



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	2.62	2.87	4.10	2.77	2.60
5 Yr	3.33	3.53	4.82	3.29	3.04
10 Yr	3.95	4.15	5.39	3.62	3.27
20 Yr	4.58	4.75	5.89	3.96	3.44
30 Yr	4.86	5.03	6.30	4.05	3.47

Higher Education Market News

The Dow ended the week down 3.8% and the S&P 500 was down 3.1%. The indexes are down 10.7% and 10.2% for the year, respectively.

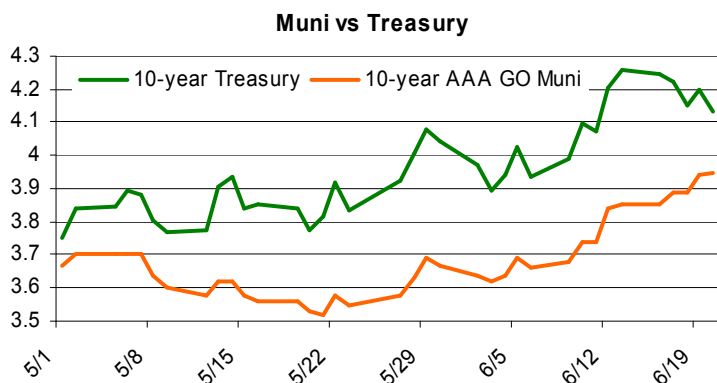
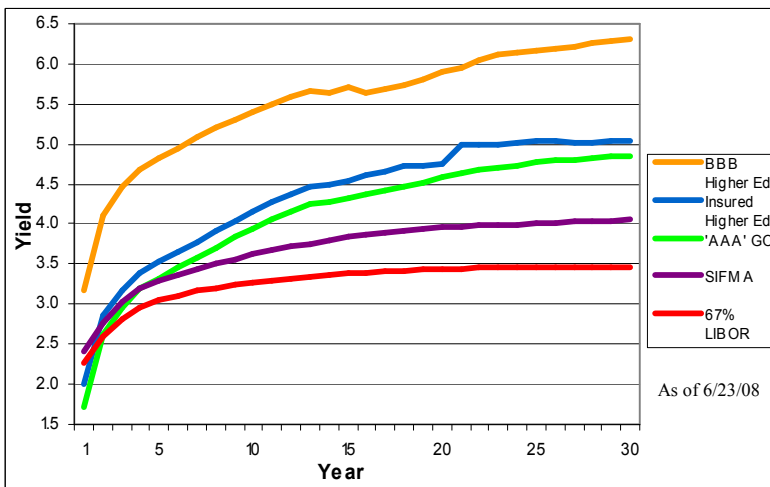
In fixed income space, treasury yields moved down as muni yields moved up. The 5-year treasury fell 18 basis points to close at 3.55%, and the **10-year fell 10 basis points to close at 4.13% on Friday**. The AAA GO muni yield curve rose **10 to 20 basis points in the 2- to 10-year maturity range**, 7 to 11 basis points in the intermediate term, and 11 to 19 basis points on the long end.

The Federal Open Market Committee will meet this Tuesday and Wednesday and will announce the key Target Fed Funds rate on Wednesday afternoon. As Fed officials recently have spoken more about inflation concerns than growth concerns, **Fed Futures show an 88% chance there will be no change** and the Fed Funds rate will remain at 2.0%.

Last Thursday, **Moody's Investors Service downgraded MBIA to A2 from Aaa, and Ambac to Aa3 from Aaa**. Both insurers were placed on negative watch by the ratings agency. A complete list of the bond insurer credit ratings is included in the attached summary.

On the new issuance calendar for higher education, there is a **light \$191MM scheduled this week**. Highlights include 1) \$116MM University of Massachusetts, 2) \$26MM Mt. San Antonio Community College, CA, and 3) \$22MM Amarillo Jr. College Dist., TX.

On the general municipal calendar, there is a **light-to-moderate \$6Bn** in new issuance scheduled this week. Highlights include 1) \$1.5Bn State of California, 2) \$440MM New York Dormitory Authority, and 3) \$330MM Jewish Hospital & St. Mary's Catholic Healthcare, KY.



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MuniMarket Pulse podcast— Peter Delahunt of Raymond James Says, “It Would Be Unwise Not To Listen” to Ackman; MBIA, Ambac Downgrades.
Go to <http://podcast.derivactiv.com>.

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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
17-Jun	90.0	Maryland University System		MD	Rev	Aa2/AA+/AA	09-26, 28	Goldman	C
17-Jun	29.1	Maryland University System		MD	Rev	Aa2/AA+/AA	08-16	Davenport	C
17-Jun	39.9	MN State Coll & Univ	Winona State Univ	MN	Rev	Aa3/AA/-	09-24, 28	Harris	C
16-Jun	15.0	Cochise CCD		AZ	Rev	Aaa/-/-	09-21, 23	RBC Cap Mkts	N
16-Jun	10.6	Cochise CCD		AZ	Rev	Aaa/-/-	09-28	RBC Cap Mkts	N
16-Jun	87.1	New Jersey Educ Fac Auth	William Patterson Univ	NJ	Rev	Aaa/-/-/AAA	09-26, 28, 34, 38	RBC Cap Mkts	N
16-Jun	11.3	New York Dorm Auth	New York Univ (Tx)	NY	Rev	Aa3/AA/-	10-13	Morgan Stanley	N
16-Jun	280.3	New York Dorm Auth	New York Univ	NY	Rev	Aa3/AA/-	14-23, 29, 38, 48	Morgan Stanley	N
16-Jun	226.7	New York Dorm Auth	New York Univ	NY	Rev	Aa3/AA/-	10-23, 29, 38, 48	Morgan Stanley	N
16-Jun	98.8	New York Dorm Auth	New York Univ	NY	Rev	Aa3/AA/-	10-23, 29, 38	Morgan Stanley	N
16-Jun	38.7	Texas Pub Fin Auth	Midwestern St Univ	TX	Rev	Aaa/-/-/AAA	08-15, 17-29, 34	RBC Cap Mkts	N
16-Jun	175.0	Univ of Houston Board of Regents	Univ of Houston	TX	Rev	Aaa/AAA/-	08-28, 33, 38	RBC Cap Mkts	N
9-Jun	83.3	Colorado St Bd of Gov	Colorado State Univ	CO	Rev	Aaa/AAA/-	09-28, 33, 38	Citigroup	N
9-Jun	30.0	Lancaster Higher Ed Auth	Franklin & Marshall Clg	PA	Rev	A1/A+/-	25, 29, 37	RBC Capital Mkts	N
9-Jun	142.7	Maryland Health & Higher Ed	Univ of Maryland	MD	Rev	Aaa/AA/AA	09-20, 24, 28, 31	JPMorgan	N
9-Jun	17.6	Montana State Bd of Regents	Montana State Univ	MT	Rev	Aaa/AAA/-	08-16	Wachovia	N
9-Jun	27.4	Univ of South Carolina		SC	Rev	Aa3/-/-	13-27, 38	Lehman Brothers	N
9-Jun	220.0	Georgia Private Colleges	Emory University	GA	Rev	Aa2/AA/-	11, 38	Citigroup	N

Highlighted Unenhanced Higher Education Issue Details & Spread Analysis

New York Dorm Auth	Maturity	Yield	+/- "AAA"
New York University	2010	2.48	0.04
Aa3/AA/-	2011	2.90	0.10
Pricing Date: 6/16/08	2012	3.14	0.12
\$98.8; Negotiated	2013	3.31	0.13
	2014	3.46	0.13
	2015	3.62	0.15
	2016	3.78	0.18
	2017	3.92	0.19
	2018	4.03	0.18
	2019	4.15	0.20
	2020	4.27	0.22
	2021	4.37	0.24
	2022	4.43	0.24
	2023	4.47	0.23
	2029	4.74	0.21
	2038	4.88	0.21

Highlighted Enhanced Higher Education Issue Details & Spread Analysis

New Jersey Educ Facs Auth	Maturity	Yield	+/- "AAA"
William Patterson Univ	2009	2.06	0.28
Aaa/-/-/AAA	2010	2.69	0.25
(A2/-/-/A+)	2011	3.01	0.21
Enhanced: Assured	2012	3.23	0.21
Pricing Date: 6/16/08	2013	3.38	0.20
87.1; Negotiated	2014	3.53	0.20
	2018*	4.05	0.20
	2019	4.16	0.21
	2022*	4.41	0.22
	2023	4.45	0.21
	2024	4.54	0.25
	2025	4.59	0.25
	2026	4.64	0.25
	2028	4.66	0.17
	2034	4.88	0.25
	2038	4.84	0.17

*Information not available for 2015-2017 and 2020-2021

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
24-Jun	14.2	Southwestern Michigan College		MI	GO	-/-/-	10-39		C
24-Jun	116.5	University of Massachusetts		MA	Rev	-/-/A+/A+		Lehman Brothers	N
23-Jun	26.0	Mt. San Antonio Comm College		CA	GO	-/-/-		RBC Capital Mkts	N
23-Jun	13.1	Ohio Higher Ed Fac Comm	Otterbein College	OH	Rev	A3/-/-	09-18, 23, 28	Huntington	N
23-Jun	22.0	Amarillo Jr. College Dist.		TX	GO	-/-/-	09-28		C

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