The **University of Missouri System** bond rating is in the **TOP 10%** of higher education institutions as rated by Standard and Poor’s. *Without the combined strength of the System*, **three of** the System’s **Universities** would be rated **in the LOWEST 20%** of higher education institutions.

**It is estimated that our four universities and health system *save at least $2.5 million per year on interest* payment as a result of the combined strength of the System’s credit rating.**



**Benefits of Current Debt Structure:**

* **Strength through size and diversification:** all debt is cross-collateralized across the four universities and the health system. The resulting size and diversification of revenue streams is key to investors in the System’s debt.
* **Access to Investors:**  due to the size and stability of the campuses in total, financing can be delivered on an as-needed basis, saving significant interest expense to the campuses and health system.
* **Lower cost of issuance:**  through centralized administration and knowledgeable internal staff, bond counsel, and investment banking relationships, the system leverages the collective size to decrease the costs of issuance per dollar of debt issued.

**S&P Expects continued support from the State of Missouri:**

“*State operating appropriations remain an important component of UM's operating revenue*, comprising nearly 14% of the consolidated total in 2015… **We anticipate that the university will continue to experience stable support from the state**.” *(S&P Ratings Report, February 1, 2016, p.5)*

**Any changes in System legal or organizational structure could have serious consequences:**

* ***Default*** *could be triggered on outstanding debt requiring immediate repayment*
* ***Lawsuits*** *possible as current investors that hold our debt seek to recoup lost interest*
* ***Transfer of defaulted debt*** *responsibility to the state in one possible scenario*
* ***Decreased access***  *to capital markets for future debt funding needs*
* ***Higher costs*** *for individual campuses and health system to issue debt separately*

**S&P Rating Peers** (as of Fiscal Year 2015):

|  |  |  |
| --- | --- | --- |
| **AAA Rated** | **AA Rated** | **AA- Rated** |
| University of Michigan | University of Florida | Auburn University |
| University of Texas System | University of Kentucky | Kansas State University |
|  | University of Mississippi | Oklahoma State University |
| **AA+ Rated** | Vanderbilt University | University of Arizona |
| Indiana University | University of Nebraska System | University of Alabama |
| Purdue University | Iowa State University | University of Illinois |
| Texas A&M University | Florida State University | University of Oklahoma |
| University of Washington | New Mexico State University | University of Massachusetts |
| University System of Maryland | North Carolina State University | University of Oregon |
| **University of Missouri System** | Ohio State University | University of South Florida |
| University of Delaware | University of Iowa | University of Wyoming |
| University of Pittsburgh | University of California System | Washington State University |
|  | University of Minnesota | Wayne State University |