

Federal Guarantee Given Bonds Sold For Jonathan, Minn.

The first issue of bonds guaranteed by the Federal Government and sold to finance development of an entirely new community — Jonathan, Minn. — was offered to investors yesterday.

A group of underwriting firms headed by the First Boston Corporation handled the financing, which consisted of \$8-million of 8½ per cent guaranteed 20-year debentures priced at 100 per cent of their face value. The minimum amount sold was \$5,000.

The debenture issue, sold by the Jonathan Development Corporation, marked the first financing under the New Communities Act of 1968 that authorizes the Department of Housing and Urban Development to issue guarantees up to \$250-million.

Jonathan Development will use the money to acquire and develop land for the new town, situated 20 miles southwest of Minneapolis. It is named after Jonathan Carver, an 18th Century American traveler who explored the main rivers of Minnesota and Wisconsin.

Plans call for the town to grow to a population of 50,000 in 20 years.

HUD has agreed to guarantee up to \$21-million of the company's bonds to help finance the first 10 years of development. The agency has also agreed to back \$24-million for St. Charles, Md., and \$30-million for Park Forest South, Ill.

Bond sales for these communities are expected late in 1970 or early in 1971.

In a financing innovation with the Jonathan debentures, the company must deposit interest payments with the trustee, the First Trust Company of St. Paul, not less than 10 days before they are due to be paid. If Jonathan Development does not make such a deposit, the United States Treasury must.