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
  

- 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