



# Leaders in Higher Education Finance

Tax-Exempt Debt & Derivative Advisors

## Market Update: Higher Education

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

October 8th, 2007

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

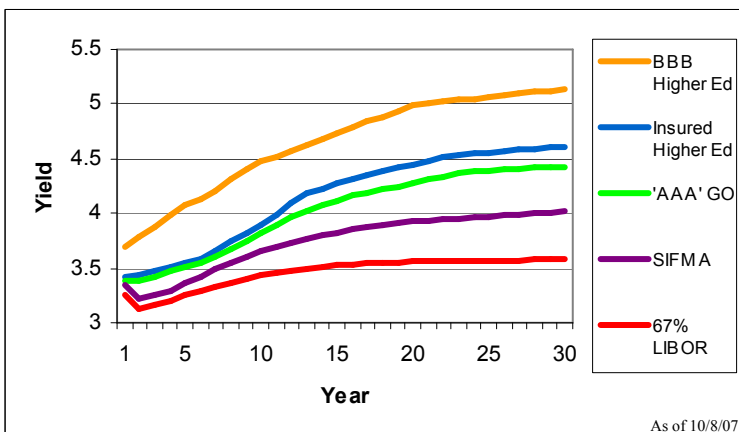
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**General High Grade and Higher Education Yield Curve**

	AAA GO	Insured Higher Ed	BBB Higher Ed	SWAPS	
				SIFMA	67% of LIBOR
2 Yr	3.39	3.45	3.80	3.28	3.20
5 Yr	3.51	3.58	4.10	3.43	3.35
10 Yr	3.82	3.95	4.53	3.72	3.52
20 Yr	4.28	4.51	5.05	4.00	3.66
30 Yr	4.43	4.66	5.20	4.09	3.67



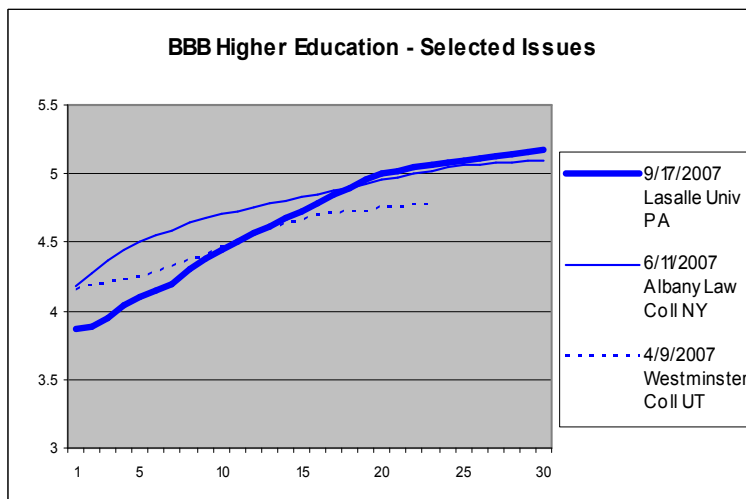
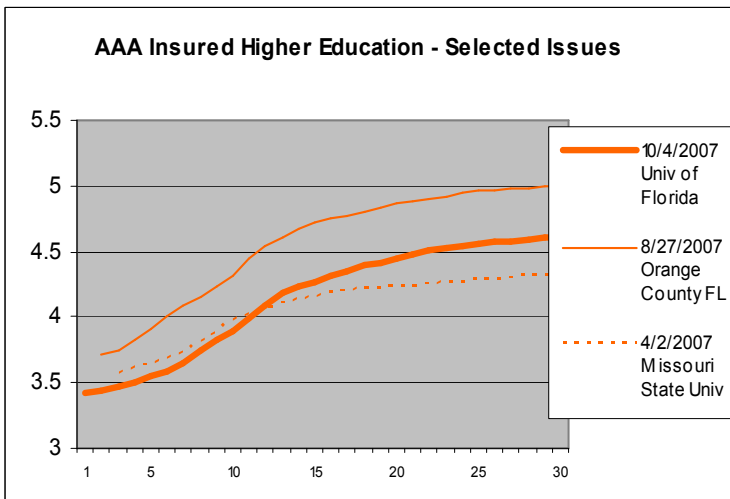
**Higher Education Market News**

The market continues to absorb new transactions without much difficulty, but consecutively light weekly calendars during the month of September (approx. \$16B of overall tax-exempt issuance) have not pressured the investor base to bite off more than they can swallow.

Year-to-date overall tax-exempt bond issuance is at \$315B, with about \$65B to \$85B of issuance for the remainder of the year. Much of this supply is reported to occur early in the 4<sup>th</sup> quarter versus later. Many large postponed summer deals could re-emerge in the 4<sup>th</sup> quarter. This could skew the overall issuance volume prediction by up to \$30B.

Summer investors who had concentrated on buying demand in the 10-year sector of the curve have now moved slightly longer, but not entirely to the back end of the curve.

Notable issues in higher education for the week of October 8 include two large \$400MM+ negotiated deals out of California, including University of California at \$418.2MM and Los Angeles Community Colleges at \$400MM.



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## New Issue Summary

### Recent Higher Education Transactions

Issues over \$20MM

Sale Dt	Issuing Authority	Borrower	ST	\$MM	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
2-Oct	Florida Board of Governors University	University of Florida	FL	20.8	Revs	AAA/AAA/AAA	08-27	UBS	C
2-Oct	Virginia College Building Authority	Public Higher Ed Fing Prog	VA	100.8	Revs	AA1/AA/	08-19	UBS	C
2-Oct	Virginia College Building Authority	Public Higher Ed Fing Prog	VA	216.9	Revs	AA1/AA/	08-30,37	Citigroup	C
18-Sep	Iowa St Univ Science & Technology		IA	12.2	Rev	AAA/AAA/	09-19,33	BB&T	C
17-Sep	Pennsylvania St Higher Edl Facs Auth	LaSalle Univ	PA	52.9	Rev	/BBB/BBB+	09-17,37	UBS	N

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

Florida Board of Governors University of Florida	Maturity	Yield	+/- "AAA"
	2008	3.42	+0.04
AAA; Revs	2009	3.44	+0.06
MBIA Insured	2010	3.48	+0.07
Pricing Date: 10/2/07	2011	3.52	+0.07
\$20.77MM Competitive	2012	3.56	+0.08
	2013	3.59	+0.08
	2014	3.66	+0.10
	2015	3.74	+0.12
	2016	3.82	+0.13
	2017	3.89	+0.13
	2018	4.01	+0.16
	2019	4.11	+0.18
	2020	4.2	+0.21
	2021	4.25	+0.21
	2022	4.29	+0.21
	2023	4.33	+0.21
	2025	4.41	+0.23
	2027	4.47	+0.23

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

### Upcoming Higher Education Transactions

Issues over \$20MM

Week of Sale	Issuing Authority	Borrower	ST	\$MM	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
8-Oct	Lubbock Educational Facs Auth		TX	23	Revs	/BBB/	08-17, 37	Baum & Co.	N
8-Oct	University of California Regents		CA	418.2	Revs	///		Lehman	N
8-Oct	Maryland Health Education Fac Auth	Goucher College	MD	32.8	Revs	/A-/	19-37	Bank of America	N
8-Oct	Los Angeles Community College District		CA	400.0	GO ULT	///		Citigroup	N
15-Oct	Wayne State University		MI	37.0	Revs	/AAA/AAA	08-37	Goldman	N

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