

The Series 2012 Bonds

UW Board of Trustees Meeting

May 4, 2012



UNIVERSITY OF WYOMING

Cost of Project: \$32.4 million
Construction Start: Spring 2013
Completion: Fall 2014

Phase II of the Fine and Performing Arts project.
Phase I – the UW Visual Arts Center - was dedicated in January, 2012.



Performing Arts



Performing Arts

(in millions)

Level I	UW Funds	Self funded
Level II	2011 appropriation*	\$ 2.6
Level III	Multiple sources (estimated)	\$ 32.4

* Level II complete-\$ 1.3M spent to date



Performing Arts

(in millions)

Funding Needed

Funding Sources

(estimated)

Construction	\$ 25.8	Legislative appropriation	\$ 14.2
Fixtures, furnishings & equipment	<u>\$ 6.6</u>	Bond funding	\$ 12.2
Total cost	\$ 32.4	Private gifts	\$ 2.0
		Major maintenance funds (if necessary)	\$ 2.3
		Federal Mineral Royalties (if necessary)	<u>\$ 1.7</u>
		Total funding	\$ 32.4



Cost of Project: \$14.0 million

Construction Start: Fall 2012

Completion: May 2013

The White Hall project includes life/safety upgrades, enhancements to the electrical distribution system and interior design improvements. Systems to be upgraded include fire suppression, fire alarms, electrical, lighting, furniture, and carpeting.



White Hall



White Hall

(in millions)

Funding Needed		Funding Sources	
Construction	\$ 8.7	Bond funding	\$ 10.0
Fixtures, furnishings & equipment	\$ 2.5	UW funds (RLDS)	<u>\$ 4.0</u>
Other residence hall improvements	<u>\$ 2.8</u>	Total funding	\$ 14.0
Total cost	\$ 14.0		



Cost of Project: \$27.0 million
Construction Start: Summer 2012
Construction Complete: Fall 2013

The Half Acre project entails renovation of existing building space of 40,000 s.f. and the addition of 99,000 s.f. The 2012 legislature appropriated \$15 million and approved the issuance of up to \$12 million in student-fee-supported revenue bonds for this project. ASUW supported the fee increase and it was approved by the Board of Trustees at their March 2012 meeting - increase = \$50/yr. in 2013, increasing to \$84/yr. in 2014 and thereafter.



Half Acre



Half Acre

(in millions)

Funding Needed

Funding Sources

Construction	\$ 19.8	Legislative appropriation	\$ 15.0
Fixtures, furnishings & equipment	<u>\$ 7.2</u>	Bond funding	<u>\$ 12.0</u>
Total Cost	\$ 27.0	Total funding	\$ 27.0



Refinancing Prior Bond Issue

The Series 2005 Facilities Improvement Revenue Bonds:

- Issued for construction of the Archaeological and Anthropological Resource Facility – par amount of \$16M

Refunding Benefit to the University:

- Refinancing the bonds at today's lower interest rates will allow the University to achieve significant economic savings. Estimated savings:
 - \$60,000 average annual savings
 - \$592,000 net present value savings through maturity



Series 2012 Bonds

Traditional Tax-Exempt Bond Financing

(in millions)

Project	Par Amount estimated	Proceeds with premium
Performing Arts	\$ 10.6	\$ 12.2
White Hall	\$ 8.7	\$ 10.0
Half Acre	\$ 10.4	\$ 12.0
Refinancing prior bond issue (Anthropology Facility)	<u>\$ 9.4</u>	<u>\$ 11.0</u>
Total Series 2012	\$ 39.1	\$ 45.2



UW Debt Service Coverage

Project	Bond Issue	Estimated Coverage Ratio*
Current Ratio	Casper Joint Facility	3.9x
Performing Arts	\$12.2M	3.4x
White Hall	\$10.0M	3.0x
Half Acre	\$12.0M	2.9x

**Coverage ratio = Net Pledged Revenue/Maximum annual debt payment
Assumes FY 2013 Net Pledged Revenues of \$25.3M (including a \$1.3M increase in fees)
and \$8.8M maximum annual debt service ($\$25.3/\$8.8 = 2.9$)*



Timeline

- Sept 2011** George K. Baum & Company selected as Underwriter for 2011 and 2012 bond issuance activity
- March 2012** UW receives authority from the legislature to issue bonds and raise private donations for up to \$14.2 million for the Performing Arts Facility, up to \$10 million for the White Hall renovation and up to \$12 million for the Half Acre remodel/expansion
- April 2012** University solicits request for proposals for Bond Counsel with contract to be awarded in early May.
- May 2012** Supplemental Coverage Program application submitted to the State Loan & Investment Board (SLIB); Standard & Poor's and Moody's rating updates
- June 2012** Receive ratings from S&P and Moody's; obtain SLIB approval for use of Supplemental Coverage Program
- July 2012** Marketing of bond issue; pricing of bonds on July 18, 2012
- July 19, 2012** Board of Trustees meeting – Approval of Bond Purchase Agreement and Bond Resolution
- July 25, 2012** Bond closing – Transfer bond proceeds to the University's account



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
- UW received Supplemental Coverage for the bonds issued last November (Casper Joint Facility) – the benefit was ~ \$230,000 reduction in debt service costs
- In general, the Program provides reduced interest rates on the bonds which generate interest cost savings and lower annual debt service payments for the University

Criteria for Eligibility:

- The University must maintain debt service coverage ratio of 2.5x 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)
- 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



Security for the Bonds

Gross Pledged Revenues include:

- Campus Recreation student fee
- Sales from bookstore, student union, food service and parking
- Residence hall 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 / Maximum Annual Debt Payment = Coverage ratio)
- Coverage of **2.5** times is required for issuance of additional bonds under the Supplemental Coverage Program
- Coverage is a strong **2.9** times ***after*** the issuance of the 2012 bonds



Public University Ratings

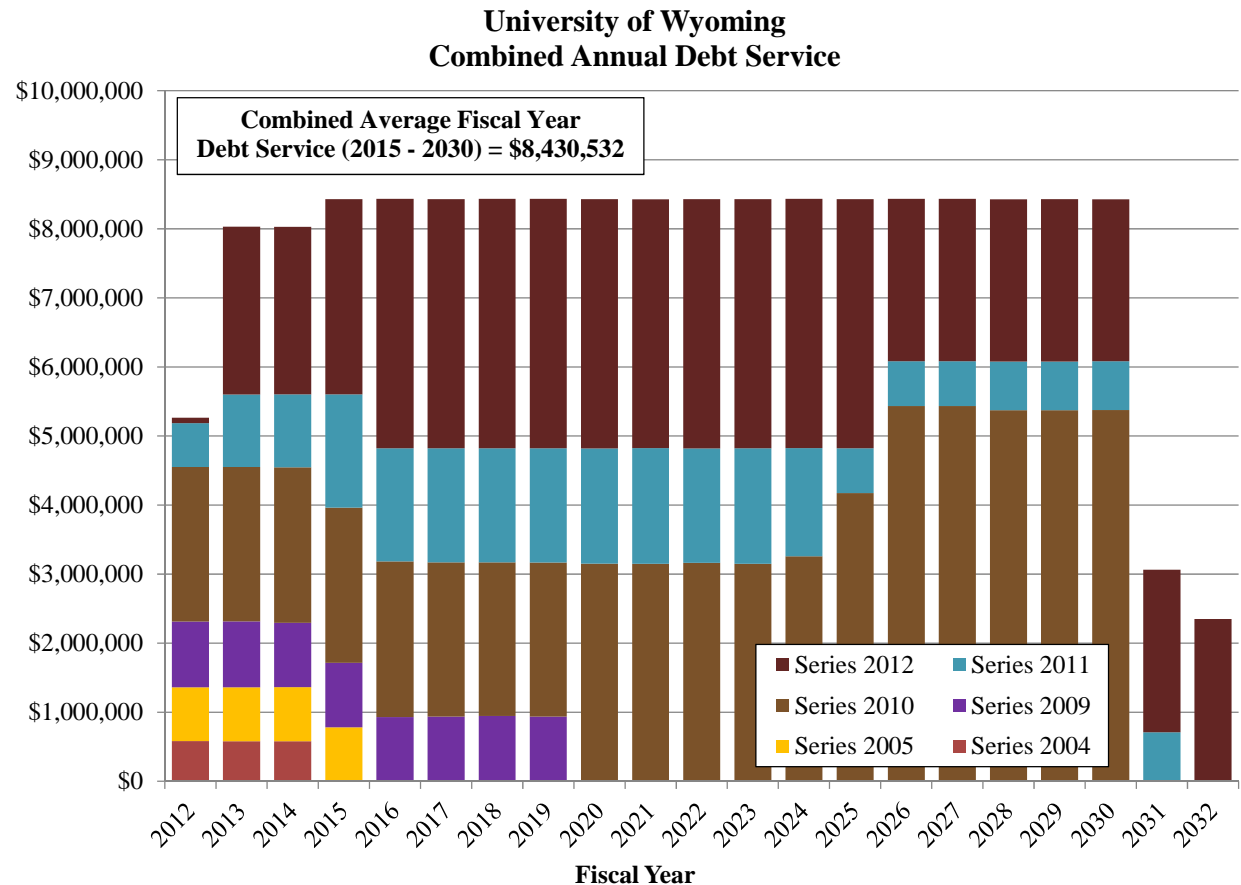
The following table outlines the ratings of UW and other Western public universities, as well as the ratings of each university's respective state.

Flagship University	Moody's				S&P			
	University		State		University		State	
	Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook
University of Wyoming	Aa2	Stable	N/A	N/A	AA-	Stable	AAA	Stable
University of Arizona	Aa2	Negative	Aa3	Stable	AA	Stable	AA-	Stable
University of Colorado	Aa2	Stable	Aa1	Stable	AA-	Stable	AA	Stable
University of Idaho	Aa3	Stable	Aa1	Stable	A+	Stable	AA+	Stable
University of New Mexico	Aa2	Stable	Aaa	Negative	AA	Stable	AA+	Stable
University of Utah	Aa2	Stable	Aaa	Stable	AA	Stable	AAA	Stable
University of Washington	Aaa	Stable	Aa1	Negative	AA+	Stable	AA+	Stable
Washington State University	Aa2	Stable	Aa1	Negative	AA	Stable	AA+	Stable



UW Debt Service Obligations

- After issuance of the Series 2012 Bonds, the University has six outstanding revenue bond issues
- At today's rates, UW's annual debt service will be approximately \$8.4M over the next 20 years
- Total outstanding debt (including 2012 issue) will be approximately \$110.9M
- The University is applying for coverage of the 2012 Bonds under the State's *Supplemental Coverage Program*



Action Required at this Board Meeting

Adoption of a Reimbursement Resolution – White Hall Project

- University funds expended before the bond proceeds are available, can be reimbursed by the bond proceeds after issuance.
- For example: If \$1M cash is used before the \$10M bonds are issued and the total project cost is \$10.6M, \$.4M could be reimbursed from the bond proceeds.
- Reimbursement will allow RLDS to utilize the funds on improvements to other high-rise residence halls that could not be accomplished during previous improvement projects.
- The Resolution will provide the flexibility to use the financing resources for their highest and best use.
- A Reimbursement Resolution was used in 2001 for the Washakie Dining and Wyoming Union projects.



Questions?

