

Update on Debt Issuance
UM

Planning is underway for the next issuance of University System Facilities Revenue Bonds. The proposed debt issuance will capitalize the Central Bank's financing of approximately \$337 million of capital projects previously approved by the Board of Curators. Approximately \$195 million of this amount has been funded on a temporary basis by the University's commercial paper program. The remaining anticipated balance consists of up to \$75 million in new debt for the NextGen Precision Health Institute project and \$67 million for external bond refunding opportunities. The issuance will only include this refunding component if market conditions continue to be favorable at time of issuance and savings can be realized.

The University of Missouri System issued a request for proposals for financial advisory services on November 15, 2019. At the conclusion of the RFP process, the University's core finance team handling the issuance will consist of the University's selected financial advisor, Thompson Coburn acting as bond counsel, and Gilmore & Bell acting as disclosure counsel. The University continues to evaluate candidates from its existing underwriter pool to act as lead underwriter for the issuance. Final underwriter selection will occur following the University's selection of a financial advisor.

Next steps for the issuance include working with the financial advisor to develop a formal plan of finance for the issue, updates with the rating agencies, and working with bond and disclosure counsel to draft all necessary bond documents. Once bond documents and the financial plan have been finalized, a special Board meeting will be scheduled to approve the same prior to issuance.

February 6, 2020

Update on Debt Issuance for Approved Capital Projects

University of Missouri System
Office of the Treasury



UM System Central Bank

- Established in 2010
- Serves as the internal bank and conduit to external financing for the University.
- Utilizes a centralized management methodology that offers flexibility and stability to the campuses and health system in terms of working capital investment returns and capital project financing.
- Capitalized by \$1.18 billion of external bonds and \$361 million of outstanding Commercial Paper
- Presently financing over 130 internal loans for the four campuses and health care system.

Debt Issuance Team

Bond Counsel



Disclosure Counsel



Underwriting Team

Morgan Stanley

Underwriting Team

J.P.Morgan

Underwriting Team



Components of Upcoming Debt Issuance

| Description | Existing Financing | Amount (\$) |
|--|-----------------------------|----------------------|
| NextGen Precision Health Institute (New Debt)* | N/A | \$75,000,000 |
| MU Residential Life (Dobbs Group Replacement) | Tax-Exempt Commercial Paper | \$43,000,000 |
| MU Patient Centered Care Center | Tax-Exempt Commercial Paper | \$8,000,000 |
| MU South End Zone | Tax-Exempt Commercial Paper | \$20,000,000 |
| MU South End Zone | Taxable Commercial Paper | \$19,000,000 |
| Series 2012 Bond Refinancing | Tax-Exempt Commercial Paper | \$105,000,000 |
| Potential External Debt Refundings | Tax-Exempt Bonds | \$67,000,000 |
| | Total | \$337,000,000 |

*represents maximum amount

Plan of Finance

- Planning efforts are underway, however, the plan of finance has not yet been finalized
- Debt could be a mix of fixed and variable, short and long duration, tax-exempt and taxable
- Market conditions as well as the University's anticipated financing needs will influence the structuring decision
- Depending upon timing, a special Board meeting could be necessary to approve bond documents and the financial plan.
- **The planned debt issuance was accounted for by both Moody's and S&P in their recent positive rating decisions**

Questions?