ProgramUpdate

RICE
Capital Access Program, LLC

HBCU CAPITAL FINANCING

HBCU Loan Program Provides $124 Million for HBCUs Across the South and Southeast in 2014

The U. S. Department of Education's Historically Black College and University Capital Financing Program successfully completed six financings in 2014 totaling $124 million. The HBCU institutions taking part were located from Texas to North Carolina, and their participation in the program helped them to efficiently refinance outstanding debt and secure needed funding for new projects at a very competitive rate, including dormitories and an intramural center complex.

Arkansas Baptist College

$30,035,000
Arkansas Baptist College
Direct Loan Placement

$26,150,000
Johnson C. Smith University
Direct Loan Placement

$23,000,000
Saint Augustine's University
Direct Loan Placement

$19,000,000
Texas College
Direct Loan Placement

$18,500,000
Voorhees College
Direct Loan Placement

$7,500,000
Grambling State University
Direct Loan Placement

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 provides assistance 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.

Rice Capital Access Program, a subsidiary of Rice Financial Products Company, currently serves as Designated Bonding Authority for the program. Since the firm's appointment in 2009, Rice has completed nearly $1 billion in financings through the program.

Standard & Poor's Reports Negative Outlook for Higher Education Sector

Citing the ongoing struggles colleges and universities are facing balancing the demands of their expenditures with student affordability and access, Standard & Poor's Ratings Services reported in January that its outlook for not-for-profit higher education institutions remains negative. S&P expects these difficulties to continue to strain the financial resources of colleges and universities in an increasingly competitive market. The report stated this will even more likely be the case for institutions whose credit characteristics are already at the cusp of a lower rating.

"This competitive landscape is beneficial to students but financially challenging for colleges," S&P analyst Jessica Matsumori said in the report. "Institutions face an expensive contest to attract and retain the best students."

According to the report, institutions are struggling to increase revenue at a pace sufficient to offset rising costs, including facility constraints, financial aid demands, student safety measures, and even compliance and reporting requirements. S&P says management will be key to successfully navigating the changing landscape.

HBCU institutions have a unique advantage over other higher education borrowers in their access to the HBCU Capital Financing Program, which allows them to circumvent traditional borrowing methods at extremely competitive rates.

Standard Borrowing Rates vs. the HBCU Capital Financing Program

Comparison of two recent higher education borrowings clearly illustrates the advantage HBCU institutions have with the HBCU Capital Financing Program. In January 2015, AAA-rated University of Notre Dame completed a $400 million taxable bond financing with what it claimed to be the lowest yield ever for a corporate transaction: 3.43%. In December 2014, the $30 million HBCU loan transaction Rice Capital Access completed for non-rated Arkansas Baptist College was priced at 2.86% - 57 basis points through Notre Dame's pricing.

Higher Education Borrowing Cost Comparison

Borrower	Date	Borrowing Mechanism	Par Amount	Cost of Funds	Spread	Ratings	Amortization
University of Notre Dame	1/13/2015	Bond Market	$400,000,000	**3.43%**	30-yr Treasury + 95 bps	"AAA"	30-year bullet in 2044 &
Arkansas Baptist University	12/3/2014	HBCU Loan Program	$30,000,000	**2.86%**	25-yr Federal Financing Bank	Not Rated (Approx. "B")	30-year (2015 - 2044)

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.net 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.

Financing Program Advisory Board

RICE
Capital Access Program, LLC

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