HOUSE BILL NO. HB0005

University revenue bond supplemental coverage.

Sponsored by: Select Committee on Capital Financing and Investments

A BILL

for

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) To the extent that the university has not deposited sufficient funds with the state to comply with paragraph (ii) of this subsection, the state is deemed to have loaned and the university is deemed to have borrowed those funds subject to the following terms and conditions:

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

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

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

(C) The state loan and investment board may require the university to modify its fiscal practices and its general operations if the board determines that there is a substantial likelihood that the university will not be able to make future payments required under paragraph (ii) of this subsection.

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

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

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

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

(vii) From the amounts that would otherwise be distributed to the budget reserve account under paragraph (iv) of this subsection, amounts necessary to make the required revenue bond payments as provided by W.S. 9-4-1003(d), but in no event more than eighteen million dollars ($18,000,000.00) annually.

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

(END)