

Deal Spotlight: Higher Education

Seattle Pacific University**Washington Higher Education Facilities Authority**

\$91,000,000

Series 2005 Refunding Bonds

Ratings: Aa3/AA/AA

UW: Banc of America Securities LLC

Auction Rate

Dated Date: 12/1/2005

Seattle Pacific University (SPU) sought to refund their existing debt by selling Auction Rate Securities. Radian's credit enhancement enabled the University to access this market. The issue, to date, represents one of the largest private university financings in the region and is the largest auction rate transaction to carry Radian's insurance. The strength of the University's mission, management team, favorable demand trends and healthy financial position are positive credit attributes.

The University was founded in 1891 and has an enrollment in excess of 3,500 full time students. SPU is one of 105 members of the Council for Christian Churches and Universities, an international association which also has 71 members in 24 foreign countries.

The bond issue refunded all outstanding debt including Series 2000 Bonds which successfully updated campus facilities including a new residence hall, parking facilities, a science center, and new classrooms. The bonds are a general obligation of the University, backed by a security interest in tuition and fees. Additional security is provided by a mortgage on various properties on the campus.

The University's solid franchise reflects its Christian roots. Demand characteristics over the past five years have demonstrated consistent growth. The strength of its academic programs, its campus, which has undergone \$140 million of capital improvements over the past 10 years, location in Seattle, and strong reputation are all cited as reasons for attending Seattle Pacific University.

The initial weekly auction rate was 3.14% (+16bps over the 7-day BMA index).

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