

NJEFA Closes on Three Series of Princeton University Bonds

New records set for Authority transaction size.

May 15, 2024, Princeton, New Jersey - The New Jersey Educational Facilities Authority (EFA) recently closed three series of new money and refunding bonds for Princeton University. The EFA issued 2024 Series A, B, and C Bonds on behalf of the University, which totaled nearly \$1.5 billion of par amount and set two records for the Authority's single largest transactions. The proceeds from the bonds will be used to finance capital projects across all of Princeton University's properties, including key projects identified in the institution's 2026 Master Plan, and the refunding bonds enabled the University to realize savings by reducing its annual debt service costs.

The aggregate par amount of new money transactions was \$1,309,185,000 and included \$809,185,000 in 2024 Series A Bonds and \$500,000,000 in 2024 Series B Bonds. The Series A Bonds were issued in two tranches, A-1 for \$423,125,000 with an all-in true interest cost of 2.73%, and A-2 for \$386,060,000 with an all-in true interest cost of 3.71%. The 2024 Series B Bonds were issued with an all-in true interest cost of 4.34%. Proceeds from the Series A and B Bonds will be used for the acquisition, construction, renovation, and installation of certain capital assets on the University's Main Campus, Meadows Campus, Forrestal Campus, Hopewell Campus, and its administrative building in West Windsor.

Princeton's Vice President for Finance and Treasurer Jim Matteo said "Princeton University's partnership with the Authority has been instrumental in helping the University achieve multiple priorities across its core teaching and research enterprise including supporting our undergraduate enrollment goals and reaching net-zero carbon emissions by 2046."

"The 2026 Master Plan that Princeton University has crafted and is using to guide the transformation on its campus is extraordinary," said EFA Board Chair Joshua Hodes. "The university administration's vision for not just a larger institution, but a more inclusive and sustainable one, is being brought to fruition and the Authority is honored to be able to play a part in that process."

The third series of bonds, 2024 Series C, had a par amount of \$158,640,000 and was used to refund the EFA's 2014 Series A Bonds issued on behalf of the University for a net present value savings of \$14.6 million, or 8.44% of the refunded bonds. The 2024 Series C Bonds have an all-in true interest cost of 3.51%. The 2024 Series A and B Bonds closed on March 6, and the 2024 Series C Bonds closed on April 3.

"When they were sold on February 21, the 2024 Series B and C Bonds represented the single largest transaction in Authority history," said the Authority's Deputy Executive Director Steve Nelson. "That record lasted for a week, as the sale of the 2024 Series A Bonds broke it on February 28. Taken together, these three series of bonds also represent the highest level of annual issuance in the Authority's 58-year history."

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The University's 2024 issuances involved a record number of minority and women-owned businesses in the transactions. Ramirez & Co. Inc., Loop Capital Markets, and Siebert Williams Shank & Co. Inc., all minority-owned business enterprises, served as co-managers on the Series B and C transactions. The Yuba Group, LLC, a minority and women-owned business enterprise, served as the University's financial advisor on both transactions, as did the Trustee's Counsel, Paparone Law, a women-owned business enterprise. The printer for the transaction, ImageMaster, is a minority-owned business. Several minority, women, and service-disabled veteran-owned firms participated in the 2024 Series A-2 selling group: Academy Securities, Estrada Hinojosa & Company, Rice Financial Products Company, and Stern Brothers & Co.

"The Authority's project management team has been able to expand opportunities for more minority, women, and veteran-owned businesses to compete for work on transactions with institutions," said Authority Board Member and Vice Chairman Ridgeley Hutchinson. "As a board member, I am pleased to see how successful their efforts have been, especially with Princeton University."

Since 2021, the University and the Authority have applied the same outreach strategy to recruit asset management firms, seeking to expand the pool of firms who competitively bid for the Authority's and Princeton's business. This process enabled the University to hire Ramirez & Co, Inc. to manage a significant amount of the Series 2024 tax-exempt proceeds. "We found that our outreach efforts have increased both the number and diversity of firms seeking our business," said Tim Graf, Princeton's Associate Vice President for Treasury Services. "This increase in competition has benefited the University through the attractive pricing on our bonds and competitive returns on our investment of bond proceeds."

As an independent and self-supporting state entity, NJEFA is New Jersey's primary issuer of municipal bonds to finance the development of campus facilities at public and private colleges and universities. NJEFA finances a wide array of projects including construction, renovation, and acquisition of academic and research facilities; libraries; technology infrastructures; student housing; student life and athletic facilities; parking structures; and refinancing of existing debt. NJEFA's 58 years of experience in the financial markets with institutions of every type, size, and credit has led it to complete 532 transactions with a total par volume of over \$21 billion.

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