



## Debt & Derivative Advisors

Leaders in Higher Education Finance

# Market Update: Higher Education

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

Johan Rosenberg (952) 746-6030  
John Trefethen (952) 746-6040

Farah Lotia (952) 746-6171  
Cynthia Heneage (952) 746-6045

Steve Johnson (952) 746-6035  
Erik Kelly (952) 746-6055

### General High Grade and Higher Education Yield Curves

	AAA GO	Insured Higher Ed	BBB Higher Ed	SWAPs	
				SIFMA	67% of LIBOR
2 Yr	3.30	3.39	4.10	3.06	2.95
5 Yr	3.40	3.54	4.31	3.29	3.12
10 Yr	3.74	3.93	4.75	3.64	3.35
20 Yr	4.24	4.43	5.21	3.97	3.51
30 Yr	4.39	4.58	5.34	4.06	3.53

### Higher Education Market News

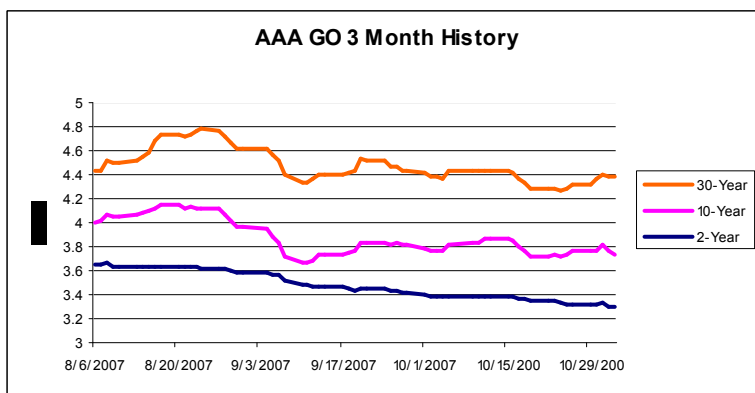
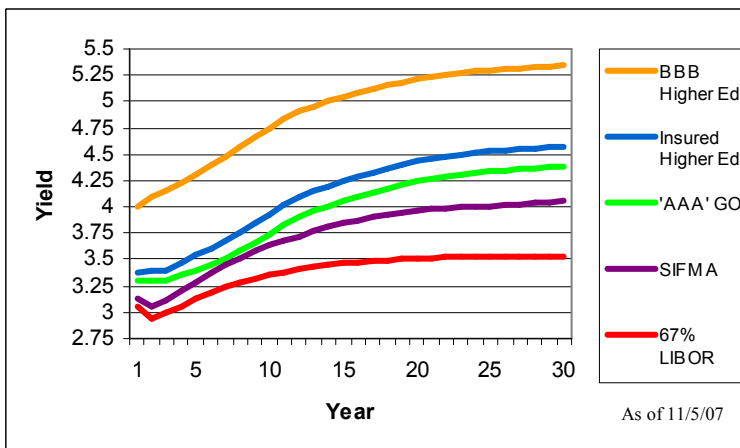
SIFMA ratios were up nearly half a ratio or about 2.5 to 3 basis points versus the prior week. This is a short-term expression or point of view by the market that munis, relatively speaking, will underperform taxables.

Monoline insurers (apparently not very mono at all) took significant hits in the equity market last week from sub-prime exposure. They're down 50-70% in market capitalization on the year. Credit default swaps on the monolines (what people require in return for taking credit exposure to them) have them trading at levels equal to a CCC rating. If general investors have begun to question possible effects of further trouble, then shouldn't muni-market participants also start seeing an erosion of value for the insurance they're buying? For the time being, all three rating agencies have stated that they do not expect the sub-prime write-downs to impact insurers' credit ratings.

The Federal Open Market Committee cut the Target Federal Funds rate to 4.5% from 4.75% last Wednesday. The 25-bp cut was largely expected by the market. In a statement released by the Fed, they hint towards their policy of balancing upward pressures on inflation with recent data indicating a slowing economy. The Fed further hinted not to expect rate cuts in the near future. The day of the cut, the Dow was up 137.95 points. On Thursday, however, the Dow tumbled 356.29 points, or 2.6%.

The higher education new issue calendar this week is relatively moderate with 1) \$77.8 MM University of Kentucky, 2) \$54.4 MM University of Oklahoma Board of Regents rated AA by Fitch (\$19.3 MM of which is taxable), and 3) one that has been day to day for several weeks: \$32.8 MM Goucher College rated A- by S & P.

On the general municipal calendar, there is \$5.95 Bn in visible supply, \$4.2 of which are negotiated underwritings. Highlights include 1) \$900 MM Puerto Rico Public Building Authority, 2) \$600 MM Miami International Airport, and 3) \$350 MM Houston YMCA rated Baa2.



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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
31-Oct	13.4	Iowa State Board of Regents	IA State Univ of Sci & Tech	IA	Rev	AAA/AAA/---	09-28	Citigroup	C
29-Oct	36.0	California Municipal Finance Auth	Loma Linda University	CA	Rev	A2/A/---	09-24,28,37	Wachovia	N
25-Oct	11.9	Passaic County College		NJ	GO ULT	AAA/---/---	08-19	Wachovia	C
22-Oct	71.0	Long Beach Community College		CA	GO ULT	AAA/AAA/---	26-28,32	RBC Cap	N
22-Oct	31.1	Indiana Finance Authority	Valparaiso University	IN	Rev	A2/---/---	08-17,22,33	PNC	N
16-Oct	37.0	Wayne State University		MI	Rev	---/AAA/AAA	08-37	Goldman	N
15-Oct	73.8	Cook County College District #524		IL	GO ULT	AAA/---/---	08-25	LaSalle	N
15-Oct	70.5	Maine Health & Higher Ed Fac Auth		ME	Rev	AAA/---/AAA	08-22,27	Cain Bros.	N
15-Oct	20.1	Shepherd University Board of Gov	(Wellness Cntr Proj)	WV	Rev	AAA/---/---	08-17,22,37	Ferris Baker	N
15-Oct	34.2	University of Idaho	Univ of Idaho	ID	Rev	AAA/AAA/---	41	Baum & Co.	N
15-Oct	59.5	University of Idaho	Univ of Idaho	ID	Rev	AAA/AAA/---	11,41	Baum & Co.	N

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

Iowa State Board of Regents IA State University of Science & Technology	Maturity	Yield	+/- "AAA"
AAA/AAA/---	2009	3.350	0.02
(A1/A/---)	2010	3.370	0.02
Pricing Date: 10/31/07	2011	3.400	-0.01
\$13.4; Competitive	2012	3.450	-0.02
	2013	3.520	-0.01
	2014	3.580	0.00
	2015	3.650	0.00
	2016	3.750	0.02
	2017	3.850	0.04
	2018	3.950	0.06
	2019	4.000	0.04
	2020	4.000	-0.01
	2021	4.100	0.04*
	2023	4.250	0.12*
	2026	4.375	0.16*
	2028	4.500	0.22*

\* These yields are priced to maturity

### 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
5-Nov	32.8	Maryland Health Education Fac Auth	Goucher College	MD	Rev	---/A/---	19,21,24,37	Bank of America	N
5-Nov	75.0	Lebanese American University	(Taxable)	NY	Rev	A3/A/---	17	Morgan Stanley	N
5-Nov	77.8	Kentucky Asset / Liability	University of Kentucky	KY	Rev	---/---/---	10-27	Morgan Stanley	N
7-Nov	176.1	Virginia State		VA	Rev	---/---/---	08-37		C
8-Nov	19.3	University of Oklahoma Brd of Rgnts	(Taxable)	OK	Rev	---/---/AA	09-24	Merrill Lynch	N
8-Nov	35.1	University of Oklahoma Brd of Rgnts		OK	Rev	---/---/AA	24-28,33,37	Merrill Lynch	N

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