

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO. _____

University revenue bond supplemental coverage.

Sponsored by: Select Committee on Capital Financing and Investments

A BILL

for

1 AN ACT relating to the University of Wyoming; establishing
2 a program to provide supplemental coverage for repayment of
3 revenue bonds; providing for pledges of revenues and
4 payment of bonds; specifying conditions and other
5 provisions for operation of the program; and providing for
6 an effective date.

7

8 *Be It Enacted by the Legislature of the State of Wyoming:*

9

10 **Section 1.** W.S. 9-4-1003 is created to read:

11

12 **9-4-1003. Supplemental coverage program for**
13 **university revenue bonds.**

1

2 (a) The state loan and investment board shall
3 administer a university revenue bond supplemental coverage
4 program in accordance with this section and may promulgate
5 rules to implement it. This program applies to bonds issued
6 by the University of Wyoming under W.S. 21-17-402 through
7 21-17-450 on or before November 1, 2015, only. The program
8 is intended to benefit the university by providing
9 supplemental coverage for payment of bonded indebtedness of
10 the university thereby reducing the interest rate at which
11 the bonds may be issued.

12

13 (b) If the university seeks supplemental coverage for
14 its revenue bonds under this program, the university shall
15 apply to the board on forms prescribed by the board
16 following legislative authorization of the university to
17 issue revenue bonds. The board shall review the application
18 and determine whether to approve the application based
19 upon:

20

21 (i) Whether supplemental coverage under this
22 section would likely result in reduced costs;

23

1 (ii) Any other factor relevant to the issue and
2 supplemental coverage for payment of the bonds which are
3 the subject of the application.
4

5 (c) The board may determine to provide supplemental
6 coverage for revenue bonds under this section and may
7 impose terms, conditions and limits on that supplemental
8 coverage as it finds, in its discretion, are necessary to
9 protect state funds and ensure the viability of the
10 program. In addition, the board may provide supplemental
11 coverage for refunding of revenue bonds issued on or before
12 November 1, 2015, provided the refunding is not combined
13 with any bonds issued after November 1, 2015. A decision by
14 the board not to approve supplemental coverage for revenue
15 bonds under this section is not subject to judicial review
16 under the Wyoming Administrative Procedure Act.
17

18 (d) As a condition of participating in the
19 supplemental coverage program under this section, the
20 university shall enter into agreements necessary to provide
21 that:
22

1 (i) The state of Wyoming, through the state
2 treasurer, shall assume responsibility for and make all
3 payments to the university's paying agent in the amount
4 necessary to pay principal and interest on the bonds
5 subject to the supplemental coverage;

6

7 (ii) The university shall deposit funds with the
8 state by a certain date and in a sufficient amount so that
9 the state can make the entire principal and interest
10 payment to the university's paying agent in a timely
11 manner;

12

13 (iii) If the university fails to comply with
14 paragraph (ii) of this subsection:

15

16 (A) The state shall make the full payment
17 due from federal mineral royalties as provided by W.S.
18 9-4-601(d)(vii) for this purpose;

19

20 (B) To the extent that the university has
21 not deposited sufficient funds with the state to comply
22 with paragraph (ii) of this subsection, the state is deemed
23 to have loaned and the university is deemed to have

1 borrowed those funds subject to the following terms and
2 conditions:

3

4 (I) The loan shall bear interest at a
5 rate equal to the average interest earned on pooled
6 investments of state funds in the four (4) calendar
7 quarters preceding the quarter in which the loan occurred;

8

9 (II) The loan, including principal and
10 interest, shall be repaid from revenues from the
11 university's general fund that are neither state
12 appropriations to the university nor pledged revenues under
13 W.S. 21-17-404(a)(xiv)(A). The loan is not deemed to be a
14 general obligation of the university, and the state shall
15 not require repayment from any source other than as
16 provided in this subdivision;

17

18 (III) The university may make
19 additional payments on the loan.

20

21 (C) The state loan and investment board may
22 require the university to modify its fiscal practices and
23 its general operations if the board determines that there

1 is a substantial likelihood that the university will not be
2 able to make future payments required under paragraph (ii)
3 of this subsection.

4

5 **Section 2.** W.S. 9-4-601(d)(iv) and by creating a new
6 paragraph (vii) is amended to read:

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8 **9-4-601. Distribution and use; funds, accounts,**
9 **cities and towns benefited; exception for bonus payments.**

10

11 (d) Any revenue received under subsection (a) of this
12 section in excess of two hundred million dollars
13 (\$200,000,000.00) shall be distributed as follows:

14

15 (iv) Subject to paragraph (vii) of this
16 subsection, two-thirds (2/3) to the budget reserve account;
17 and

18

19 | (vii) From the amounts that would otherwise be
20 | distributed to the budget reserve account under paragraph
21 | (iv) of this subsection, amounts necessary to make the
22 | required revenue bond payments as provided by W.S.

1 | 9-4-1003(d), but in no event more than eighteen million
2 | dollars (\$18,000,000.00) annually.

3

4 **Section 3.** This act is effective immediately upon
5 completion of all acts necessary for a bill to become law
6 as provided by Article 4, Section 8 of the Wyoming
7 Constitution.

8

9

(END)