Jackson State University Educational Building Corporation
State of Mississippi

Credit Profile

<table>
<thead>
<tr>
<th>Description</th>
<th>Rating</th>
<th>Notes</th>
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<tr>
<td>US$.8 mil Revenue Bonds, (Mississippi), Series 2010-A-2, due 3/01/2034</td>
<td>AA- / Stable</td>
<td>New</td>
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</table>

Rationale

Standard & Poor’s Ratings Services assigned its ‘AA-‘ long-term rating to Jackson State University Educational Building Corporation, Mississippi’s series 2010-A-1 and series 2010-A-2 revenue bonds, issued on behalf of the state of Mississippi (Mississippi Board of Trustees of State Institutions of Higher Learning [IHL Board]).

The rating reflects our opinion of:

- The nature of the obligation, which is subject to appropriation by the Legislature;
- The essentiality of the leased projects; and
- The state’s general creditworthiness (’AA’ general obligation [GO] debt rating).

Lease-rental payments from the IHL Board, a constitutional governing body responsible for policy and financial oversight of the eight public institutions of higher learning, secure the bonds. Bond proceeds will be used to refund a portion of outstanding debt for interest rate savings and for cash flow optimization, and to pay the series 2004-B swap termination payment.

The IHL Board, which has an absolute and unconditional obligation to make rental payments, makes payments under a lease agreement with Jackson State University Educational Building Corporation.
Building Corporation. The IHL Board has pledged to take all necessary actions with the state Legislature to include all rental payments and other amounts due under the lease in its annual budget and to provide for periodic appropriations for all such payments from designated revenues. In the event the applicable designated revenues are at any time insufficient to satisfy the obligations of the IHL Board under the lease, the IHL Board will provide amounts from any other legally available source of revenues and will then appropriate the same to cure said deficiency.

**Debt Derivative Profile, ‘2’; A Low Risk**

Standard & Poor’s has assigned Jackson State University Educational Building Corporation a Debt Derivative Profile (DDP) overall score of ‘2’ on a four-point scale where ‘1’ represents the lowest risk. The overall score of ‘2’ reflects our view that Jackson State Educational Building Corporation’s swap portfolio is a low credit risk due to the Corporation’s remoteness of involuntary termination risks.

The Building Corporation has two floating-to-fixed-rate swaps totaling $66.405 million on its series 2004-B and series 2007 bonds (forward starting); however, with this issuance of the series 2010 bonds, management for Jackson State University Educational Building Corporation plans to terminate the swap related to the series 2004-B bonds. After the termination, the Building Corporation will have one forward-starting swap outstanding on its series 2007 bonds, totaling a notional of $44.03 million, and is set to start on March 1, 2015.

In September 2008, the Building Corporation executed the series 2007 swap agreement with Rice Financial Products Company Capital Services, LLC, with the Bank of New York Mellon (AA/Stable) as the credit enhancer. This swap has subsequently been novated from Rice Financial Products Company Capital Service, LLC to the Bank of New York Mellon. Under the swap agreement, the swap terminates if either the Building Corporation or the counterparty rating is lowered below ‘BBB’. The Building Corporation pays a fixed interest rate of 5% and receives a floating rate of the USD-SIFMA Municipal Swap Index. The Building Corporation’s various credit events are remote due to its strong credit profile. As of March 1, 2015, when the forward starting swap begins, 54% of the Building Authority’s total current debt profile will be hedged.

(For more information on the general creditworthiness of Mississippi, please see the State Review published Oct. 2, 2009, on RatingsDirect on the Global Credit Portal.)

**Outlook**

The stable outlook reflects that of the state’s GO debt rating.

**Related Criteria And Research**
