



## Debt & Derivative Advisors

Leaders in Higher Education Finance

# Market Update: Higher Education

[www.soundcapital.com](http://www.soundcapital.com)

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### Talk to one of our Debt and Derivative Advisors:

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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	2.54	2.94	4.02	2.52	2.37
5 Yr	3.22	3.40	4.71	3.12	2.89
10 Yr	3.78	3.98	5.22	3.54	3.20
20 Yr	4.42	4.72	5.73	3.88	3.38
30 Yr	4.64	4.84	6.08	3.97	3.41

### Higher Education Market News

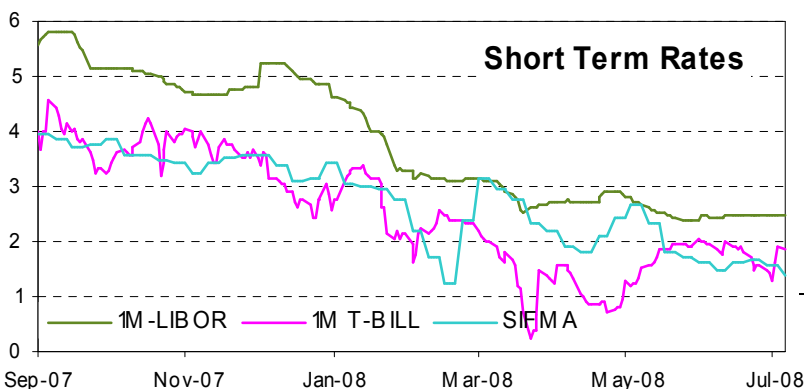
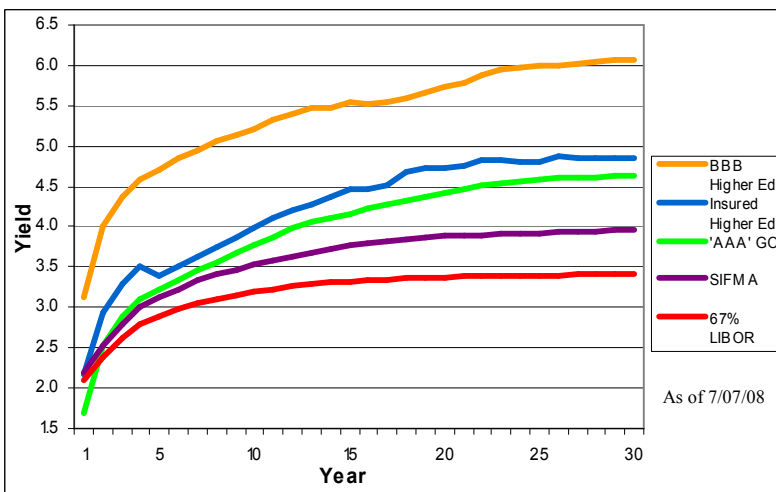
During the holiday-shortened week last week, the Dow fell 0.5% to close at 11289. **The week's drop officially signaled a bear market, a 20% decline from the index's all time high of 14165 on October 9<sup>th</sup>, 2007.** The price of a **barrel of oil closed at a record \$145.29 last Thursday**, the 27th new all-time high in the past 3 months and a 103% increase from one year ago.

In economic data, the unemployment rate showed no change on Wednesday, holding at 5.5%.

In fixed income space, yields on treasuries dropped slightly. The 2-year note fell 5 basis points to close at 2.54%, and the 10-year fell 2 basis points to close at 3.97%. In muni space, rates dropped considerably. **AAA GO yields dropped 11 to 15 basis points in the short-term maturities, and 12 to 14 basis points in the long-term maturities.**

On the new issuance calendar for higher education, there is a moderate \$368MM of new issuance scheduled this week. Highlights include 1) \$139MM Pennsylvania Higher Education Facilities Authority, 2) \$115MM Fordham University NY, and 3) \$88MM University of Louisville KY.

On the general municipal calendar, there is a moderate \$6.5Bn scheduled this week. Highlights include 1) \$1Bn North Texas Tollway Authority, 2) \$493MM State of Washington, and 3) \$450MM Miami-Dade County Water & Sewer.



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MuniMarket Pulse podcast— Brett Schwantes, CPA at Wipfli, Identifies Key Points of FAS 157, Discusses "Unintended Consequences"  
Go to <http://podcast.derivactiv.com>.



## 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
	30-Jun	60.1	Nevada Higher Ed Sys		NV	Rev	Aa3/AA-/---	09-31, 38	Piper Jaffray	C
	24-Jun	14.2	Southwestern Michigan College		MI	GO	A2/A+/---	10-20, 24, 28-33, 36, 39	Morgan Stanley	C
	23-Jun	120.6	University of Massachusetts		MA	Rev	---/AAA/AAA	09-29, 33, 38	Lehman Brothers	N
	23-Jun	13.5	Ohio Higher Ed Fac Comm	Otterbein College	OH	Rev	A3/---/---	09-20, 23, 28	Huntington	N
	23-Jun	22.0	Amarillo Jr College Dist		TX	GO	---/AAA/AAA	09-26, 28	Robert W. Baird	C

#### Highlighted Enhanced Higher Education Issue Details & Spread Analysis

University of Massachusetts	Maturity	Yield	+/- "AAA"	
	---/AAA/AAA	2009	2.20	0.48
	(---/A+/A+)	2010	3.05	0.40
<b>Enhanced: FSA</b>		2011	3.40	0.40
Pricing Date: 6/23/08		2012	3.62	0.40
120.6; Negotiated		2013	3.54	0.18
		2014	3.66	0.18
		2015	3.80	0.19
		2016	3.94	0.20
		2017	4.07	0.20
		2018	4.18	0.20
		2019	4.31	0.22
		2020	4.42	0.23
		2021	4.50	0.23
		2022	4.56	0.25
		2023	4.65	0.30
		2024	4.64	0.25
		2025	4.69	0.25
		2026	4.85	0.36
		2027	4.90	0.36
		2028	4.90	0.30
		2029	4.95	0.29
		2033	5.00	0.21
		2038	5.08	0.20

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
	7-Jul	115.0	New York State Dorm Auth	Fordham Univ	NY	Rev	Aaa/---/---	09-28, 33, 38	Citigroup	N
	7-Jul	26.0	Mt San Antonio Comm College		CA	GO	---/---/---		RBC Capital Mkts	N
	8-Jul	88.0	Univ of Louisville		KY	Rev	Aa3/AA-/---	09-28		C
	9-Jul	138.9	Penn Higher Ed Fac Auth		PA	Rev	---/---/---	09-38		C

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