

## Deal Spotlight: Human Service Provider

---

### **Kennedy Krieger Institute Maryland Health and Higher Educational Facilities Authority**

\$52,125,000

Rating: Aa3

Underlying Rating: Baa3

UW: Banc of America Securities LLC

FA: Ponder & Co.

Dated Date: 11/15/06

Kennedy Krieger Institute, Inc. (“Kennedy Krieger” or the “Institute”) issued \$52 million of auction rate securities through the Maryland Health and Higher Educational Facilities Authority.

Kennedy Krieger was organized under the name Children’s Rehabilitation Institute, Inc. in 1937. The Institute’s mission is to improve the lives of children and adolescents with pediatric developmental disabilities through patient care, special education, research, community outreach and professional training.

Kennedy Krieger offers the following services in six different areas: a 50-bed specialty pediatric hospital, more than 35 different outpatient/clinic programs designed to meet the special needs of children, various community programs, the Kennedy Krieger School (which provides day-school education to children with disabilities), research, and an affiliation with the Marcus Institute of Atlanta (a similar operation that provides services to individuals with special needs).

Kennedy Krieger is the largest organization in the world that is dedicated to the research and treatment of children whom are challenged with a wide array of physical and developmental disabilities. The Institute has an independent affiliation with Johns Hopkins Medical University, which allows for a reciprocal arrangement where certain patient care and access to medical staff benefits both parties. Physically, the Institute is located adjacent to Johns Hopkins, which materially benefits the relationship as well.

The bonds are secured by the gross revenues of the Institute, which include healthcare, education, research, fundraising and endowment income revenues. The bonds are further secured by a mortgage on a new outpatient facility and the main children’s hospital as well as the Marcus Institute campus. A majority of the bond proceeds will fund a portion of an outpatient clinical care project and clinical research facility on the Institute’s Baltimore campus. With the remainder of the funds, the Institute will refund the \$13 million outstanding from their outstanding Series 1993 and 1999 Bonds.

The Institute has an underlying rating of Baa3 from Moody’s. The Institute accessed the market at lower interest rates based on Radian’s Aa3 rating. The rate of the initial weekly auction was 3.58%, 9 bps less than the weekly BMA Swap Index.

#### **Key Contacts:**

**Paul Rizzo, SVP, Manager of Public Finance • 212 984.9230 • [paul.rizzo@radian.biz](mailto:paul.rizzo@radian.biz)**

**John DeLuca, SVP, Director of Marketing • 212 984.9222 • [john.deluca@radian.biz](mailto:john.deluca@radian.biz)**

This report has been prepared by Radian Asset Assurance Inc. (“Radian”) based on information available and believed to be accurate and complete as of the date on which the obligations described above were issued (the “Issuance Date”). Certain information included in this report was obtained by Radian from third-party sources, and Radian does not guarantee the accuracy or completeness of this report as of the Issuance Date or its continued accuracy as of any date subsequent thereto. Radian does not intend to, and disclaims any duty or obligation to, update or revise any information included in this report to reflect new information or future events for any other reason. This report is distributed for information purposes only and nothing contained herein should be viewed as investment advice or as constituting a recommendation to buy, hold or sell the obligations described herein. Radian has insured the obligations described above and received fees for the issuance of a financial guarantee insurance policy covering such obligations.