

March 2014

Building futures

NJEFA

Viewpoint

Interview with Dr. Helen Streubert, President of the College of Saint Elizabeth



By Roger B. Jacobs, Esq.
NJEFA Chairman



Dr. Helen Streubert

During my term as Chairman, I have toured many campuses across the state and met with college and university presidents to hear their perspectives on the biggest challenges facing higher

education today. Several weeks ago, I visited the College of Saint Elizabeth (CSE) in Morristown, New Jersey. With more than 1,600 students, CSE is one of the top Catholic colleges for women on the East Coast and a leader in the education of working adults, both women and men. I had the pleasure of sitting down for breakfast with the College's new president, Dr. Helen J. Streubert, to get acquainted, to talk about EFA, and to hear her thoughts on higher education as she begins to make her mark at this historic New Jersey institution. An account of our discussion follows.

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Fitch Ratings Discusses 2014 Outlook

In January, EFA Members welcomed guest speakers from Fitch Ratings to provide a credit overview of the higher education sector and to discuss Fitch's recently published *2014 Outlook: U.S. Colleges and Universities*.



Joanne Ferrigan, Director, Fitch Ratings

Present from Fitch were Ann Flynn, Managing Director and head of the Business and Relationship Management team for U.S. Public Finance and the Global Infrastructure and Project Finance groups; Joanne Ferrigan, a Director in Fitch's Public Finance Department

where she heads the Education and Nonprofit Institutions Group; and John DeLuca, Fitch's Senior Director for Business and Relationship Management.

Ms. Flynn kicked off the discussion with an introduction of her team and a brief description of the scope of Fitch's ratings activity for colleges and universities in New Jersey and across the country. Ms. Flynn then turned the presentation over to Ms. Ferrigan who detailed Fitch's stable outlook for higher education, discussed the primary credit drivers for nonprofit U.S. colleges and universities, and identified some of the key elements behind Fitch's stable outlook.

One element, according to Ms. Ferrigan, is shifting student demand that is showing up in changing demographics such as increased first generation students and growth or decline of programs based on current trends in the job market. Another element is persistent affordability. Although the rate of tuition increases appears to be moderating, colleges and universities are focusing on ways to manage the tuition discount rate, in part through enhanced fundraising activity. Institutions are also engaging in more discussion on topics such as fixed tuition charges for four years and how to attract more out of state or international students that might have a greater ability to pay costs.

Ms. Ferrigan also noted some other general areas the agency is monitoring in the sector. One such area is the development of MOOCs (Massive Open On Line Courses) and their affect on affordability. Others include deferred maintenance and fundraising campaigns which seem to be focusing increasingly on scholarships in some instances rather than funding of less necessary capital projects. ■

A Year of Progress and a Busy Start to 2014

By Derek Hansel, Executive Director, NJEFA

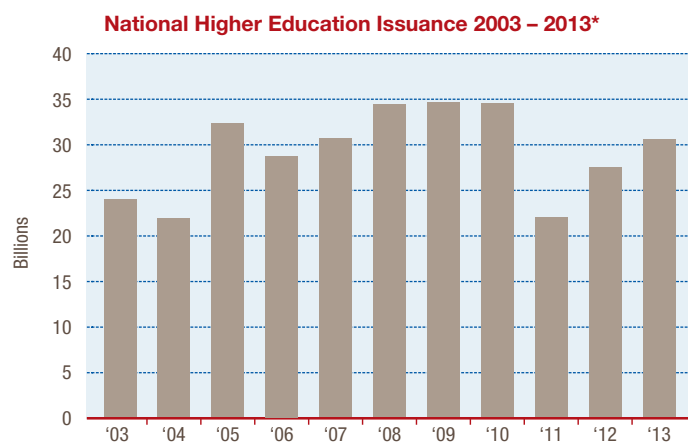


During 2013, EFA stand-alone financing activity totaled approximately \$120 million in four transactions, of which nearly \$90 million financed important new projects at Bloomfield College, Caldwell College,

Seton Hall University and The College of New Jersey.

Although still relatively low by historic standards, interest rates in the municipal financial markets saw more volatility last year, particularly as rates began to rise mid-year. Despite the volatility, we were able to bring our clients' financings to the market at times and with structures that produced attractive results. For example, we completed a \$41.9 million fixed-rate bond transaction for Seton Hall University in July that had a final maturity of July 1, 2043 and carried an all-in true interest cost of 4.48%. With the same maturity, we completed a \$24.9 million fixed-rate financing in December on behalf of The College of New Jersey, which carried an all-in true interest cost of just over 4.6%.

Nationally last year, according to the Bond Buyer's *2013 in Statistics—Annual Review*, total long-term municipal bond volume across all sectors dropped 12.5% to \$334.6 billion compared to issuance volume of \$382.4 billion in 2012. Financings for colleges and universities defied the downward trend in the municipal market, according to Thomson Reuters, selling \$14.2 billion of debt—up 14.3% from 2012.



* U.S. Municipal Database; Higher education taxable and tax-exempt new issues
Data excludes: notes, preliminary issues, and private placements

Source: Thomson Reuters

For EFA, the year 2013 was also marked by tremendous progress on the implementation of five higher education grant programs; the Building Our Futures Bond Act (GO Bond Act), the Capital Improvement Fund (CIF), the HE Facilities Trust Fund (HEFT), the Equipment Leasing Fund (ELF), and the Higher Education Technology Infrastructure Fund (HETI). That progress could not have happened without the unique working partnership between

the EFA and the Office of the Secretary of Higher Education. We are grateful to Secretary Hendricks for the opportunity to participate in a supportive way on these programs, which will no doubt have a profound impact on our institutions and the students they serve for decades to come.

The EFA has seen a busy start to 2014. We completed two stand-alone financings for Princeton University and Fairleigh Dickinson University. I also had the pleasure last month of providing an implementation update on the grant programs to the New Jersey Presidents' Council where I reported that significant milestones had been reached.

"We have begun processing project requisitions and grant funds are beginning to flow to institutions for their project expenditures under ELF and HETI."

Since my report, grant and lease agreements have been executed for approved project grants under the ELF and HETI programs and in January we issued bonds to finance grants under both programs. Under ELF, \$89.3 million in bonds were issued and will provide grants for 58 approved project applications on behalf of 32 institutions. Similarly, under HETI we issued \$38.1 million in bonds to fund 57 approved project grants for 36 institutions.

I'm also happy to report that we have begun processing project requisitions and grant funds are beginning to flow to institutions for their project expenditures under ELF and HETI.

Regarding the other three grant programs, the first \$100 million tranche of bonds under the GO Bond Act was issued last May. We are working to finalize the grant agreements for this program and expect that agreements will be sent to institutions shortly for execution. We expect that the CIF bond transaction will be the next one issued by the Authority and the State, hopefully by late Spring, with a HEFT transaction to follow later this year.

By most measures, the pace of implementation of these five grant programs has been rapid, although we understand that grant funds can't come soon enough for colleges and universities who have fought long and hard for many years to get to this point. We appreciate their continued patience as we work to fulfill Governor Christie's historic commitment to build, expand and modernize our colleges and universities.

My profound appreciation also goes out to each and every staff member of the EFA and the Secretary's Office for their hard work and tireless efforts to meet the challenges of this past year and their continued commitment to the important work that lies ahead. ■

Serving New Jersey's Educational Needs

By John B. Wilson, President and CEO, Association of Independent Colleges and Universities in New Jersey



Independent higher education has served the educational needs of the residents in New Jersey dating back to colonial times. Today it is a vibrant and diverse sector of 14 public mission, private institutions that enroll almost 65,000 students, day and evening, full- and part-time.

Though only representing 15 percent of the higher education market share in New Jersey, our member institutions awarded 24 percent of the baccalaureate degrees and 36 percent of all advanced degrees in FY2013. One in six college students in New Jersey attends an independent college or university. The overall minority enrollment in the sector is 30 percent, with undergraduate minority enrollment even higher at 35 percent.

Our sector's contributions to New Jersey are significant. The 14 institutions have more than 423,700 living alumni, more than half of whom reside in New Jersey. The independent colleges excel in degrees awarded in the fields of Science and Technology, with 29 percent of all mathematics degrees; 46 percent of all engineering degrees; 40 percent of all chemistry degrees; 60 percent of all physical science graduate degrees; 52 percent of all computer science advanced degrees and 35 percent of all nursing degrees. Last fiscal year our sector saved the State of New Jersey \$182 million in the direct operating costs of enrolling our New Jersey students if they had enrolled in a New Jersey public institution.

On the economic development front, the sector employs more than 18,300, making independent higher education collectively among the top ten employers in New Jersey. The economic impact of the 14 institutions totals \$9.7 billion, a significant part of the New Jersey economy. Some 36 out of 120 New Jersey state legislators are alumni/ae of our institutions, and many more have had family members graduate from our schools.

The interaction of our sector with the New Jersey Educational Facilities Authority is built upon many decades of financial support for the construction, renovation and technology on our campuses. In 2014 and 2015, our member colleges and universities will invest \$460 million on new construction and renovation of campus facilities. A number of these projects include technology upgrades and compliance issues related to accessibility.

Among the challenges facing the sector is the decline of the traditional college-age population that was late to hit New Jersey but will endure until the next decade. Federal compliance is a concern because it can be a cost-driver. This year or next, Congress will address Reauthorization of the Higher Education Act. Another Federal issue is potential tax reform that could curtail tax advantages for students and their families saving for college, paying for college and repaying student loans. These programs plus the employer paid tuition benefit are all being discussed in the House of Representatives. The Federal government is looking to "rate" the performance of colleges and universities and this requires serious watching. We all know that sometimes initiatives like this have unintended consequences for both schools and students. Student attainment is another challenge in that both the state and the nation need to have more postsecondary educated citizens to maintain the economy and grow the workforce. It is estimated that by 2018, 63 percent of new jobs will require people who have had some form of postsecondary education. So the challenges line up as constraints in support, the future of student financial aid, student attainment, quality assurance and tax policy.

"On the economic development front, the sector employs more than 18,300, making independent higher education collectively among the top ten employers in New Jersey."

The sector has served educational needs well dating back to the 18th century. Three centuries later our sector continues to contribute significantly to the economic, educational, social and civic fabric of our state and nation.

Members of the Association of Independent Colleges and Universities in New Jersey include: Bloomfield College, Caldwell College, Centenary College, College of Saint Elizabeth, Drew University, Fairleigh Dickinson University, Felician College, Georgian Court University, Monmouth University, Princeton University, Rider University, Saint Peter's University, Seton Hall University and Stevens Institute of Technology. ■

NJEFA Workshop on Higher Education Finance Rescheduled for April 30th

Mark your calendars and save the date for NJEFA's Workshop on Higher Education Finance, which has been rescheduled for April 30th at Drew University's Ehinger Center in Crawford Hall.

The half day program is designed for college and university presidents and vice presidents of administration and finance, treasurers, controllers and other college and university staff involved in the administration of bond transactions, facilities management and institutional general counsels. For eligible attendees, this course has been approved for 3.0 CPE credits through the NJ State Board of Accountancy and 3.0 PA CLE credits through the Pennsylvania Supreme Court.

The half-day program will provide a panel discussion on recent developments in direct purchase and bank loan financings—a growing trend in college and university facilities transactions. The agenda will also feature a panel of legal experts and Authority representatives to discuss the IRS's post-issuance compliance activities with an emphasis on audits and the current IRS viewpoint in post-issuance compliance practices. Topping off the program will be a presentation and discussion on strategies for managing deferred maintenance. This panel will include university representatives and a leading industry firm that has worked with New Jersey institutions in this area.

The poster features a background image of a library aisle with bookshelves. In the center, a person is sitting on a bench, reading a book. The NJEFA logo is at the top center. The text on the poster reads: "NJEFA's 2014 Workshop: Higher Education Finance", "Wednesday, April 30, 2014", "8:30 am – 12:30 pm", "SAVE --the-- DATE", and "Drew University Ehinger Center Crawford Hall". A purple box on the right contains the text: "Visit our website www.njefa.com for additional information and to register!".

**NJEFA's 2014 Workshop:
Higher Education Finance**

**Wednesday, April 30, 2014
8:30 am – 12:30 pm**

**SAVE
--the--
DATE**

**Drew University
Ehinger Center
Crawford Hall**

**Visit our website
www.njefa.com
for additional
information and
to register!**

Visit our [website](http://www.njefa.com) for more information and to register for this event. Additionally, if you previously registered for this Workshop in 2013, you must re-register for the April 30th date. ■

NJEFA Financing Calendar

INSTITUTION	PROJECT/PURPOSE	PAR AMOUNT	CLOSING DATE
Princeton University	Various construction and renovation	\$200,000,000	1/15/2014
Fairleigh Dickinson University	Refunding	\$52,000,000	1/16/2014
Various	Higher Education Equipment Leasing Fund	\$89,340,000	1/30/2014
Various	Higher Education Technology Infrastructure Fund	\$38,110,000	1/30/2014
Montclair State University	New academic buildings and various capital improvements	\$160,000,000	April 2014*
Various	Higher Education Capital Improvement Fund	Approximately \$193,000,000 (new money)	April 2014 *

**anticipated closing*



College of Saint Elizabeth Campus

Jacobs: *How would you describe student life here at the College of Saint Elizabeth?*

President Streubert: We have a very diverse campus. Our Women's College student body is 33% Caucasian, 40% African-American, 16% Latino, and the balance are international or of other descent. We are also a predominantly women's college across all of our programs (undergraduate, adult and graduate) and that feature alone can be a competitive edge in both recruiting and providing a traditional college education. Community service is also very important and one of the core elements of the academic experience for students here at CSE.

Jacobs: *What are some of the challenges facing CSE and your peer institutions?*

President Streubert: One of the obvious and biggest challenges going forward for all higher education institutions is financial resources. One of the ways to potentially deal with limited resources is to explore certain shared services like buses or security or things that can be accomplished through cooperation and partnership between different schools and community agencies and assets. I also believe in the great opportunity available to work with community colleges, having once been a student at a community college myself. I see the vital need for State support for these institutions.

Jacobs: *What do you think is the core goal of higher education and at CSE?*

President Streubert: We need to be looking more at the outcomes across our programs, which include the skills that employers are looking for to support transition of our graduates into jobs. This will assure that higher education, specifically a liberal-arts based education, is relevant and meaningful. I also think that accountability is critically important and colleges and universities need to

build partnerships, particularly in the community. This concept relates to a program I helped initiate in Pennsylvania called "the Ready Campus," which deals with the integration of the campus community and the larger community, particularly as a resource in emergency situations.

Jacobs: *What about in the classroom?*

President Streubert: Accountability must be continually assessed and brought to life in our educational process. One of the great ways to accomplish this is through helping students use their analytical, problem-solving, writing and speaking skills while engaged in practices such as service-learning. Service-learning is a way of providing service in the community while at the same time giving students the opportunity to learn. For example, students can gain greater understanding of basic physics concepts by building a ramp for the disabled. It is a way of translating practical learning experiences into community service opportunities.

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Dr. Helen J. Streubert assumed leadership of the College of Saint Elizabeth on July 1, 2013. As the first lay president in the 114-year history of the College, she works to strengthen the academic excellence and mission established by the Sisters of Charity of Saint Elizabeth and works with the college community to continue to develop leaders committed to service and social responsibility. Dr. Streubert was instrumental in establishing the national model Ready Campus—an adaptable planning guide that prepares colleges and universities to serve as resources to their communities in times of crisis. ■

NJEFA Board Announcements

EFA has welcomed two new Members to the Authority's Board, Katherine Munson Ungar and Louis Rodriguez; we also congratulate current members Roger Jacobs and Ridgeley Hutchinson on their reappointments.



Katherine Munson Ungar

Ms. Ungar is currently the Manager of Business Relations for the Executive Health Program at Atlantic Health System. In addition, she has a distinguished insurance background, serving in past positions that include Senior Underwriter for Chubb Insurance Group, and Second Vice President at General Reinsurance Corp (Berkshire Hathaway Inc). Ms. Ungar attained two professional designations: Chartered Property Casualty Underwriter (CPCU) and the Associate in Reinsurance (ARe). Ms. Ungar is an active community and civic leader. She served for five years on the Mendham Township Board of Adjustments and was a past member of the Steering Committee on Transparency and Accountability in Government, as well as numerous other non-profit groups. She was selected for and completed the Christine Todd Whitman Excellence in Public Services Series. Ms. Ungar holds a Masters of Business Administration with concentrations in Economics and International Business from the University

of Chicago, and a Bachelor of Science in Marketing and Technical Communications from Clarkson University. ■



Louis Rodriguez

Mr. Rodriguez is a Registered Professional Engineer in the State of New York and resides in Marlboro, New Jersey. He has provided consulting services to electrical utilities throughout the world in projects funded by the United States Agency for International Development, the World Bank, the International Development Bank, the US Trade Organization and others. Mr. Rodriguez has also served as a Financial Advisor for Morgan Stanley, Merrill Lynch and Metlife and was a Paratrooper in the United States Army at Fort Campbell, Kentucky. He has authored numerous technical papers and currently serves as Executive Director of the Latino Chamber of Commerce of Monmouth, Inc. Mr. Rodriguez holds an Electrical Engineering Bachelor Degree from City College of New York. ■

NJEFA Staff Announcements



Jennifer M. Soyka, Esq.

Director of Project Management

Congratulations to Jennifer Soyka who became EFA's Director of Project Management in February, a position that carries primary responsibility for statewide debt issuance by public and private colleges and universities in New Jersey and the issuance of state-supported debt for higher education. Jennifer joined EFA in August 2009 as a Project Manager with experience in fixed rate, variable rate and multi-modal structures for both taxable and tax-exempt financings. Prior to joining the Authority, she worked in the private sector as an Associate at McManimon & Scotland, LLC, Wilentz, Goldman & Spitzer, PA and McCarter & English, LLP. Jennifer has an A.B. in History from Washington University in St. Louis and a J.D. from Washington University School of Law.

Congratulations as well to the following staff members who have expanded and/or changed their positions and areas of responsibility at EFA. **Kristen Middleton** became EFA's IT Manager in addition to her ongoing responsibilities as Assistant Controller. **Jamie O'Donnell** left the position of Accountant in the Finance Department to assume the position of Project and Communications Specialist and **Sheila Toles** became EFA's Human Resources Manager in addition to her ongoing responsibilities as Executive Assistant.

Lastly, EFA said goodbye in December to Associate Project Manager, **Jennifer LaMarsh**, who led a number of stand-alone financings in recent months and was invaluable to EFA in the early administration phases of the higher education capital grant programs. Jennifer began her tenure with the Authority in 2007. She will be missed and we wish her well in all her future pursuits. ■



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Editor

Sheryl A. Stitt

Building futures is a publication of the New Jersey Educational Facilities Authority. For further information, please contact NJEFA at:
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2014 Board Calendar

January 28, 2014
March 25, 2014
May 20, 2014

*Meeting dates
subject to change.*