

Deal Spotlight: Lease

Union County Educational Services Commission, New Jersey Certificates of Participation

\$4,465,000

UW: Powell Capital Markets, Inc.

Ratings: Aa3

Dated Date: 4/6/06

The Union County Educational Services Commission (the “Commission”) provides essential educational opportunities to children who cannot be served in a regular classroom setting or in the special education programs currently available in their local school districts. The Commission also provides alternative education for high school students who would benefit from a non-traditional approach.

Currently the Commission’s membership consists of 21 public school districts in Union County and they also serve 21 non-member districts throughout Essex, Hudson, Middlesex, Morris, and Union counties. Each member district pays fees to the Commission. These fees constitute the majority of revenues of the Commission. Enrollment has grown approximately 31% in the past decade and daily enrollment for the 2005-2006 School Year is 374 students.

The Commission issued \$4.465 million in Certificates of Participation to refund Series 1997 bonds, which were guaranteed by Union County (the “County”). The security for this transaction is solely based on the lease payments made by the Commission and does not include the guarantee of the County. Additional security is provided by a leasehold mortgage on the property.

The Commission has a solid operating history with net surpluses averaging approximately \$1.1mm per year and pro-forma maximum annual debt service coverage exceeding 2x.

The Commission accessed the market at lower interest rates based on Radian’s Aa3 rating. The largest maturity due in 2022 offered a 4.375% coupon priced at a yield of 4.53%, 40bps over the Municipal Market Data Line AAA GO Index.

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