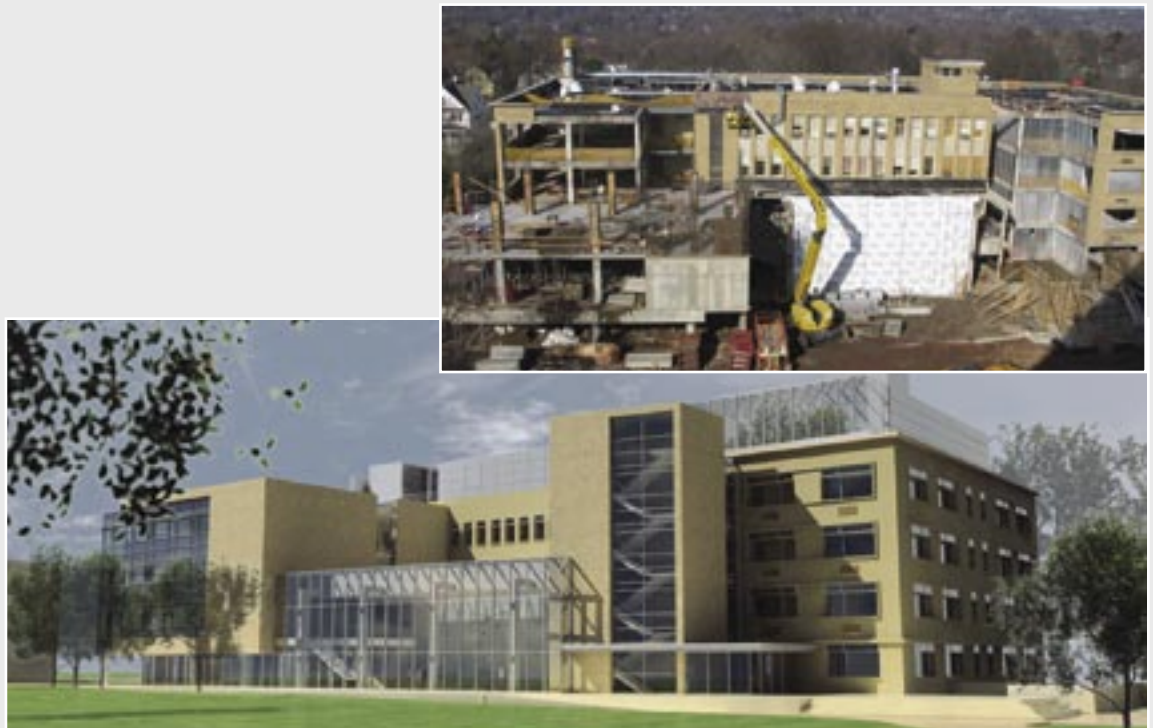
### SETON HALL UNIVERSITY

#### 2005 Series C

**N**JEFA issued \$57,750,000 variable rate bonds in August to assist Seton Hall University to finance a number of new capital projects. The 2005 Series C bonds were issued initially as auction rate securities. Simultaneous with the issuance of the bonds, the University entered into an interest rate swap agreement to synthetically set a fixed interest rate of 4.345% on 50 percent of the principal amount of the bonds. The University also entered into 2 forward starting swap agreements so that it could proceed with future current refundings of the Authority's outstanding Series 1996 E and Series 1998 F bonds, callable on July 1, 2006 and July 1, 2008, respectively.

The 2005 Series C bonds will be used by

the University to finance the renovation and expansion of McNulty Hall to transform the facility into a new Science and Technology Center with an additional 100,000 square feet of academic space. Bond proceeds also financed reimbursement to the University for funds used to purchase and upgrade property for use as student housing, the renovation of which included the installation of a fire suppression system, electrical system upgrade and internet connectivity. The transaction also helped the University to finance construction of a new campus electrical substation and improvements to the University's baseball/soccer fields that will receive artificial turf along with other improvements.



**McNulty Hall Rendering with construction inset**

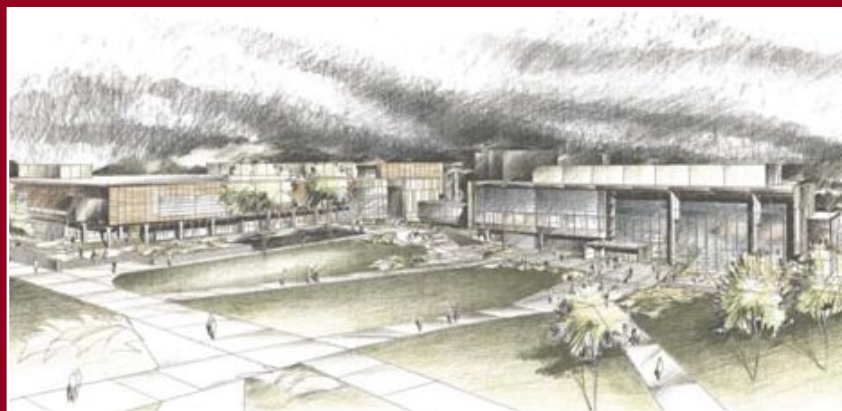
## PROJECT SUMMARIES FOR 2005 FINANCINGS

### THE WILLIAM PATERSON UNIVERSITY OF NEW JERSEY

#### Series 2005 E

In November, NJEFA issued fixed rate refunding bonds in the amount of \$42,295,000 on behalf of The William Paterson University of New Jersey. The Series 2005 E bonds carried a true interest cost of 4.55% and advance refunded portions of the University's Series 1999 D, Series 2000 A and Series 2002 E bonds. The transaction generated approximately \$3.9 million in cash flow savings for the University, and more than \$1.4 million in net present value savings, or approximately 3.4% of the refunded bonds.

The Series 1999 D bonds were originally issued for the construction of the 280-bed dormitory, Century Hall. The Series 2000 A bonds provided initial financing for the acquisition of a 50-acre parcel of land and the renovation of an academic building located on the land. The Series 2002 E bonds refunded the Series 1991 F bonds that originally financed expansion and renovation to the University's Machuga Student Center and Wayne Hall.



Century Hall (top) and Machuga Student Center Rendering

## PROJECT SUMMARIES FOR 2005 FINANCINGS

### KEAN UNIVERSITY

#### Series 2005 B

**I**n December, NJEFA closed \$101,915,000 fixed rate bonds on behalf of Kean University. The Series 2005 B bonds provided financing for new capital projects and current refunded all of the Series 1993 G bonds. High investor demand in this transaction translated into low interest rates for the University, which benefited from an average cost of borrowing of 4.68%. The refunding portion resulted in \$271,930 net present value savings to the University or 5.165% of the refunded bonds.

Approximately \$97.4 million in bond proceeds helped the University fund new capital projects that included property acquisition near its main campus for the construction of a new

academic building, and the East Campus link that includes construction of a roadway and vehicular bridge over the Elizabeth River to connect the East Campus with the Main Campus. The transaction will also help the University to fund several other campus facility projects including renovations to the President's House, Wilkins Theater and the East Campus building that will undergo expansion to accommodate the University's Nathan Weiss Graduate College. Once complete, the East Campus building will feature a new interior space, a central cooling plant, an enclosed atrium, auditorium audio/visual systems, smart classrooms and laboratories.



**Wilkins Theater**



**East Campus Building**



## PROJECT SUMMARIES FOR 2005 FINANCINGS

### HIGHER EDUCATION CAPITAL IMPROVEMENT FUND

#### Series 2005 A

In August, NJEFA closed the \$169.79 million refunding bonds on behalf of the state-supported Higher Education Capital Improvement Fund (HECIF) program. The Series 2005 A bonds refunded portions of the Authority's outstanding Series 2000 A, Series 2000 B and Series 2002 A bonds issued on behalf of the HECIF program. The bonds were issued at fixed rates, carried a true interest cost of 4.121%

and generated \$5.08 million in net present value savings.

Enacted by legislation in 1999, the HECIF program authorized NJEFA to issue up to \$550 million in bonds for partial grants to New Jersey's public and private colleges and universities for preservation, maintenance, improvement and expansion of their facilities and technology infrastructure.

### HIGHER EDUCATION FACILITIES TRUST FUND

#### Series 2005 A

In September, NJEFA issued \$90,980,000 Higher Education Facilities Trust Fund (HEFT) Series 2005 A Refunding Bonds. Proceeds from the sale of the bonds provided for the current refunding of all of the Authority's outstanding Series 1995 A HEFT bonds. The transaction generated net present value savings of more than \$2.5 million and carried a true

interest cost of approximately 3.29%.

Enacted by legislation in 1995, the State-supported HEFT program authorized NJEFA to issue \$220 million in bonds to finance grants to New Jersey's public and private institutions of higher education for project costs related to academic, research and communication facilities improvements.



**N**JEFA seeks to structure the most attractive financing packages available for its college and university clients.



The following describes types of financing utilized.

- “Bond anticipation notes” are interim, short-term obligations used to provide funds for construction, which can be replaced promptly with low-cost, long-term instruments.
- “Fixed rate long-term bonds” are structured to provide the most attractive debt service payment schedule.
- “Variable rate bonds” are issues in which the interest rate varies, sometimes according to a preset formula, and can be adjusted periodically. On this type of financing, the rates are generally lower than fixed rates.
- “Refundings” are bonds that are sold and the proceeds of which are 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 or covenants that may have been placed on an earlier debt issue.

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.

NJEFA uses Debt Service Reserve Funds on certain bond issues. 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. NJEFA has never had to draw on the assets of any reserve funds to meet interest or principal payments.

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

## HISTORICAL FINANCINGS

### ATLANTIC CAPE COMMUNITY 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

### BLOOMFIELD COLLEGE

- 1998 Tax-Exempt Lease Purchase: \$315,000; equipment acquisition
- 2000 Series A: \$6,270,000; new library, library and college center renovations, equipment purchase

### CALDWELL COLLEGE

- Bond Anticipation Note Issue M (1990): \$3,000,000; library addition and 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 Tax-Exempt Lease Purchase: \$640,000; computer and equipment acquisition
- 2000 Series F: \$6,130,000; Equestrian Center
- 2003 Series A: \$14,775,000; student residence hall, computer acquisition

### COLLEGE OF ST. ELIZABETH

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

### DREW UNIVERSITY

- Bond Anticipation Note Issue I (1980): \$11,690,000; library addition and renovation
- Bond Anticipation Note Issue K (1984): \$4,500,000; 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; refunding of 1985 Series B bonds
- 1998 Series C: \$27,935,000; refunding of 1992 Series E bonds
- 2003 Series C: \$20,855,000; deferred maintenance

### ESSEX COUNTY COLLEGE

- Series 1999 C: \$4,570,000; renovations

### FAIRLEIGH DICKINSON UNIVERSITY

- 1972 Series A: \$4,080,000; student residences
- 1985 Series C: \$7,000,000; recreation center

- 1991 Series C: \$8,700,000; equipment purchases
- 1993 Series C: \$40,000,000; residence hall, recreation center, renovations, refunding of 1972 Series A
- 1998 Series G: \$16,615,000; student housing facility
- 2002 Series D: \$63,650,000; new residence halls and academic building, student center addition, renovations
- 2004 Series C: \$35,285,000; refunding of 1993 Series C bonds

### FELICIAN COLLEGE

- 1996 Series A: \$2,040,000; academic buildings
- 1997 Series D: \$12,550,000; property acquisition, refunding of 1996 Series A bonds
- 1998 Tax-Exempt Lease Purchase: \$897,000; telephone/telecommunications equipment acquisition

### GEORGIAN COURT UNIVERSITY

- 1991 Series, Project A: \$7,410,000; library and student lounge
- 1998 Series, Project B: \$6,455,000; renovations
- 2003 Series, Project C: \$15,215,000; new residence hall, renovation of Arts and Sciences Building and library

### HUDSON COUNTY COLLEGE

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

### INSTITUTE FOR ADVANCED STUDY

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

### INSTITUTE FOR DEFENSE ANALYSES

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

### KEAN UNIVERSITY

- Series 1974 B: \$7,960,000; student apartments
- Series 1981 E: \$4,185,000; Pingry School acquisition (East Campus)
- Series 1985 D: \$4,440,000; refunding of Series 1981 E bonds
- Series 1991 B: \$9,625,000; student apartments

## HISTORICAL FINANCINGS

### KEAN UNIVERSITY, CONTINUED

- Series 1993 G: \$8,770,000; College Center addition 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; Downs Hall addition/renovations
- Series 2003 D: \$75,000,000; Wellness and Fitness Center, gymnasium renovations, stadium additions, Kean Building renovations, academic building
- Series 2005 B: \$101,915,000; property acquisition, academic building, access road, and renovations to President's House, East Campus, guest cottages, and Wilkins Theater, refunding of Series 1993 G bonds

### MIDDLESEX COUNTY COLLEGE

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

### MONMOUTH UNIVERSITY

- 1975 Series A: \$2,710,000; student union
- 1985 Series A: \$2,150,000; academic building
- 1987 Series C: \$1,750,000; student housing facility
- 1988 Series B: \$10,500,000; apartment building, renovations, athletic facility
- Bond Anticipation Note Issue L (1990): \$5,735,000; School of Business
- 1993 Series A: \$14,365,000; various construction and renovation projects, land acquisition
- 1994 Series B: \$2,855,000; student housing facility
- 1994 Series C: \$5,270,000; student housing facility
- 1997 Series C: \$12,910,000; student housing facility, telephone system, refunding of 1985 Series A and 1987 Series C bonds
- 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 and dining hall
- Series 1977 A: \$1,720,000; student apartments
- Series 1977 B: \$988,000; student apartments
- Series 1982 B: \$15,980,000; dormitory, cafeteria
- Series 1982 C: \$8,245,000; student center annex and playfields
- Series 1983 A: \$20,720,000; refunding of Series 1982 B bonds
- Series 1983 B: \$10,720,000; partial refunding of Series 1982 C bonds

- Series 1986 H: \$21,690,000; refunding of Series 1983 A bonds
- Series 1986 I: \$11,010,000; partial refunding of Series 1983 B bonds
- Series 1991 E: \$10,260,000; academic building
- Series 1995 F: \$4,780,000; dormitory and renovations
- Series 1996 C: \$18,845,000; refunding of Series 1986 H bonds
- Series 1996 D: \$9,575,000; refunding of Series 1986 I bonds
- 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 facility and recreational complex
- Series 2003 E: \$23,425,000; Performing Arts Theater and equipment
- Series 2003 L: \$94,540,000; academic building and refunding of Series 1995 F bonds
- 2005 Conversion: \$101,925,000; conversion of Series 2002 F and Series 2003 E auction rate bonds to fixed rate

### NEW JERSEY CITY UNIVERSITY

- Series 1971 B: \$280,000; student apartments
- Series 1975 A: \$7,275,000; student center and parking facility
- Series 1977 C: \$8,570,000; refunding of Series 1975 A bonds
- Series 1987 A: \$2,475,000; dormitory
- Series 1992 D: \$15,350,000; athletic/recreation center and academic building
- Series 1993 H: \$2,310,000; administration building, parking facility, tennis courts
- Series 1995 A: \$2,315,000; property acquisition
- Series 1995 C: \$2,175,000; refunding of Series 1987 A bonds
- Series 1998 E: \$6,945,000; library and recreation center renovations
- Series 1999 B: \$17,795,000; refunding of Series 1992 D and Series 1995 A bonds
- Series 2002 A: \$15,115,000; fine arts building, student union renovations, campus card technology, parking improvements, fire protection upgrades
- Series 2003 A: \$47,850,000; Arts and Sciences Tower, Charter School conversion, parking improvements, fire safety installation, equipment acquisition, student union renovations, ITS Department renovations, refunding of Series 1993 H bonds
- Series 2003 B: \$2,300,000; renovations to Business Incubator facility

## HISTORICAL FINANCINGS

### NEW JERSEY CITY UNIVERSITY, CONTINUED

- Series 2005 A: \$21,575,000; student union renovations, pedestrian mall, cogeneration plant, technology infrastructure

### NEW JERSEY INSTITUTE OF TECHNOLOGY

- Series 1978 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; refunding of Series 1982 F bonds
- Series 1989 A: \$20,925,000; dormitory and gymnasium addition
- Series 1991 D: \$14,575,000; parking facility and student support facility
- Series 1994 A: \$56,460,000; refunding of Series 1986 A, Series 1986 B, Series 1989 A, and Series 1991 D bonds
- Series 1995 E: \$33,230,000; residence hall and academic building renovations
- Series 2001 G: \$62,335,000; residence hall, renovations and additions to Campus Center
- Series 2001 H: \$12,570,000 (federally taxable); Enterprise Development Center
- Series 2004 B: \$73,530,000; refunding of Series 1994 A and Series 1995 E bonds

### 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: \$20,500,000; library addition, renovations to campus center and dormitories
- 1996 Series B: \$16,210,000; residence hall, renovations, faculty and administrative housing, land acquisition
- 1997 Series A: \$22,485,000; refunding of 1992 Series C bonds
- 2002 Series G: \$26,125,000; parking garage and refunding of 1996 Series B bonds

### PRINCETON UNIVERSITY

- Bond Anticipation Note Issue H (1980): \$5,000,000; dining hall and social facilities
- 1982 Series, Project A: \$16,625,000; rehabilitation and repairs
- 1984 Series, Project B: \$52,885,000; rehabilitation

and repairs

- 1985 Series, Project C: \$32,100,000; rehabilitation and repairs
- 1987 Series A: \$28,785,000; rehabilitation and repairs, and a refunding of 1982 Series, Project A
- 1987 Series B: \$22,285,000; rehabilitation and repairs
- 1988 Series A: \$21,885,000; rehabilitation and repairs
- 1989 Series A: \$15,400,000; rehabilitation and repairs
- 1990 Series A: \$13,370,000; rehabilitation and repairs
- 1991 Series A: \$15,185,000; rehabilitation and repairs
- 1992 Series F: \$17,330,000; rehabilitation and repairs
- 1993 Series B: \$17,475,000; rehabilitation and repairs
- 1994 Series A: \$46,060,000; rehabilitation and repairs
- 1995 Series C: \$28,865,000; rehabilitation and repairs
- 1996 Series C: \$24,530,000; rehabilitation and repairs
- 1997 Series E: \$22,150,000; rehabilitation and repairs
- Commercial Paper Notes: Not to Exceed \$120,000,000; stadium and renovations and repairs
- 1998 Series E: \$19,010,000; refunding a portion of 1994 Series A bonds
- 1998 Series F: \$40,000,000; rehabilitation and repairs
- 1999 Series A: \$45,500,000; refunding of Commercial Paper Notes
- 1999 Series B: \$50,000,000; major maintenance
- 2000 Series E: \$50,000,000; renovations/capital improvements, addition to Princeton Press
- 2000 Series H: \$100,000,000; renovations and refunding a portion of Commercial Paper Notes
- 2001 Series B: \$100,000,000; renovations and capital improvements
- 2002 Series B: \$100,000,000; renovations, refunding a portion of Commercial Paper Notes
- 2003 Series E: \$112,510,000; refunding a portion of Commercial Paper Notes
- 2003 Series F: \$75,000,000; various new construction and renovations
- 2003 Series D: \$114,495,000; refunding of 1994 Series A, 1995 Series C, 1996 Series C, 1997 Series E, 1998 Series F, 1999 Series B, 2000 Series E, 2000 Series H bonds

## HISTORICAL FINANCINGS

### PRINCETON UNIVERSITY, CONTINUED

- 2004 Series D: \$175,000,000; dormitory, residential college, student apartments, other renovations and improvements, and refunding a portion of Commercial Paper Notes
- 2005 Series A: \$139,590,000; refunding of 1995 Series C, 1998 Series E, 1998 Series F, 1999 Series A, 1999 Series B, 2000 Series E, 2000 Series H, 2003 Series E and 2004 Series D bonds
- 2005 Series B: \$114,645,000; various new construction and renovations

### RABBINICAL COLLEGE OF AMERICA

- 1985 Series D: \$1,883,000; student and faculty 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 and expanded parking
- Series 1978 B: \$100,000; student housing facility
- Series 1979 C: \$1,325,000; campus life annex
- Series 1984 A: \$7,295,000; dormitory
- Series 1986 F: \$8,445,000; refunding of Series 1984 A bonds
- 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; refunding of Series 1988 C bonds
- Series 1993 E: \$17,870,000; dormitories
- Series 1997 A: \$7,330,000; visual and performing arts center
- Direct Loan Program (1997): \$295,910; equipment acquisition
- Direct Loan Program (1998): \$600,000; equipment acquisition
- Series 1998 G: \$16,845,000; student housing facility and pavilion
- Series 1998 H: \$2,000,000; campus life renovations
- Series 1998 I: \$955,000; technology infrastructure match
- Series 1999 E: \$19,900,000; residence hall and equipment acquisition
- 2000 Tax-Exempt Lease Purchase: \$1,695,3000; computer equipment acquisition
- Series 2001 D: \$40,480,000; student residence and telecommunications repairs
- 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
- Series 2003 F: \$1,820,000; refunding of Series 1993 D bonds
- Series 2003 G: \$9,300,000; refunding of Series 1993 E bonds
- Series 2003 H: \$18,930,000; refunding of Series 1999 E bonds
- Series 2004 E: \$53,980,000; student residence hall, parking garage, and other roadway and campus improvements

### 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; refunding of Series 1980 B bonds
- Series 1985 C: \$4,370,000; refunding of Series 1981 D bonds
- Series 1985 F: \$7,810,000; dormitories and parking expansion
- Series 1987 B: \$1,000,000; convenience center
- Series 1988 A: \$3,294,000; student housing renovations
- Series 1992 B: \$10,600,000; refunding of Series 1985 A bonds
- Series 1992 C: \$7,330,000; refunding of Series 1985 F bonds
- Series 1993 F: \$6,690,000; library addition and arts and sciences building
- Series 1996 B: \$1,680,000; refunding of Series 1985 C bonds
- Series 1996 F: \$19,280,000; recreation center
- Series 1998 C: \$13,110,000; student housing facility and commons building
- Series 2002 B: \$8,340,000; refunding of Series 1992 B and Series 1992 C bonds
- Series 2005 C: \$31,150,000; F-Wing and J-Wing academic building renovations, student housing renovations, office building acquisition and renovation, electrical power improvements, refunding of Series 1993 F bonds
- Series 2005 F: \$28,180,000; refunding of Series 1996 F and Series 1998 C bonds

### RIDER UNIVERSITY

- 1971 Series A: \$3,700,000; Student Union
- 1987 Series B: \$21,400,000; administration building

## HISTORICAL FINANCINGS

### RIDER UNIVERSITY, CONTINUED

- 1992 Series D: \$31,735,000; academic buildings
- 1995 Series B: \$4,819,851.19; equipment acquisition
- 2002 Series A: \$27,560,000; refunding of 1992 Series D bonds
- 2004 Series A: \$14,735,000; student residence hall and recreation center

### ROWAN UNIVERSITY

- Series 1971 A: \$1,205,000; student apartments
- Series 1974 E: \$6,080,000; student union
- Series 1975 B: \$580,000; Winans Hall
- Series 1976 B: \$2,555,000; student apartments
- Series 1979 A: \$1,710,000; student housing facility
- Series 1982 D: \$1,760,000; computer facility acquisition
- Series 1983 C: \$10,365,000; student housing facility
- Series 1983 D: \$3,500,000; student housing facility
- Series 1983 G: \$3,385,000; student union renovations
- Series 1985 E: \$1,545,000; refunding of Series 1982 D bonds
- Series 1986 C: \$11,940,000; refunding of Series 1983 C bonds
- Series 1986 E: \$3,280,000; refunding of Series 1983 G bonds
- Series 1991 A: \$9,000,000; student recreation center
- Series 1993 A: \$9,600,000; new library facility
- Series 1993 B: \$1,765,000; refunding of Series 1976 B bonds
- Series 1993 C: \$10,955,000; refunding of Series 1986 C bonds
- Series 1994 C: \$6,145,000; cogeneration plant and equipment acquisition
- Series 1996 E: \$40,785,000; School of Engineering and renovations
- Series 1997 B: \$6,770,000; engineering building expansion and renovations
- Series 1997 C: \$9,035,000; refunding of Series 1991 A bonds
- Direct Loan Program (1998): \$3,000,000; equipment acquisition
- Series 2000 B: \$51,620,000; science academic building
- Series 2001 B: \$8,790,000; student center renovations
- Series 2001 C: \$60,930,000; land acquisition, refunding of Series 1979 A, Series 1993 A, Series 1994 C, Series 1996 E bonds
- Series 2002 K: \$14,920,000; various renovations, land acquisition, sub-station and boilers
- Series 2003 I: \$64,910,000; land and computer acquisition, education building, apartment complex, chiller plant, Triad Apartment and

Academy Street School renovations

- Series 2003 J: \$4,555,000; refunding of Series 1993 B and Series 1993 C bonds
- Series 2003 K: \$14,700,000; land and computer acquisition, education building, apartment complex, chiller plant, Triad Apartment and Academy Street School renovations
- Series 2004 C: \$61,275,000; Academic building, townhouse complex, cogeneration plant, chiller, student center renovations, and other improvements
- Series 2005 D: \$51,840,000; refunding of Series 1997 B and partial refunding of Series 2000 B bonds

### RUTGERS, THE STATE UNIVERSITY

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

### SAINT PETER'S COLLEGE

- 1975 Series B: \$6,000,000; gymnasium/recreation facility
- 1977 Series A: \$7,290,000; Recreational Life Center
- 1992 Series B: \$11,215,000; student housing facility
- 1998 Series B: \$36,815,000; student housing facility
- 1999 Tax-Exempt Lease Purchase: \$663,000; equipment acquisition

### 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 Refunding Series A: \$33,965,000; refunding of 1985 Series, Project A bonds
- 1991 Refunding Series B: \$21,785,000; dormitory
- 1991 Series, Project D: \$28,970,000; library
- 1996 Series, Project E: \$20,800,000; refunding of 1989 Series, Project C bonds
- 1998 Series, Project F: \$7,620,000; refunding of 1991 Series, Project D bonds
- 1999 Series: \$50,450,000; refunding of 1989 Series, Project C and 1991 Series, Project D bonds
- 2001 Refunding Series A: \$22,840,000; refunding of 1991 Series A bonds
- 2001 Refunding Series B: \$11,600,000; refunding of 1991 Refunding Series B bonds
- 2001 Series, Project G: \$8,740,000; parking facility, additions, dormitory fire suppression project

## HISTORICAL FINANCINGS

### SETON HALL UNIVERSITY, CONTINUED

- 2005 Series C: \$57,750,000; McNulty Hall renovations for new Science and Technology Center, property acquisition for student housing, electrical substation, baseball/soccer field improvements

### 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 and maintenance, refunding of a portion of 1992 Series A bonds
- 2002 Series C: \$59,585,000; Center for Technology Management, improvements to athletic fields
- 2004 Series B: \$13,265,000; conversion of 6 brownstones to student residence halls

### THE COLLEGE OF NEW JERSEY

- Series 1972 A: \$9,270,000; dormitory and dining hall
- Series 1976 D: \$5,580,000 and Series 1976 E: \$1,086,000; student center
- Series 1979 B: \$2,300,000; athletic and recreation center
- Series 1983 E: \$2,810,000; sports fields
- Series 1983 F: \$9,000,000; dormitory
- Series 1984 B: \$9,110,000; gymnasium renovations
- Series 1986 D: \$10,050,000; refunding of Series 1983 F bonds
- Series 1986 G: \$10,400,000; refunding of Series 1984 B bonds
- Series 1989 C: \$34,680,000; student residence
- Series 1992 A: \$9,955,000; cogeneration plant
- Series 1992 E: \$56,160,000; refunding of Series 1986 D, Series 1986 G, Series 1989 C bonds
- Series 1994 B: \$24,890,000; dormitories and parking garage
- Series 1996 A: \$75,185,000; academic building, nursing building, student residence, renovations
- Series 1999 A: \$146,455,000; School of Business, Social Sciences Building, dormitory additions, refunding of Series 1994 B and Series 1996 A bonds
- Series 2002 C: \$53,155,000; refunding of Series 1992 A and Series 1992 E bonds
- Series 2002 D: \$138,550,000; library, parking garages/decks, apartments, various renovations and additions

### THOMAS EDISON STATE COLLEGE

- Direct Loan Program (1998): \$1,300,000; equipment purchase
- 2005 Tax-Exempt Lease Purchase: \$1,800,000; acquisition of various equipment, furniture and technology infrastructure

### 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

### THE 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 and Series 1981 B: \$5,000,000; student residence
- Series 1982 E: \$2,200,000; Student Center Annex
- Series 1985 B: \$13,700,000; refunding of Series 1981 A bonds
- Series 1991 F: \$21,605,000; dormitory; refunding of Series 1985 B bonds
- Series 1998 D: \$6,575,000; partial refunding of Series 1991 F bonds
- Series 1999 D: \$12,785,000; dormitory
- Series 2000 A: \$26,425,000; land acquisition and academic building conversion
- Series 2002 E: \$42,125,000; refunding of Series 1991 F bonds, student center renovations and addition
- Series 2004 A: \$30,035,000; two dormitories and roadway construction and improvements
- Series 2005 E: \$42,295,000; partial refunding of Series 1999 D, Series 2000 A and Series 2002 E bonds



## HISTORICAL FINANCINGS

### HIGHER EDUCATION EQUIPMENT LEASING FUND

- Higher Education Equipment Leasing Fund, Series 1994 A: \$100,000,000
- Higher Education Equipment Leasing Fund, Series 2001 A: \$87,385,000
- Higher Education Equipment Leasing Fund, Series 2003 A: \$12,620,000

### HIGHER EDUCATION FACILITIES TRUST FUND

- Higher Education Facilities Trust Fund, Series 1995 A: \$220,000,000
- Higher Education Facilities Trust Fund, Series 2005 A: \$90,980,000; refunding of Series 1995 A bonds

### HIGHER EDUCATION TECHNOLOGY INFRASTRUCTURE FUND

- Higher Education Technology Infrastructure Fund, Series 1998 A: \$55,000,000

### COUNTY COLLEGE CAPITAL PROJECTS FUND

- County College Capital Projects Fund, Series 1999 A: \$19,295,000

### HIGHER EDUCATION CAPITAL IMPROVEMENT FUND

- Higher Education Capital Improvement Fund, Series 2000 A: \$132,800,000
- Higher Education Capital Improvement Fund, Series 2000 B: \$145,295,000

- Higher Education Capital Improvement Fund, Series 2002 A: \$194,590,000
- Higher Education Capital Improvement Fund, Series 2004 A: \$76,725,000
- Higher Education Capital Improvement Fund, Series 2005 A: \$169,790,000; partial refunding of Series 2000 A, Series 2000 B and Series 2002 A bonds

### DORMITORY SAFETY TRUST FUND

- Dormitory Safety Trust Fund, Series 2001 A: \$67,970,000
- Dormitory Safety Trust Fund, Series 2001 B: \$5,800,000 (federally taxable)
- Dormitory Safety Trust Fund, Series 2003 A: \$5,440,000

### PUBLIC LIBRARY GRANT PROGRAM

- Public Library Grant Program, Series 2002 A: \$45,000,000

### OTHER

- Floating Rate Weekly Demand Equipment & Capital Improvement Revenue Bonds, 1985 Series A: \$50,000,000



# *Financial Statements and Supplemental Financial Information*

*December 31, 2005*



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*Financial Statements and  
Supplemental Financial Information*

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

*December 31, 2005*



## REPORT OF MANAGEMENT

Management of the Authority is responsible for the preparation, integrity, and fair presentation of these financial statements. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States, and, consequently, they reflect certain amounts based upon the best estimates and judgment of management.

The financial statements have been audited by the independent firm of Ernst & Young LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Authority. The independent auditor's opinion is presented on the following page.

The Authority maintains a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, that financial statements are prepared in accordance with accounting principles generally accepted in the United States, that assets of the Authority are properly safeguarded, and that the covenants of all financing agreements are honored. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can provide only reasonable assurance that its goals are achieved.

Consistent with Executive Order No. 122, the Authority, through its Audit and Evaluation Committees, engages the independent auditors. The Audit and Evaluation Committees comprise individuals who are not employees of the Authority and who meet certain standards of independence and financial expertise. The Audit Committee periodically meets with both the independent auditors and the internal auditors, and is responsible for assisting the Members of the Authority in overseeing the Authority's compliance with legal, regulatory and ethical requirements, as well as overseeing the integrity and quality of the Authority's financial statements. Both the independent auditors and the internal auditors have unrestricted access to the Audit Committee.

A handwritten signature in black ink, appearing to read 'Roger L. Anderson'.

Roger L. Anderson  
Executive Director

A handwritten signature in black ink, appearing to read 'Donald D. Uyhazi'.

Donald D. Uyhazi  
Controller



■ Ernst & Young LLP  
MetroPark  
99 Wood Avenue South  
P.O. Box 751  
Iselin, NJ 08830-0471

■ Phone: (732) 516-4200  
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## REPORT OF INDEPENDENT AUDITORS

To the Members of the  
New Jersey Educational Facilities Authority

We have audited the accompanying balance sheets of the New Jersey Educational Facilities Authority, a component unit of the State of New Jersey, as of December 31, 2005 and 2004, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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, 2005 and 2004, 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.

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 supplemental 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 8, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2005

**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, 2005 and the two immediately preceding years. 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: Balance Sheets; 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 2005, the Authority paid \$2,500,000 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 2005 was a negative \$1,092,226. The change in net assets excluding that reimbursement would have been a positive \$1,407,774.

**Condensed Financial Information**

The following table represents condensed balance sheet information and changes between December 31, 2004 and December 31, 2005 and December 31, 2003 and December 31, 2005:

	2005	2004	2003	Increase (Decrease) 2004 to 2005	Increase (Decrease) 2003 to 2005
Current assets	\$ 7,527,476	\$8,132,885	\$7,118,561	(7.44%)	5.74%
Noncurrent assets	326,813	300,177	280,285	8.87%	16.60%
Total assets	7,854,289	8,433,062	7,398,846	(6.86%)	6.16%
Current liabilities	250,367	147,837	301,172	69.35%	(16.87%)
Noncurrent liabilities	1,432,783	1,021,860	630,100	40.21%	127.39%
Total liabilities	1,683,150	1,169,697	931,272	43.90%	80.74%
Total net assets	\$ 6,171,139	\$7,263,365	\$6,467,574	(15.04%)	(4.58%)

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Year ended December 31, 2005

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Fund Net Assets, and changes between 2004 and 2005 and 2003 and 2005:

	2005	2004	2003	Increase (Decrease) 2004 to 2005	Increase (Decrease) 2003 to 2005
Operating revenues:					
Administrative fees	\$ 3,763,905	\$3,435,571	\$3,007,246	9.56%	25.16%
Total operating revenues	<u>3,763,905</u>	<u>3,435,571</u>	<u>3,007,246</u>	9.56%	25.16%
Operating expenses:					
Salaries and related expenses	1,479,837	1,337,167	1,164,583	10.67%	27.07%
Provision for post-retirement benefits	97,332	395,000	40,000	(75.36%)	143.33%
General expenses	964,425	980,372	971,808	(1.63%)	(0.76%)
Total operating expenses	<u>2,541,594</u>	<u>2,712,539</u>	<u>2,176,391</u>	(6.30%)	16.78%
Operating income	1,222,311	723,032	830,855	69.05%	47.11%
Nonoperating revenues (expenses):					
(Loss) gain on asset disposal	122	—	(14,698)	N/A	N/A
State of New Jersey reimbursement	(2,500,000)	—	—	N/A	N/A
Investment income	185,341	72,759	58,409	154.73%	217.32%
Change in net assets	<u>(1,092,226)</u>	<u>795,791</u>	<u>874,566</u>	(237.25%)	224.89%
Net assets beginning of year	<u>7,263,365</u>	<u>6,467,574</u>	<u>5,593,008</u>	12.30%	29.87%
Net assets end of year	<u>\$ 6,171,139</u>	<u>\$7,263,365</u>	<u>\$6,467,574</u>	(15.04%)	(4.58%)

Analysis of Overall Financial Position and Results of Operations

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

Financial Highlights:

- 2005 financing activity set a new record of \$960 million of debt issued.
- 2005 operating revenues were 10% above 2004 levels and 25% over 2003 levels.
- 2005 operating expenses were 6% below 2004 levels and 17% above 2003 levels.
- Operating margins were 32% in 2005, 21% in 2004, and 28% in 2003.

During 2004 and 2005, 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 space 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 borrowing new capital, as well as opportunities for refinancing higher-cost outstanding debt. The Authority also continued to finance State-supported programs for multiple borrowers, as authorized by the New Jersey Legislature and Governor.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Year ended December 31, 2005

**Revenues**

The Authority's revenues are derived primarily from two fees: annual fees charged to existing bond issues, and initial fees charged with respect to the issuance of new debt. Due to the continued high level of demand for the Authority's services, total revenues increased \$328,334, or 10%, in 2005, following an increase of \$428,325, or 14%, in 2004.

**Expenses**

To accommodate this increased demand, the Authority's operating expenses also increased over the past two years, but at a rate significantly below the rate of revenue increases. While revenues increased 25% over the two-year period from 2003 to 2005, expenses increased by 17%, leading to an improved operating margin.

**Assets and Liabilities**

Following the payment of \$2,500,000 to the State of New Jersey as described above, net assets decreased by 5% over the past two years. At the end of 2005, net assets equaled over 2.4 times annual operating expenses.

**Contacting the Authority's Financial Management**

If you have questions about this report or need additional financial information, contact the Office of the Controller, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, NJ 08540-6612. Readers are invited to visit the Authority's website at [www.njefa.com](http://www.njefa.com).

## BALANCE SHEETS

	December 31	
	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 56,260	\$ 46,587
Investments, principally U.S. Government obligations	6,874,253	7,887,188
Fees receivable	532,857	145,493
Prepaid expenses	<u>64,106</u>	<u>53,617</u>
Total current assets	7,527,476	8,132,885
Noncurrent assets:		
Capital assets, at cost, less accumulated depreciation of \$328,139 and \$279,039 during 2005 and 2004, respectively	<u>326,813</u>	300,177
	<u>\$ 7,854,289</u>	<u>\$8,433,062</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 250,367	\$ 147,837
Noncurrent liabilities:		
Post-retirement benefits other than pension	1,041,000	965,000
Project obligations	<u>391,783</u>	<u>56,860</u>
Total noncurrent liabilities	1,432,783	1,021,860
Net assets:		
Unrestricted	5,844,326	6,963,188
Invested in capital assets	<u>326,813</u>	<u>300,177</u>
Total net assets	<u>6,171,139</u>	<u>7,263,365</u>
Total liabilities and net assets	<u>\$ 7,854,289</u>	<u>\$8,433,062</u>

*See accompanying notes.*



**STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS**

	<b>Year ended December 31</b>	
	<b>2005</b>	<b>2004</b>
Operating revenues:		
Administrative fees	<b>\$ 3,763,905</b>	\$ 3,435,571
Total operating revenues	<b>3,763,905</b>	3,435,571
Operating expenses:		
Salaries and related expenses	<b>1,479,837</b>	1,337,167
General and administrative expenses	<b>792,887</b>	787,749
Provision for post-retirement benefits	<b>97,332</b>	395,000
Professional fees	<b>171,538</b>	192,623
Total operating expenses	<b>2,541,594</b>	2,712,539
Operating income	<b>1,222,311</b>	723,032
Nonoperating revenue (expense):		
State of New Jersey reimbursement	<b>(2,500,000)</b>	-
Gain on asset disposal	<b>122</b>	-
Investment income	<b>185,341</b>	72,759
Net changes in net assets	<b>(1,092,226)</b>	795,791
Net assets at beginning of year	<b>7,263,365</b>	6,467,574
Net assets at end of year	<b>\$ 6,171,139</b>	\$ 7,263,365

*See accompanying notes.*

## STATEMENTS OF CASH FLOWS

	<b>Year ended December 31</b>	
	<b>2005</b>	<b>2004</b>
<b>Cash flows from operating activities</b>		
Cash received from administrative fees	\$ 2,444,254	\$ 3,538,668
Cash payments for operating expenses	<u>(1,024,125)</u>	<u>(2,388,505)</u>
Net cash provided by operating activities	1,420,129	1,150,163
<b>Cash flows from investing activities</b>		
Purchase of investments	(13,899,480)	(15,164,135)
Sale and maturity of investments	14,937,980	13,971,172
Investment income	<u>159,776</u>	<u>66,955</u>
Net cash used in investing activities	1,198,276	(1,126,008)
<b>Cash flows from noncapital financing activities</b>		
State of New Jersey reimbursement	<u>(2,500,000)</u>	—
Net cash used in noncapital financing activities	(2,500,000)	—
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets, net of disposals	<u>(108,732)</u>	<u>(94,411)</u>
Net cash used in capital and related financing activities	(108,732)	(94,411)
Net increase (decrease) in cash	9,673	(70,256)
Cash at beginning of year	46,587	116,843
Cash at end of year	<u>\$ 56,260</u>	<u>\$ 46,587</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,222,311	\$ 723,032
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	82,218	74,519
Changes in assets and liabilities:		
Fees receivable and prepaids	(397,853)	114,187
Accounts payable	102,530	(153,335)
Public library project obligation	334,923	(3,240)
Post-retirement benefits obligation	<u>76,000</u>	<u>395,000</u>
Net cash provided by operating activities	<u>\$ 1,420,129</u>	<u>\$ 1,150,163</u>
<b>Supplemental schedule of noncash investing activities</b>		
Change in fair value of investments	<u>\$ 25,565</u>	<u>\$ 20,930</u>

*See accompanying notes.*

## NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2005

### 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 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. Cash and Investments

At year-end, the Authority's bank balance was \$50,334 all of which was covered by FDIC insurance.

## NOTES TO FINANCIAL STATEMENTS (continued)

Year ended December 31, 2005

**3. 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.

Investments of the Authority comprise the following:

	<u>2005</u>	<u>2004</u>
Investments:		
U.S. Treasury Bills	\$ 6,871,425	\$ 7,762,963
Money Market Mutual Fund	2,828	124,225
Total investments	<u>\$ 6,874,253</u>	<u>\$ 7,887,188</u>

In 2005 and 2004, the Authority had \$2,828 and \$124,225, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury. All investments are carried at fair value.

As of December 31, 2004, the Authority implemented early the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposit and Investment Risk Disclosures" ("GASB 40") and, accordingly, the Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash and Investments.

(a) Custodial Credit Risk – The Authority's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority and are held by either: the counterparty or the counterparty's trust department or agent but not in the Authority's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At December 31, 2005, the Authority's bank balance was not exposed to custodial credit risk since the full amount was covered by FDIC insurance.

As of December 31, 2005 and 2004, the Authority's investments were comprised of U.S. Treasury Bills in the amount of \$6,871,425 and \$7,762,963, respectively. Since the investments are registered in the Authority's name they are not exposed to custodial credit risk. The Authority does not have a written policy for investment securities custodial credit risk but its practice has been to maintain a safekeeping account for the securities at a financial institution.

(b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceed 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other

NOTES TO FINANCIAL STATEMENTS (continued)

Year ended December 31, 2005

**3. Cash and Investments (continued)**

pooled investments are excluded from this requirement. The Authority places no limit on the amount it may invest in any one issuer, but its practice has been to invest, almost exclusively, in U.S. Treasury Securities. At December 31, 2005 the Authority was not exposed to a concentration of credit risk.

(c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Authority does not have an investment policy regarding credit risk except to the extent previously outlined under the Authority’s investment policy. The Authority’s Money Market Mutual Fund is not rated.

(d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations, but the Authority does from time to time evaluate its investment portfolio to determine if based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost and risk. As of December 31, 2005, the U.S. Treasury Bills had maturities ranging from January 5, 2006 through June 22, 2006.

For the years ended December 31, 2005 and 2004, investment income comprised the following:

	<u>2005</u>	<u>2004</u>
Interest earnings	\$ 159,776	\$51,829
Net increase in fair value of investments	25,565	20,930
	<u>\$ 185,341</u>	<u>\$72,759</u>

**4. 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, 2005 and 2004 was \$6,927 and \$-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, was 5% in 2005 and 3% in 2004.

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 5.75%. At December 31, 2005 and 2004, the Authority has accrued \$1,041,000 and \$965,000, respectively. At December 31, 2005, the Plan had 17 participants of which 15 were active employees and 2 were retirees. Of the Plan participants, 2 retirees and 2 active employees were eligible to receive benefits.

**5. 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 financings. Accordingly, with the

## NOTES TO FINANCIAL STATEMENTS (continued)

Year ended December 31, 2005

**5. Conduit Debt (continued)**

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, 2005, the amount of conduit debt outstanding totaled \$4,206,243,986.

**6. Commitments and Contingencies**

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$258,000 through November 16, 2010.

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 of higher education, any costs associated with litigation are the obligation of the institution involved. 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.

**7. Net Assets**

The Authority's net assets represent the excess of assets over liabilities and are categorized as follows:

- Invested in Capital Assets are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation.
- Unrestricted Net Assets are the remaining net assets, which can be further categorized as designated or undesignated. Designated assets are not governed by statute or contract but are committed for specific purposes pursuant to Authority policy and/or Board directives. Designated assets include funds and assets committed to working capital.

On December 21, 2005, the Members of the Authority passed a resolution to designate \$4,500,000 of 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 any of its client colleges.

**Changes in Net Assets**

The changes in net assets are as follows:

	<b>Invested in Capital Assets</b>	<b>Unrestricted</b>	<b>Total</b>
Net assets at December 31, 2003	\$ 280,285	\$ 6,187,289	\$ 6,467,574
Net asset change	–	795,791	795,791
Capital asset additions	94,411	(94,411)	–
Depreciation	(74,519)	74,519	–
Net assets at December 31, 2004	300,177	6,963,188	7,263,365
Net asset change	–	(1,092,226)	(1,092,226)
Capital asset net additions	108,732	(108,732)	–
Gain on disposal of fixed assets	122	(122)	–
Depreciation	(82,218)	82,218	–
Net assets at December 31, 2005	<u>\$ 326,813</u>	<u>\$ 5,844,326</u>	<u>\$ 6,171,139</u>

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SUPPLEMENTAL  
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INFORMATION

## SUPPLEMENTAL FINANCIAL STATEMENTS

## BALANCE SHEETS – TRUSTEE HELD FUNDS

	December 31	
	2005	2004
<b>Assets</b>		
Cash	\$ 1,852	\$ 947,105
Investments, principally U.S. Government obligations	821,334,228	977,534,223
Accrued interest receivable	570,421	533,272
Due from colleges and universities	7,718,149	8,664,361
Loans and leases receivable	4,166,716,486	4,000,361,470
U.S. Government debt service subsidies receivable	82,137	82,137
	<u>\$4,996,423,273</u>	<u>\$4,988,122,568</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 31,700,929	\$ 18,001,806
Accrued interest payable	72,571,057	72,403,082
Bonds and notes payable	4,206,243,986	4,037,190,470
Funds held in trust	685,907,301	860,527,210
	<u>\$4,996,423,273</u>	<u>\$4,988,122,568</u>

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

## STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS

	Year ended December 31	
	2005	2004
Funds held in trust at beginning of year	\$ 860,527,210	\$ 928,163,265
<b>Additions:</b>		
Proceeds from sale of bonds and issuance of notes:		
Par amount	959,935,000	666,700,000
Bond premium, net	39,374,900	31,490,057
Interest accrued to date of delivery	207,673	755,398
Annual loan and rental requirements	302,058,564	291,510,717
Investment income	17,046,725	13,376,387
College and university contributions (returned)	(702,566)	5,849,192
U.S. Government debt service subsidies	1,309,676	1,342,127
Change in investment valuation reserve	(354,865)	(965,807)
Total additions	<u>1,318,875,107</u>	<u>1,010,058,071</u>
<b>Deductions:</b>		
Debt service:		
Interest	185,422,515	174,039,901
Principal	150,632,483	194,813,593
Project costs	474,664,499	554,645,463
Issuance costs	11,255,474	10,762,794
Administrative fees	2,832,141	2,619,779
Transfers to escrow accounts for defeasance of refunded issues	668,687,904	140,812,596
Total deductions	<u>1,493,495,016</u>	<u>1,077,694,126</u>
Decrease in funds held in trust	<u>(174,619,909)</u>	<u>(67,636,055)</u>
Funds held in trust at end of year	<u>\$ 685,907,301</u>	<u>\$ 860,527,210</u>

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



NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

December 31, 2005

**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 financings. 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, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Construction funds	<b>\$522,122,958</b>	\$690,072,948
Debt service funds	<b>15,576,578</b>	16,079,795
Debt service reserve funds	<b>123,336,925</b>	127,401,152
Renewal and replacement accounts	<b>24,870,840</b>	26,973,315
	<b><u>\$685,907,301</u></b>	<u>\$860,527,210</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.

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

**4. Cash and Investments (continued)**

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

	<b>2005</b>	<b>2004</b>
Investments:		
Collateralized investment agreements	<b>\$476,553,662</b>	\$479,558,271
U.S. Treasury and agency obligations*	<b>344,780,566</b>	497,975,952
Total investments	<b><u>\$821,334,228</u></b>	<b><u>\$977,534,223</u></b>

\* Includes \$173,494,148 and \$351,421,380 of investments in pooled U.S. Treasury funds at December 31, 2005 and 2004, respectively, which are uncategorized.

**5. Loans and Leases Receivable**

Since its inception, the Authority has issued obligations of \$8,329,970,749 and \$7,370,035,749 as of December 31, 2005 and 2004, 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 revenues 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:

	<b>December 31</b>	
	<b>2005</b>	<b>2004</b>
Loans:		
Drew University	\$ —	\$ 730,000
Institute for Advanced Study	<b>46,040,000</b>	47,625,000
Princeton University	<b>911,105,000</b>	827,607,500
Mortgages:		
Beth Medrash Govoha	<b>7,830,000</b>	7,967,500
Bloomfield College	<b>5,892,500</b>	5,985,000
Caldwell College	<b>12,200,000</b>	12,545,000
Centenary College	<b>12,955,000</b>	13,750,000
College of Saint Elizabeth	<b>10,810,000</b>	11,080,000
Drew University	<b>41,030,000</b>	42,640,000
Fairleigh Dickinson University	<b>111,172,500</b>	112,867,500
Felician College	<b>10,788,000</b>	11,139,000
Georgian Court University	<b>19,050,000</b>	19,802,500
Institute for Defense Analyses	<b>15,830,000</b>	16,220,000
Monmouth University	<b>21,822,500</b>	23,327,500
New Jersey Institute of Technology	<b>143,065,000</b>	144,395,000
Princeton Theological Seminary	<b>44,175,000</b>	44,987,500
Rider University	<b>39,110,000</b>	40,957,500
Saint Peter's College	<b>30,542,500</b>	31,702,500
Seton Hall University	<b>152,105,000</b>	100,792,500
Stevens Institute of Technology	<b>78,307,500</b>	80,650,000
University of Medicine and Dentistry of New Jersey	<b>120,050,000</b>	129,125,000

## NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

## 5. Loans and Leases Receivable (continued)

	December 31	
	2005	2004
Leases:		
Bloomfield College	\$ 96,150	\$ 130,837
Felician College	–	100,707
Kean University	200,322,500	106,720,000
Montclair State University	247,410,000	251,953,500
New Jersey City University (formerly Jersey City State College)	109,660,000	89,835,000
Ramapo College of New Jersey	199,131,180	203,592,164
Richard Stockton College of New Jersey	64,804,000	43,264,000
Rider University	929,184	1,502,380
Rowan University (formerly Glassboro State College)	280,780,000	286,160,000
Rutgers, The State University	1,040,000	1,417,500
Saint Peter's College	111,194	216,382
Thomas Edison State College	1,591,778	–
The College of New Jersey (formerly Trenton State College)	333,255,000	335,812,500
William Paterson University of New Jersey	109,400,000	113,925,000
Equipment Leasing Fund	43,085,000	59,200,000
Higher Education Capital Improvement Fund	507,815,000	515,035,000
Higher Education Facilities Trust Fund	90,980,000	108,570,000
Higher Education Technology Infrastructure Fund	17,680,000	23,050,000
County College Capital Projects Fund	18,655,000	20,470,000
Dormitory Safety Trust Fund	62,830,000	68,510,000
Library Grant Program	43,260,000	45,000,000
	<u>\$4,166,716,486</u>	<u>\$4,000,361,470</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	
				2005	2004
<b>Bonds Payable</b>					
Beth Medrash Govoha:					
2000 Series G	\$ 8,505,000	7/1/2030	6.720%	\$ 7,900,000	\$ 8,035,000
Bloomfield College:					
2000 Series A	6,270,000	7/1/2030	6.978%	5,940,000	6,030,000
Caldwell College:					
1995 Series A	4,800,000	7/1/2025	7.385%	4,165,000	4,255,000
2000 Series B	9,235,000	7/1/2025	Variable	8,085,000	8,335,000
Centenary College:					
2003 Series A	14,775,000	10/1/2033	Variable	12,955,000	13,750,000
Drew University:					
1997 Series B	9,140,000	3/1/2005	4.787%	–	1,460,000
1998 Series C	27,935,000	7/1/2017	4.936%	21,160,000	22,410,000
2003 Series C	20,855,000	7/1/2021	3.888%	20,855,000	20,855,000

## NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

## 6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2005	2004
<b>Bonds Payable (Continued)</b>					
Dormitory Safety Trust Fund:					
Series 2001 A	\$ 67,970,000	3/1/2016	4.239%	\$ 53,405,000	\$ 58,260,000
Series 2001 B - taxable	5,800,000	3/1/2016	6.117%	4,555,000	4,970,000
Series 2003 A	5,440,000	3/1/2018	3.752%	4,870,000	5,280,000
Equipment Leasing Fund:					
Series 2001 A	87,385,000	9/1/2009	3.089%	34,180,000	48,420,000
Series 2003 A	12,620,000	9/1/2011	2.517%	8,905,000	10,780,000
Fairleigh Dickinson University:					
1998 Series G	16,615,000	7/1/2028	5.796%	14,285,000	14,585,000
2002 Series D	63,650,000	7/1/2032	6.114%	62,645,000	63,650,000
2004 Series C	35,285,000	7/1/2023	5.534%	35,285,000	35,285,000
Felician College:					
1997 Series D	10,550,000	11/1/2022	7.375%	9,384,000	9,465,000
1997 Series D - taxable	2,000,000	11/1/2017	Variable	1,404,000	1,674,000
Georgian Court University:					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	4,455,000	4,955,000
2003 Series, Project C	15,215,000	7/1/2033	5.991%	14,980,000	15,215,000
Higher Education Facilities Trust Fund:					
Series 1995 A	220,000,000	9/1/2010	5.063%	—	108,570,000
Series 2005 A	90,980,000	9/1/2010	3.286%	90,980,000	—
Higher Education Technology Infrastructure Fund:					
Series 1998 A	55,000,000	9/1/2008	4.518%	17,680,000	23,050,000
Higher Education Capital Improvement Fund:					
Series 2000 A	132,800,000	9/1/2020	5.242%	51,585,000	115,775,000
Series 2000 B	145,295,000	9/1/2020	5.003%	56,975,000	127,945,000
Series 2002 A	194,590,000	9/1/2022	4.599%	152,740,000	194,590,000
Series 2004 A	76,725,000	9/1/2024	4.352%	76,725,000	76,725,000
Series 2005 A	169,790,000	9/1/2019	4.121%	169,790,000	—
Institute for Advanced Study:					
1997 Series F	16,310,000	7/1/2021	5.111%	11,970,000	12,805,000
1997 Series G	26,565,000	7/1/2028	5.111%	23,680,000	24,220,000
2001 Series A	11,000,000	7/1/2031	5.101%	10,390,000	10,600,000
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	Variable	15,830,000	16,220,000

## NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

## 6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2005	2004
<b>Bonds Payable (continued)</b>					
New Jersey City University (formerly Jersey City State College):					
Series 1977 C	\$ 8,570,000	7/1/2010	6.290%	\$ 2,555,000	\$ 2,975,000
Series 1995 C	2,175,000	7/1/2007	4.671%	505,000	740,000
Series 1998 E	6,945,000	7/1/2028	5.165%	6,170,000	6,315,000
Series 1999 B	17,795,000	7/1/2025	4.807%	15,335,000	15,910,000
Series 2002 A	15,115,000	7/1/2032	4.949%	14,290,000	14,575,000
Series 2003 A	47,850,000	7/1/2032	Variable	47,800,000	47,850,000
Series 2003 B	2,300,000	7/1/2018	5.659%	2,300,000	2,300,000
Series 2005 A	21,575,000	7/1/2035	3.726%	21,575,000	–
Kean University:					
Series 1974 B	7,960,000	7/1/2008	6.272%	1,460,000	1,895,000
Series 1993 G	8,770,000	7/1/2018	4.965%	–	5,545,000
Series 1998 A & B	25,995,000	7/1/2027	4.872%	18,585,000	19,985,000
Series 2001 A	6,465,000	7/1/2016	4.474%	5,170,000	5,535,000
Series 2003 D	75,000,000	7/1/2033	4.811%	75,000,000	75,000,000
Series 2005 B	101,915,000	7/1/2037	4.681%	101,915,000	–
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	43,260,000	45,000,000
Monmouth University:					
1993 Series A	14,365,000	7/1/2013	5.538%	7,685,000	8,415,000
1997 Series C	12,910,000	7/1/2022	5.732%	8,750,000	9,055,000
1998 Series D	8,815,000	7/1/2024	5.225%	6,160,000	6,590,000
Montclair State University:					
Series 1972 B	5,415,000	7/1/2007	5.926%	700,000	1,020,000
Series 1974 D	6,425,000	7/1/2008	6.173%	1,250,000	1,620,000
Series 1977 A	1,720,000	7/1/2008	6.263%	–	405,000
Series 1977 B	988,000	7/1/2008	3.000%	–	180,000
Series 1995 F	4,780,000	7/1/2025	5.517%	–	110,000
Series 1996 C	18,845,000	7/1/2012	5.356%	10,265,000	11,445,000
Series 1996 D	9,575,000	7/1/2012	5.358%	5,225,000	5,830,000
Series 1997 D	10,960,000	7/1/2027	5.007%	9,435,000	9,665,000
Series 1997 E	9,965,000	7/1/2021	5.007%	7,830,000	8,155,000
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	4.489%	78,500,000	78,500,000
Series 2003 E	23,425,000	7/1/2033	4.445%	23,425,000	23,425,000
Series 2003 L	94,540,000	7/1/2034	4.541%	94,540,000	94,540,000
New Jersey Institute of Technology:					
Series 2001 G	62,335,000	7/1/2031	4.932%	59,925,000	60,580,000
Series 2001 H – taxable	12,570,000	7/1/2016	6.259%	10,290,000	10,935,000
Series 2004 B	73,530,000	7/1/2025	4.016%	73,530,000	73,530,000

## NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

## 6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding	
				2005	December 31 2004
<b>Bonds Payable (continued)</b>					
Princeton Theological Seminary:					
1997 Series A	\$ 22,485,000	7/1/2022	4.988%	\$ 18,645,000	\$ 19,350,000
2002 Series G	26,125,000	7/1/2032	4.824%	25,945,000	26,035,000
Princeton University:					
1998 Series E	19,010,000	7/1/2024	4.873%	1,020,000	16,320,000
1998 Series F	40,000,000	7/1/2018	4.438%	3,950,000	8,385,000
1999 Series A	45,500,000	7/1/2029	4.798%	29,815,000	41,140,000
1999 Series B	50,000,000	7/1/2019	4.980%	8,730,000	16,210,000
2000 Series E	50,000,000	7/1/2020	5.355%	10,475,000	16,185,000
1995 Series C	28,865,000	7/1/2025	5.078%	—	4,955,000
2000 Series H	100,000,000	7/1/2030	5.336%	20,965,000	68,170,000
2001 Series B	100,000,000	7/1/2021	Variable	87,000,000	90,700,000
2002 Series B	100,000,000	7/1/2031	Variable	90,465,000	93,805,000
2003 Series D	114,495,000	7/1/2019	3.727%	106,875,000	112,835,000
2003 Series E	112,510,000	7/1/2028	3.944%	82,760,000	110,370,000
2003 Series F	75,000,000	7/1/2023	Variable	69,335,000	72,210,000
2004 Series D	175,000,000	7/1/2029	4.497%	139,930,000	175,000,000
2005 Series A	139,590,000	7/1/2030	4.405%	137,830,000	—
2005 Series B	114,645,000	7/1/2035	4.236%	114,645,000	—
Ramapo College of New Jersey:					
Series 1998 G	16,845,000	7/1/2028	4.832%	14,790,000	15,155,000
Series 1998 H	2,000,000	7/1/2013	4.309%	1,255,000	1,385,000
Series 1998 I	955,000	7/1/2008	4.044%	345,000	450,000
Series 1999 E	19,900,000	7/1/2029	5.774%	1,690,000	2,065,000
Series 2001 D	40,480,000	7/1/2031	5.105%	38,965,000	39,735,000
Series 2001 E	2,535,000	7/1/2008	4.037%	1,170,000	1,535,000
Series 2002 H	28,655,000	7/1/2032	4.485%	28,000,000	28,580,000
Series 2002 I	2,145,000	7/1/2032	4.485%	2,005,000	2,045,000
Series 2002 J	29,620,000	7/1/2032	4.485%	28,945,000	29,550,000
Series 2003 F	1,820,000	7/1/2013	3.257%	1,810,000	1,820,000
Series 2003 G	9,300,000	7/1/2013	3.110%	9,185,000	9,300,000
Series 2003 H	18,930,000	7/1/2029	4.346%	18,930,000	18,930,000
Series 2004 E	53,980,000	7/1/2034	4.630%	53,980,000	53,980,000
The Richard Stockton College of New Jersey:					
Series 1973 D	5,700,000	7/1/2008	5.885%	1,035,000	1,340,000
Series 1988 A	3,294,000	7/1/2016	3.000%	1,489,000	1,609,000
Series 1993 F	6,690,000	7/1/2023	5.356%	—	5,475,000
Series 1996 B	1,680,000	7/1/2006	4.774%	—	400,000
Series 1996 F	19,280,000	7/1/2027	5.494%	—	18,160,000
Series 1998 C	13,110,000	7/1/2028	5.089%	—	12,145,000
Series 2002 B	8,340,000	7/1/2010	3.482%	4,145,000	5,595,000
Series 2005 C	31,150,000	7/1/2035	3.870%	31,150,000	—
Series 2005 F	28,180,000	7/1/2028	4.458%	28,180,000	—

## NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

## 6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2005	2004
<b>Bonds Payable (continued)</b>					
Rider University:					
1971 Series A	\$ 3,700,000	7/1/2009	6.895%	\$ 910,000	\$ 1,105,000
2002 Series A	27,560,000	7/1/2017	4.709%	24,475,000	25,955,000
2004 Series A	14,735,000	7/1/2034	5.301%	14,735,000	14,735,000
Rowan University (formerly Glassboro State College):					
Series 1971 A	1,205,000	7/1/2005	6.245%	—	90,000
Series 1974 E	6,080,000	7/1/2009	6.944%	1,515,000	1,835,000
Series 1983 D	3,500,000	7/1/2013	3.000%	1,305,000	1,450,000
Series 1997 B	6,770,000	7/1/2026	5.346%	—	5,840,000
Series 1997 C	9,035,000	7/1/2021	5.524%	7,455,000	7,740,000
Series 2000 B	51,620,000	7/1/2030	5.566%	3,460,000	49,855,000
Series 2001 B	8,790,000	7/1/2031	5.025%	8,165,000	8,330,000
Series 2001 C	60,930,000	7/1/2031	4.943%	52,740,000	54,480,000
Series 2002 K	14,920,000	7/1/2033	4.866%	14,375,000	14,650,000
Series 2003 I	64,910,000	7/1/2030	4.714%	63,560,000	64,910,000
Series 2003 J	4,555,000	7/1/2008	2.258%	3,175,000	4,330,000
Series 2003 K	14,700,000	7/1/2033	Variable	14,700,000	14,700,000
Series 2004 C	61,275,000	7/1/2034	4.697%	61,275,000	61,275,000
Series 2005 D	51,840,000	7/1/2030	4.532%	51,840,000	—
Rutgers, The State University:					
Series 1974 A	6,725,000	7/1/2008	5.945%	1,235,000	1,600,000
Saint Peter's College:					
1998 Series B	36,815,000	7/1/2027	5.514%	31,140,000	32,265,000
Seton Hall University:					
1996 Series, Project E	20,800,000	7/1/2019	5.804%	19,690,000	19,800,000
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%	39,695,000	42,500,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	12,840,000	15,545,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	9,060,000	9,735,000
2001 Series Project G	8,740,000	7/1/2026	4.598%	8,740,000	8,740,000
2005 Series Project C	57,750,000	7/1/2037	Variable	57,750,000	—
Stevens Institute of Technology:					
1998 Series I	17,000,000	7/1/2028	5.109%	14,755,000	15,535,000
2002 Series C	59,585,000	7/1/2032	5.228%	51,270,000	53,210,000
2004 Series B	13,265,000	7/1/2034	5.55%	13,265,000	13,265,000
The College of New Jersey (formerly Trenton State College):					
Series 1972 A	9,270,000	7/1/2007	5.952%	1,195,000	1,740,000
Series 1976 D	5,580,000	7/1/2008	6.853%	1,165,000	1,500,000
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%	48,820,000	50,395,000
Series 2002 D	138,550,000	7/1/2035	4.167%	138,550,000	138,550,000

## NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

## 6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2005	2004
<b>Bonds Payable (continued)</b>					
The College of Saint Elizabeth:					
2000 Series C	\$ 12,000,000	7/1/2030	Variable	\$ 10,900,000	\$ 11,200,000
University of Medicine and Dentistry of New Jersey:					
Series 1995 B	143,645,000	12/1/2025	5.319%	105,930,000	114,710,000
Series 1999 C	15,720,000	12/1/2029	5.321%	14,120,000	14,415,000
The William Paterson University of New Jersey:					
Series 1974 C	4,025,000	7/1/2008	6.272%	735,000	955,000
Series 1976 A	5,685,000	7/1/2009	7.644%	1,595,000	1,925,000
Series 1981 B	5,000,000	7/1/2011	3.000%	1,455,000	1,670,000
Series 1998 D	6,575,000	7/1/2021	4.994%	5,565,000	5,785,000
Series 1999 D	12,785,000	7/1/2019	5.162%	2,305,000	10,945,000
Series 2000 A	26,425,000	7/1/2030	5.515%	2,515,000	25,325,000
Series 2002 E	42,125,000	7/1/2027	4.714%	26,935,000	39,845,000
Series 2004 A	30,035,000	7/1/2028	4.131%	28,815,000	29,655,000
Series 2005 E	42,295,000	7/1/2030	4.546%	42,295,000	—
<b>Notes Payable</b>					
Princeton University:					
Various Commercial Paper	120,000,000*	N/A	Variable	20,500,000	14,000,000
<b>Leases Payable</b>					
Bloomfield College	315,000	4/1/2008	5.900%	96,150	130,837
Felician College	897,000	8/29/2005	5.550%	—	100,707
Ramapo College	1,377,090	10/1/2010	Various	528,680	792,164
Rider University	4,819,851	3/15/2007	6.221%	929,184	1,502,380
St. Peter's College	663,000	8/3/2006	5.630%	111,194	216,382
Thomas Edison State College	1,800,000	3/8/2012	3.647%	1,591,778	—
Treasurer, State of New Jersey,					
Series 1999 A	19,295,000	9/1/2014	4.705%	3,210,000	3,490,000
Atlantic County,					
Series 1999 B	3,045,000	9/1/2009	4.799%	1,375,000	1,680,000
Essex County,					
Series 1999 C	4,570,000	9/1/2014	5.177%	3,105,000	3,375,000
Hudson County,					
Series 1999 D	7,750,000	9/1/2014	5.177%	5,260,000	5,720,000
Middlesex County,					
Series 1999 E	4,370,000	9/1/2014	5.053%	2,955,000	3,220,000
Passaic County,					
Series 1999 F	2,015,000	9/1/2014	5.125%	1,365,000	1,480,000
Hudson County Community College (Chapter 78),					
Series 1999 G	2,035,000	9/1/2014	5.177%	1,385,000	1,505,000
				<u>\$4,206,243,986</u>	<u>\$4,037,190,470</u>

\* Maximum authorized amount.



NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

**6. Bonds, Notes and Leases Payable (continued)**

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

2006	\$ 190,841,981
2007	166,752,114
2008	164,613,857
2009	154,590,819
2010	156,079,691
Thereafter	<u>3,373,365,524</u>
	<u>\$4,206,243,986</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.

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.

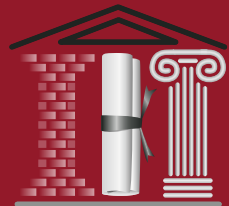
Refunded bonds outstanding at December 31, 2005 comprise the following:

Issue	Principal Amount Outstanding December 31, 2005	Refunded Issues		Debt Service Savings	Refunding Issues		
		Principal Amount Refunded	Call Date		Date of Issuance	Issue	Original Amount of Issue
Princeton University Issues							
1995 Series C	\$ -	\$ 5,870,000	7/1/2005	\$ 5,434,717	10/23/03	2003 Series D	\$114,495,000
1998 Series F	-	11,710,000	7/1/2005				
1999 Series B	25,440,000	25,440,000	7/1/2009				
2000 Series E	27,615,000	27,615,000	7/1/2010				
2000 Series H	26,700,000	26,700,000	7/1/2010				
New Jersey City University (formerly Jersey City State College) Issue							
1995 Series A	-	2,245,000	7/1/2005	1,163,732	3/31/99	Series 1999 B	17,795,000
The College of New Jersey Issue							
1996 Series A	75,185,000	75,185,000	7/1/2006	6,271,500	4/26/99	Series 1999 A	146,455,000

## NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

## 7. Refunded Bond Issues (continued)

Issue	Principal Amount Outstanding December 31,2005	Refunded Issues		Debt Service Savings	Date of Issuance	Refunding Issues	
		Principal Amount Refunded	Call Date			Issue	Original Amount of Issue
Rowan University (formerly Glassboro State College) Issue							
1996 Series E	\$ 34,340,000	\$ 38,635,000	7/1/2006	\$ 1,629,416	4/10/01	Series 2001 C	\$ 60,930,000
Princeton Theological Seminary Issue							
1996 Series B	16,210,000	16,210,000	7/1/2006	345,011	1/22/03	2002 Series G	26,125,000
Montclair State University Issue							
1995 Series F	—	4,020,000	7/1/2005	193,059	1/15/04	Series 2003 L	94,540,000
Ramapo College of New Jersey Issue							
1999 Series E	16,825,000	16,825,000	7/1/2009	554,426	1/29/04	Series 2003 H	18,930,000
New Jersey Institute of Technology Issue							
Series 1995 E	—	29,260,000	7/1/2005	9,078,610	4/5/2004	Series 2004 B	73,530,000
Kean University Issue							
Series 1993 G	5,265,000	5,265,000	1/12/2006	271,930	12/8/2005	Series 2005 B	101,915,000
Higher Educational Capital Improvement Fund Issues							
Series 2000 A	59,405,000	59,405,000	9/1/2010	5,080,385	8/10/2005	Series 2005 A	169,790,000
Series 2000 B	65,675,000	65,675,000	9/1/2010				
Series 2002 A	41,850,000	41,850,000	9/1/2012				
Rowan University Issues							
1997 Series B	5,665,000	5,665,000	7/1/2007	1,912,380	4/13/2005	Series 2005 D	51,840,000
2000 Series B	45,445,000	45,445,000	7/1/2010				
Princeton University Issues							
Partial Refundings							
1999 Series A	10,400,000	10,400,000	7/1/2009	4,243,735	4/12/2005	2005 Series A	139,590,000
1999 Series B	5,535,000	5,535,000	7/1/2009				
2000 Series E	3,935,000	3,935,000	7/1/2010				
2000 Series H	45,435,000	45,435,000	7/1/2010				
2003 Series E	25,000,000	25,000,000	7/1/2013				
2004 Series D	31,470,000	31,470,000	7/1/2014				
The Richard Stockton College of New Jersey Issues							
Series 1996 B	205,000	205,000	7/1/2006	-		College Contribution	
Series 1996 F	17,750,000	17,750,000	7/1/2006	1,452,794	10/27/2005	Series 2005 F	28,180,000
Series 1998 C	11,875,000	11,875,000	7/1/2008				
The William Paterson University of New Jersey Issues							
Series 1999 D	8,125,000	8,125,000	7/1/2009	1,420,584	11/10/2005	Series 2005 E	42,295,000
Series 2000 A	22,395,000	22,395,000	7/1/2010				
Series 2002 E	11,305,000	11,305,000	7/1/2012				



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