

# Program Update



## Bennett College for Women and Six Other HBCUs Tap Into 2010 Program Benefits

With two borrowings through the HBCU Capital Financing Program and a refinancing of previous loans, Bennett College for Women was among seven colleges and universities this year to tap into funds made available through the U.S. Department of Education. In all, the program has provided more than \$214 million in loans this year.

Bennett College for Women was founded 137 years ago in Greensboro, North Carolina. Since 1930, more than 5,000 women have graduated from Bennett College. Known as Bennett Belles, they continue to be among contributing women of achievement in all walks of life.

Bennett College borrowed \$21 million through the Capital Financing Program on September 25, 2009, and immediately broke ground on a variety of projects. As depicted in the photos at right, loan proceeds are being used to construct:

- a new 144-bed Honors Residence Hall with four guest apartments
- a multi-purpose Global Learning Center
- a Wellness Complex with intramural athletic fields
- a Children's House/Intergenerational Center

Funds will also be used to provide renovations to campus buildings. The HBCU loan is a general obligation of the College and payable from all legally available funds as revenues and on parity with an existing HBCU loan. It was structured as two bonds, one variable rate, one fixed rate. Both bonds funded pro-rata shares of the reserve fund and transaction costs.

In June 2010, Bennett College refinanced \$9.5 million in outstanding program debt to a lower interest rate.



*Intergenerational Center dining room floor tile installation.*



*Honors House sidewalk.*

### Loans Made Through the HBCU Capital Finance Program, Fiscal Year 2010

7/6/2010	\$68,000,000	<b>Tuskegee University</b>	new money for new agricultural/science building, living/learning center dormitory and academic building renovations
6/30/2010	\$9,500,000	<b>Bennett College for Women</b>	refinancing of outstanding debt
4/15/2010	\$17,315,000	<b>Harris-Stowe State University</b>	new money for dormitory
3/25/2010	\$28,100,000	<b>Lane College</b>	refinancing of outstanding debt and swap termination fees
2/25/2010	\$30,100,000	<b>Shaw University</b>	refinancing of outstanding debt and swap termination fees
9/25/2009	\$21,000,000	<b>Bennett College for Women</b>	new money for dormitory, academic facilities, athletic fields and renovation
9/25/2009	\$28,000,000	<b>Florida Memorial University</b>	new money for dormitory and refinancing of outstanding debt and swap termination fees
9/25/2009	\$12,000,000	<b>Talladega College</b>	new money for dormitory renovations and refinancing of outstanding debt



## What is the HBCU Capital Financing Program?

The HBCU Capital Financing Program was created to provide low-cost capital to the nation's historically black colleges and universities for infrastructure improvements. Specifically, the program provides HBCUs with access to capital financing or refinancing for the repair, renovation and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The program's authorizing statute caps the total amount of loans and accrued interest available through the program at \$1.1 billion. This assistance comes through the issuance of federal guarantees on the full payment of principal and interest on qualified bonds, the proceeds of which are used for loans.

## Department of Education Names Rice Capital Access Program LLC New Designated Bonding Authority

The premier investment bank serving HBCUs, Rice Financial Products Company now serves as the Designated Bonding Authority (DBA) for the HBCU Capital Financing Program through its subsidiary, Rice Capital Access Program. Rice is an established 100% African-American owned firm with a track record of service to HBCUs and other higher education issuers across the country. Since taking on the role of DBA last year, Rice has closed eight loans through the program totaling more than \$214 million.

Rice Financial is a highly accomplished underwriter of higher education bonds and the nation's largest financier of Historically Black Colleges and Universities. The firm's notable HBCU transactions include senior managing \$45.3 million in revenue bonds for Morehouse College and serving as the senior transaction manager of a \$66.4 million financing for Jackson State University. Rice has also served as structuring agent and financial advisor to Clark Atlanta University and Tuskegee University and was selected this year to senior manage a \$20.0 million refunding transaction for the University of the Virgin Islands.

Outside of the HBCU realm, the firm has senior managed bonds for City Colleges of Chicago, co-senior managed bonds for the University of California and co-managed significant financings for the University of Missouri, DePaul University, California State University and The Ohio State University. Rice will also be senior managing an \$8.0 million financing this year for the Southern Association of Colleges and Schools.

In April 2009, Rice Capital Access Program selected BNY Mellon, the world's leading provider of trust and custody services, as trustee and paying agent for the program. The decision was based on Rice's long and successful working relationship with BNY Mellon as well as its financial strength and stability, leadership role in the debt capital markets, experience working with U.S. Government Agencies, and uncompromising commitment to diversity. Bryant Miller Olive serves Rice Capital Access Program as bond counsel.



**William Fisher**  
Chief Executive Officer

*Original program DBA, 96-98  
Graduate of Howard University*



**Gayle Davis**  
Chief Administrative Officer

*10 years of experience serving HBCUs  
Graduate of New York University*



**David Womack**  
Chief Credit Officer

*30 years in not-for-profit finance  
Graduate of Yale University and  
Dartmouth College*



**Jerome Cox**  
Credit Officer

*6 years of experience serving HBCUs  
Graduate of Clark Atlanta University*



**Vikas Dayal**  
Credit Officer

*2 years in not-for-profit finance  
Graduate of University of Michigan*

## The HBCU Capital Financing Program Advisory Board

The Historically Black College and University Capital Financing Program Advisory Board provides advice and counsel to the Secretary of Education regarding the most effective and efficient means of implementing construction financing on African-American college campuses. The Board also advises Congress on the progress made in implementing construction financing. The Board meets at least twice each year to advise on the capital needs of historically black colleges and universities, how those needs can be met through the program, and what additional steps might be taken to improve the operation and implementation of the construction financing program.

### HBCU Capital Financing Program Advisory Board

**Dr. Lezli Baskerville, President & CEO**

*National Association for Equal Opportunity in Higher Education*

**Dr. Norman Francis, President**

*Xavier University of Louisiana  
Chair and Secretary's Designee*

**Dr. Robert M. Franklin, President**

*Morehouse College  
Representative of a private HBCU*

**Dr. Henry Givens, Jr., President**

*Harris Stowe University  
Representative of a public HBCU*

**Dr. Michael Lomax, President & CEO**

*United Negro College Fund*

**Dr. Adena Loston, President**

*St. Philips College  
Representative of a public HBCU*

**Mr. Johnny C. Taylor, President & CEO**

*Thurgood Marshall College Fund*

**Dr. Donald J. Reaves, Chancellor**

*Winston-Salem State University  
Representative of a public HBCU*

**Dr. Trudie Kibbe Reed, President**

*Bethune-Cookman University  
Representative of a private HBCU*

**Dr. Dianne Boardly Suber, President**

*St. Augustine's College  
Representative of a private HBCU*

**Dr. John S. Wilson, Jr., Executive Director**

*White House Initiative on Historically Black Colleges and Universities*

### Rice Capital Access Creates Solutions for Troublesome Swaps

A number of the institutions that have come through the Capital Finance Program have been faced with considerable challenges in managing interest rate swap transactions. In a typical transaction, the institution paired variable rate indebtedness with an interest rate swap in which it received an offsetting variable rate in exchange for paying a fixed rate. Essentially, the swaps transformed the variable rate debt to a fixed rate basis.

Unfortunately, certain of these transactions created significant credit constraints that served as impediments to entering into additional borrowings, including through the Capital Financing Program. Furthermore, given market conditions, the transactions were difficult to unwind or restructure.

Rice Financial Products Company, a sister organization to Rice Capital Access Program, has substantial expertise in derivative transactions. Established originally in 1994 as a derivatives boutique before expanding into other areas of finance, Rice has a wealth of experience in creative financial problem solving.

Rice's derivative experts have guided HBCU institutions through negotiations with swap counterparties to unwind the swap transactions, eliminate the attendant security constraints, and bring the Capital Access transactions to a successful close. If you have a swap you would like to discuss, please contact Will Fisher of Rice Capital Access Program at 404-736-3628.

## Program Application: The First Step Toward Achieving Your Infrastructure Goals

Half an hour is all you need to get the ball rolling on securing funding for needed improvements at your college or university. Log in to [www.ricecapitalaccess.com](http://www.ricecapitalaccess.com) today to fill out a brief preliminary application that reviews your institution's enrollment figures, operating revenue and expenses, and a brief project description. This initial review is conducted to determine whether you qualify for a loan through the Capital Financing Program before you spend more time and resources completing the full-scale application process.

Click on the What to Expect button on the home page to review a timeline that takes you through the process and the steps that will be taken by your institution, Rice Capital Access Program bankers, the U.S. Department of Education and the U.S. Treasury. We are sensitive to your desire to keep your project on track and will work diligently to help accomplish this goal.

After we receive the required financial and project documentation, it takes approximately two to three



months to process the loan. In some instances, however, loans have been closed in as few as six weeks. The timeframe depends primarily on your institution's ability to provide the required documents and the level of negotiations involved in the loan transaction.

Throughout the life of the project, Rice utilizes a comprehensive, state of the art financial planning and forecasting tool that allows us to analyze operating and capital initiatives. Enrollment, discount rates, personnel, investments, debt, facilities and other factors are considered. Financial statements can be created for up to a 16-year planning window, based on 5 years of historical data, current year data, and 10 years of projected results.



William Fisher, Chief Executive Officer  
Rice Capital Access Program, LLC  
191 Peachtree Street NE, Suite 3300  
Atlanta, GA 30303  
404-736-3628  
[will.fisher@ricefin.com](mailto:will.fisher@ricefin.com)  
[www.ricecapitalaccess.com](http://www.ricecapitalaccess.com)

Donald Watson, Director  
HBCU Capital Financing Program  
Office of Postsecondary Education  
1990 K Street, Room 6130  
Washington, DC 20006  
202-219-7037  
[donald.watson@ed.gov](mailto:donald.watson@ed.gov)