



UNIVERSITY OF WYOMING

Bond Issue Update

UW Board of Trustees
March 5, 2010



Overview

Purpose of Issue

Financing Considerations

Bond Management

- Bond Counsel
- Underwriters

Next Steps

Purpose of Bond Issue

- **BOT approved and Legislature authorized a total bond issue of \$39 million**
- **\$33 million for Fine Arts**
 - New building to be located east of the American Heritage Center on the corner of 22nd Street and Willett Drive
 - New building will house the Visual Arts program
- **\$6 million for Downey Hall**
 - Life Safety: Sprinkler, Fire Alarm, Locks and Doors
 - Building Systems: Electrical, Lighting, Windows, Plumbing
 - ADA
 - Interior Design Improvements
 - Upgrades similar to McIntyre and Orr

Financing Considerations

Three Type of Bonds

1. **Traditional tax-exempt financing**
2. **New Recovery Act financing opportunities**
 - Build America Bonds (BABs)
 - Recovery Zone Economic Development Bonds (RZEDBs)
3. **Combination**--traditional tax-exempt financing and financing methods made available through the Recovery Act

\$39 million could include a mix of all three types

Build America Bonds

- Provide 35% refundable tax credit to issuer
- Similar to tax-exempt bonds, except that Build America Bonds (BABs) are taxable and provide tax credits to bondholders (Tax Credit) or refundable tax credits to issuers (Direct Payment)
- Use of Proceeds: Same as tax-exempt bonds
 - Tax Credit BABs: any governmental purpose for which tax-exempt governmental bonds (except private activity bonds) can be issued
 - Direct Payment BABs: Same as Tax Credit BABs, except that 100% of proceeds must be used for capital expenditures

Recovery Zone Economic Development Bonds

- Provide 45% refundable tax credit to issuer
- Must be a state or local government bond
- 100% of the proceeds must be used for “qualified economic development purposes” within designated “recovery zones”
- Subject to \$90 million Wyoming volume cap limitation
- Allocation must be reallocated by the State to Albany County – Wyoming Business Council and Governor’s office
- For UW to use these bonds, BOT action would be required--possibly in the interim between March and May 2010 BOT meetings

Bond Management

- UW issued RFP for Bond Counsel and Underwriter services
- Conducted interviews with firms and made selections in February

- **Bond Counsel: Kutak Rock LLP**

Bond Counsel to University of Wyoming in 2001, 2004, 2005 and 2009

- **Underwriter: George K. Baum & Co.**

Wyoming higher education clients include the University of Wyoming, Casper College and Central Wyoming College; Mary Keating-Scott and Bret Jones located in the Cheyenne office

Next Steps

- March 2010
 - Work w/ Lincoln Co officials and Governor's Office re: unused RZEDB allocation
 - Prepare Bond Rating materials for Rating Agency (S&P)
- April 2010
 - Meet w/ Rating Agency officials
 - Finalize decision re: mix of bonds to be used
 - BOT designation of recovery area (if RZEDBs used)
- May 2010
 - Pre-market and Price bonds
 - Presentation to UW Board; resolution adopted by Board at May meeting
 - Bonds sold