

PUBLIC FINANCE

North Carolina Educational Facilities Finance
Agency

Davidson College

CREDIT PROFILE

March 14, 2000

Analysts:

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NEW RATING

\$14 mil rev bnds ser 2000A due Dec 1, 2012

AA

\$19 mil var-rt rev bnds ser 2000B due Dec 1, 2020

AA/A-1+

AFFIRMED

\$6.01 mil rfdg bnds ser 1992

AA

OUTLOOK: STABLE

Rationale

The 'AA' rating on North Carolina Educational Facilities Finance Agency's bonds, issued for Davidson College, reflects the college's GO pledge supported by:

- Highly competitive demand for the small liberal arts college located 19 miles north of Charlotte;
- Very manageable debt burden; and
- Strong liquidity for operations and debt.

The short-term rating on the series 2000B variable-rate demand bonds reflects the college's own liquidity. Davidson has demonstrated more than satisfactory capacity to cover the put risk on \$19 million of variable-rate bonds. As of Dec. 31, 1999, \$30 million of U.S. Treasury bonds and notes covered principal by 1.57 times, not including an estimated \$42 million of additional same-day funds. Wachovia Securities Inc. is acting as remarketing agent for the bonds, which will initially be issued in a weekly mode. Bond proceeds from both series of bonds—the fixed rate and variable rate—will be used to finance a new college union on campus, a new dorm, and refund \$4.6 million of prior debt. The college has no additional debt plans, and the substantial college campus is visibly attractive. Expected maximum annual debt service of \$4.5 million is manageable at 6.6% of fiscal 1999 operating expenses. Davidson generally pays off its bonded debt very quickly.

Davidson College was founded in 1837 by members of the Presbyterian Church in North Carolina. It enrolled only men until the 1970s; today the student body is a roughly an equal mix of men and women. Davidson offers only an undergraduate program and has made a commitment to remain a church-related college, enrolling approximately 1,600 students. Nearly all students live on campus and are full-time undergraduates. Admissions standards are high, and in fall 1999 only 38% of all freshman were accepted. Average SAT scores were a strong 1322 for the most recent entering class.

Standard & Poor's



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