

The Series 2011 Bonds

**UW Board of Trustees Meeting
November 18, 2011**



UNIVERSITY OF WYOMING



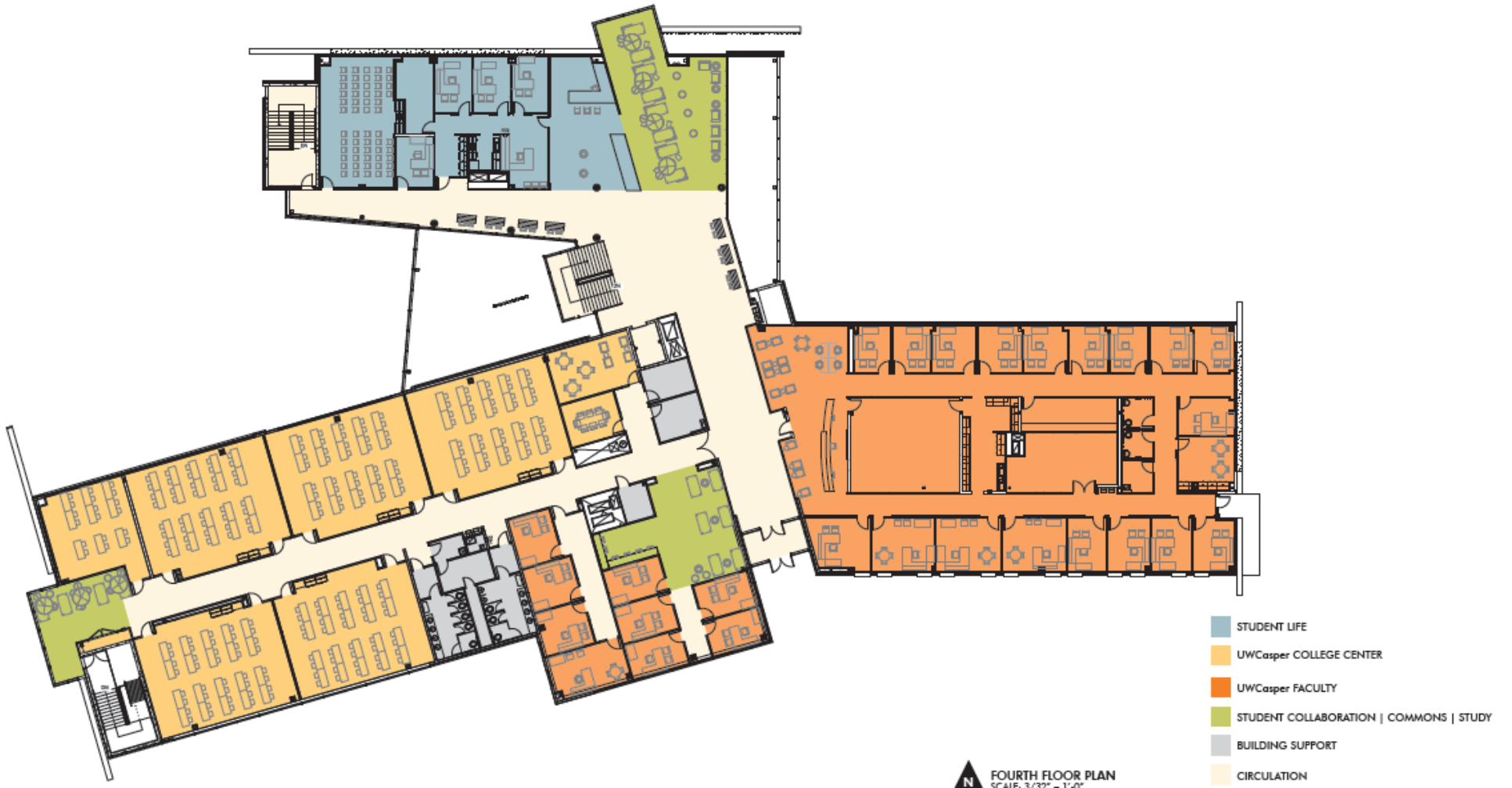
CC + UW | CC

CASPER COLLEGE STUDENT UNION + UNIVERSITY OF WYOMING CASPER COLLEGE CENTER | DLR Group



THIRD FLOOR PLAN
SCALE: 3/32" = 1'-0"

- STUDENT LOUNGE + REC
- UWCasper COLLEGE CENTER
- UWCasper FACULTY
- STUDENT STUDY
- BUILDING SUPPORT
- CIRCULATION



N FOURTH FLOOR PLAN
SCALE: 3/32" = 1'-0"

- STUDENT LIFE
- UWCasper COLLEGE CENTER
- UWCasper FACULTY
- STUDENT COLLABORATION | COMMONS | STUDY
- BUILDING SUPPORT
- CIRCULATION





CLOSE-UP VIEW OF UNIVERSITY OF WYOMING ENTRANCE

CC + UW | CC
CASPER COLLEGE STUDENT UNION + UNIVERSITY OF WYOMING CASPER COLLEGE CENTER |  DLR Group



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

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



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

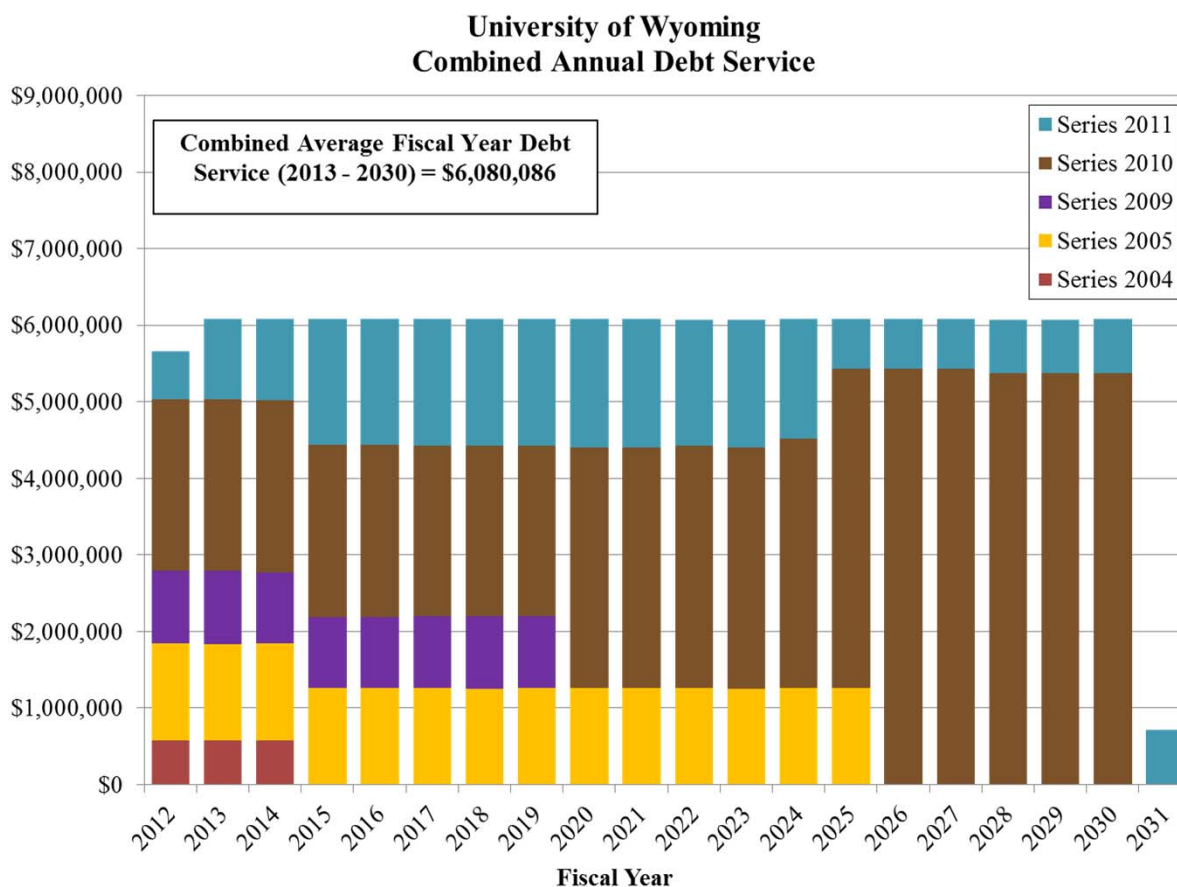
Pricing Environment

- 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

Project	Bond Issue Amount	Minimum Coverage Ratio*
UW/CC	\$10M	3.97x
White Hall	\$10M	3.36x
Half Acre	\$15M	3.05x

** 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.

(Page 22 of the Board of Trustees' Report)

