



CASE FINANCES BOLD FACILITIES REVITALIZATION WITH MAJOR BOND FINANCING



As the largest private research university in Ohio, Case Western Reserve University is well known for its rigorous professional and graduate programs as well as a strong undergraduate curriculum. But in the increasingly competitive world of higher education in the U.S., Case officials saw the need to significantly enhance some facilities, particularly for health sciences facilities and student residential needs. In 2003, the University announced a five-year Vision Investment Plan, a comprehensive strategy to improve undergraduate programs, become a more attractive choice for top-tier students and increase support for academic medical programs, including valuable collaborations with health care organizations in the Cleveland area. The expected cost of this bold plan was estimated at \$470 million, a significant amount for any higher education institution. University officials determined that \$180 million of the costs could be funded from current operations over a five-year period. The remaining amount would need to be financed in what would be a major financing for the higher education bond market.

Given the size of the anticipated financing, Case officials wanted to present the strongest possible face to investors. As a result, they asked Ambac Assurance to review and insure the deal. With wide-ranging experience in higher education financing, Ambac underwriters were able to quickly evaluate the University's Vision Investment Plan and overall financial picture. Although the amount of the issue was significant, Ambac determined that Case's strong fundamentals, solid position in the higher education market and experienced leadership made the University an acceptable risk.

In March 2004, five series of thirty and forty-year bonds were issued - \$108 million in fixed rate bonds and \$178 million in auction rate bonds. Strengthened by the Ambac guarantee, the bonds went to market with the highest ratings available, bringing Case significant savings on interest costs over the life of the securities.

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