



Debt & Derivative Advisors

Leaders in Higher Education Finance

Market Update: Higher Education

www.soundcapital.com

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General High Grade and Higher Education Yield Curves

	AAA GO	Insured Higher Ed	BBB Higher Ed	Swaps	
				SIFMA	67% of LIBOR
2 Yr	2.02	2.41	2.97	2.35	2.26
5 Yr	2.84	3.16	3.99	2.91	2.75
10 Yr	3.61	3.96	4.76	3.34	3.07
20 Yr	4.41	4.74	5.66	3.69	3.26
30 Yr	4.66	4.95	5.92	3.78	3.29

Higher Education Market News

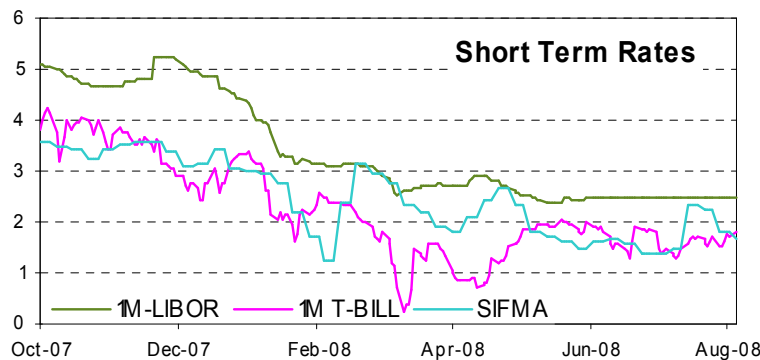
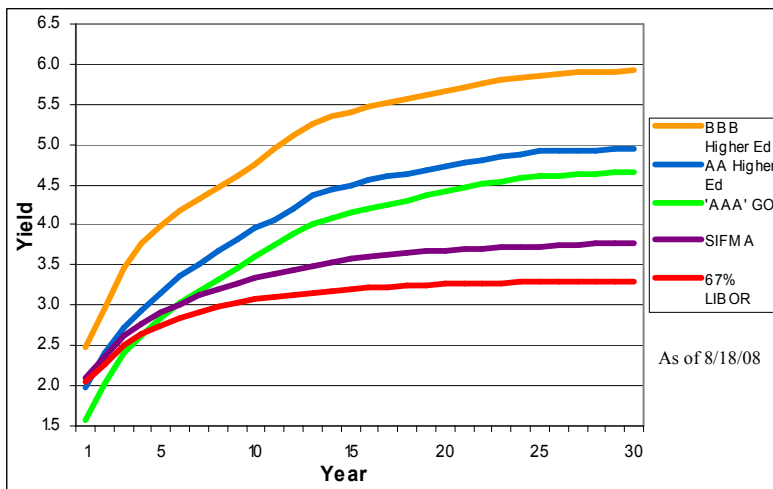
The Dow fell 0.6% last week, closing at 11659.9, while the S&P 500 gained 0.1% to close at 1298.2. Oil posted further declines to \$111.77 from a high of \$145.29, a 23% drop, and the dollar strengthened significantly, while labor markets showed continuing weakness. These trends point to a decreasing likelihood of further interest rate increases by the Fed this year, as the focus shifts back toward slow economic growth.

Last week, UBS AG agreed to purchase or provide liquidity for \$22.1Bn of auction rate securities in a settlement with federal and state regulators. This settlement comes a week after a similar settlement by Citigroup Global Markets Inc. for a total of \$19.5Bn. Merrill Lynch also announced plans to buy back auction rate securities early next year.

In fixed income, Treasuries fell eight to 11 basis points across the curve. Short-term yields were down 11 basis points, the 10-year fell 10 basis points, and the 30-year dropped eight basis points on the week. AAA GO muni yields also fell sharply, with the two-year down nine basis points, mid-term yields dropped 13 to 17 basis points, and the long end fell by 11 basis points.

On the new issuance calendar for higher education, there is a light \$317MM this week. Highlights include 1) \$131MM NY State University Dormitory Facilities, 2) \$120MM Thomas Jefferson School of Law, CA, and 3) \$44MM University of Alabama.

There is a moderate \$6.5Bn on the general municipal calendar for this week. Highlights include 1) \$912MM Banner Health, AZ, 2) \$578MM New York State Thruway Authority, and \$345MM New Jersey Transportation Trust Fund Authority.



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MuniMarket Pulse podcast — Mike Imhoff of Stifel, Nicolaus Sees Value in Non-AMT Housing Paper; Discusses Insurance, Ratings Reforms
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New Issue Summary

Recent Higher Education Transactions – Issues over \$10MM

Week of	Sale	\$MM	Issuing Authority	Borrower	ST	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
11-Aug	108.2		Connecticut Hlth & Ed	Fairfield University	CT	Rev	A3/A-/---	09-27, 29	JPMorgan	N
11-Aug	71.5		Marietta Dev Auth	Life University	GA	Rev	Ba3/---/---	20, 30, 39	Citigroup	N
11-Aug	29.8		Univ of Mississippi Ed Bldg Corp		MS	Rev	Aa3/AA-/---	09-28, 33	Morgan Keegan	N
7-Aug	26.0		Iowa State Board of Regents	State Univ of Iowa	IA	Rev	Aa2/---/---	10-34	Wachovia	C
4-Aug	22.0		Allegheny County Higher Ed	Robert Morris Univ	PA	Rev	Baa3/---/---	10-14, 16, 28, 38	PNC Capital Mkts	N
4-Aug	15.0		California Ed Facs Auth	Claremont Grad Univ	CA	Rev	A3/---/A	11-23, 28, 33, 38	Wedbush Morgan	N
4-Aug	26.4		Carollton Dev	Univ of W. Georgia	GA	Rev	A2/---/---	10-23, 27, 29, 34, 39	Merchant Capital	N
4-Aug	136.9		NJ Higher Ed Fac Auth	Stockton College	NJ	Rev	A3/---/A	11-18, 23, 28, 38	Morgan Stanley	N

Highlighted BBB Higher Education Issue Details & Spread Analysis

Allegheny Co Higher Ed Robert Morris University	Maturity	Yield	+/- "AAA"
Baa3/---/---	2010	3.65	1.50
	2011	4.13	1.51
Pricing Date: 8/4/08	2012	4.36	1.51
\$22MM; Negotiated	2013	4.56	1.52
	2014	4.74	1.52
	2016	5.04	1.52
	2028	6.02	1.45
	2038	6.25	1.50

Highlighted AA Higher Education Issue Details & Spread Analysis

University of Mississippi Ed Bldg Corp	Maturity	Yield	+/- "AAA"
Aa3/AA-/---	2009	2.00	0.42
	2010	2.49	0.39
Pricing Date: 8/11/08	2011	2.87	0.30
\$29.8MM; Negotiated	2012	3.10	0.30
	2013	3.32	0.32
	2014	3.53	0.35
	2015	3.68	0.35
	2016	3.83	0.35
	2017	3.97	0.35
	2018	4.09	0.35
	2019	4.20	0.31
	2020	4.33	0.31
	2021	4.48	0.35
	2022	4.55	0.35
	2023	4.61	0.35
	2024	4.67	0.35
	2025	4.72	0.35
	2026	4.75	0.33
	2027	4.80	0.33
	2028	4.85	0.33
	2033	5.05	0.30

Issuers and borrowers may request SCM to perform a spread analysis on any issue. Call 952-996-0180.

Upcoming Higher Education Transactions – Issues over \$10MM

Week of	Sale	\$MM	Issuing Authority	Borrower	ST	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
18-Aug	21.9		Mass Dev Fin Agency	New England Conservatory of Music	MA	Rev	---/---/---		Banc of America	N
18-Aug	130.9		NY State Dorm Auth	State Univ Dorm Fac	NY	Rev	Aa2/AA-/---		DEPFA	N
18-Aug	120.0		Thom Jefferson Schl of Law		CA	Rev	BB+/---/---		Merrill Lynch	N
18-Aug	165.5		Ct Hlth & Ed Fac Auth	Quinnipiac University	CT	Rev	A2/A/---		JPMorgan	N
18-Aug	44.5		Univ of Alabama		AL	Rev		09-18, 23, 28, 34	Morgan Keegan	N

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