The Series 2011 Bonds

UW Board of Trustees Meeting
November 18, 2011
Timeline

March 2011: UW and CC execute 50 year lease agreement (includes UW commitment to make $16M available no later than Nov. 30, 2011)

Aug. 2011: University solicits request for proposals for Underwriter and for Bond Counsel

Sept. 2, 2011: George K. Baum & Company selected as Underwriter; Kutak Rock selected as Bond Counsel

Oct. 12 & 14, 2011: Standard & Poor’s and Moody’s rating update conference calls

Oct. 25, 2011: S&P affirms University’s underlying ‘AA-’ rating, assigns a ‘AA+’ rating to bonds issued under the Supplemental Coverage Program

Oct. 31, 2011: Supplemental Coverage Program application submitted to the State Loan & Investment Board (SLIB)

Nov. 4, 2011: Moody’s affirms University’s underlying ‘Aa2’ rating

Nov. 17, 2011: SLIB approves University’s use of Supplemental Coverage Program, followed by sale of University’s Series 2011 Bonds

Nov. 18, 2011: Board of Trustees meeting – Approval of Bond Purchase Agreement and Bond Resolution

Nov. 22, 2011: Closing – Transfer bond proceeds to the University’s account

Nov. 30, 2011: Deadline by which $16M in UW funds must be available
University Revenue Bond
Supplemental Coverage Program

The Program:

• 2011 Legislature instituted the Supplemental Coverage Program to provide interest cost savings for the University on future bond issues

• Allocates up to $18.0 million of Federal Mineral Royalties annually for supplemental coverage of University Revenue Bonds

• University submits debt service payments to the State Treasurer’s Office who funds any shortfall and subsequently sends necessary funds to the paying agent. If a shortfall should occur, the University must repay the loan from the State with its general fund revenues.

Criteria for Eligibility:

• The University must maintain debt service coverage ratio of 2.50x for Program eligibility

• The Program applies to revenue bonds issued prior to November 1, 2015 and includes refunding bonds

Application Process:

• Application must be submitted to the State Loan & Investment Board

• SLIB application includes information regarding debt service requirements, rating indications, University’s need for the proposed bond issue and debt service savings generated by the Program
Benefits of University Revenue Bond Supplemental Coverage Program

Program Benefit to the University:

- The ‘AA+’ rating assigned to the bonds as issued under the Program will reduce the interest rates on the Series 2011 bonds by an average of 15 basis points (.15%) as compared to issuing bonds based solely on the University’s ‘Aa2’ / ‘AA-’ underlying credit ratings
- The approximately 15 basis point benefit provides interest cost savings from the Program relating to the new money portion of the bonds of $7,000 in annual debt service savings, total gross debt service savings of $130,000 and total net present value savings of $98,000
- Overall, the Supplemental Coverage Program provided ~ $230,000 reduction in debt service costs to the University

Refunding Benefit to the University:

- The improved interest rates allow for the University to achieve significant economic savings via the advance refunding of the Series 2004 Bonds, with annual savings of $23,000, total debt service savings of $315,000 and total net present value savings of $290,000 as compared to the University’s existing Series 2004 interest rates
Security for the Bonds

**Gross Pledged Revenues** include:

- Sales from bookstore, student union, food service and parking
- Dormitory and apartment rentals (includes portion of student fees)
- Telecommunications
- Interest earnings
- Government Royalty Fund
- University Account within the Permanent Land Income Fund

Less:

- Operation and maintenance expenses
- Cost of sales or rentals
- Salaries and benefits
- Maintenance and repair
- Other expenses

Equals:

- **Net Pledged Revenues** (Net Pledged Revenues / Annual Debt Payment = Coverage ratio)
- Coverage of **2.50** times is required for issuance of additional bonds under the Supplemental Coverage Program
- Coverage is a strong **3.97** times *after* the issuance of the 2011 bonds
Public University Ratings

The following table outlines the ratings of UW and other Western public universities, as well as the ratings of each university’s respective state:

<table>
<thead>
<tr>
<th>Flagship University</th>
<th>Moody’s</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>University</td>
<td>State</td>
</tr>
<tr>
<td></td>
<td>Rating</td>
<td>Outlook</td>
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<tr>
<td>University of Arizona</td>
<td>Aa2</td>
<td>Negative</td>
</tr>
<tr>
<td>University of Colorado</td>
<td>Aa2</td>
<td>Stable</td>
</tr>
<tr>
<td>University of Idaho</td>
<td>Aa3</td>
<td>Stable</td>
</tr>
<tr>
<td>University of New Mexico</td>
<td>Aa2</td>
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<td>University of Wyoming</td>
<td>Aa2</td>
<td>Stable</td>
</tr>
<tr>
<td>Washington State University</td>
<td>Aa2</td>
<td>Stable</td>
</tr>
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</table>
Series 2011 Bonds

Total par amount of the Series 2011 bonds includes:

- $9,060,000 in traditional tax-exempt bonds for the UW/CC Joint Facility
- $7,680,000 in traditional tax-exempt bonds for the advance refunding of the callable Series 2004 Bonds

Pricing Environment

- The University’s bonds were offered to investors on November 17, 2011 following SLIB approval as rates in the municipal market continued to hover near historic lows
- Investors exhibited strong demand for the University’s bonds, as orders exceeded available bonds by 3.5x in the 2021 through 2024 maturities. As a result of this strong demand, the bonds were able to be reoffered at reduced yields.
- George K. Baum & Company underwrote approximately $1.60 million in bonds in the 2012 through 2014 maturities. GKB expects these bonds will be purchased by Wyoming retail accounts.
UW Debt Service Obligations

- After issuance of the Series 2011 Bonds, the University has five outstanding revenue bond issues.
- The University’s annual debt service is approximately $6.080 million over the next 19 years.
- Total outstanding debt (including 2011 issue) of $83.3 million.
- Only the University’s Series 2011 Bonds are covered under the Supplemental Coverage Program.
# UW Debt Service Coverage

<table>
<thead>
<tr>
<th>Project</th>
<th>Bond Issue Amount</th>
<th>Minimum Coverage Ratio*</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW/CC</td>
<td>$10M</td>
<td>3.97x</td>
</tr>
<tr>
<td>White Hall</td>
<td>$10M</td>
<td>3.36x</td>
</tr>
<tr>
<td>Half Acre</td>
<td>$15M</td>
<td>3.05x</td>
</tr>
</tbody>
</table>

* Assumes FY 2011 Net Pledged Revenues of $24,153,253 and no increase in fees.
Action Required at this Board Meeting

Board approval of The Trustees of the University of Wyoming Facilities Improvement and Refunding Revenue Bonds Series 2011 in the amount of up to $18.3 million in revenue bonds, $10 million as authorized by the 2011 Legislature and up to $8.3 million for the advance refunding of the Series 2004 Bonds.

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