



CAPITAL COMMENTARY

from MN Higher Education Facilities Authority

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Brief reviews of financings recently completed by the Minnesota Higher Education Facilities Authority.

Borrower/Issue: Augsburg College, Series Four-Y

Financing Vehicle: Mortgage Revenue Bonds

Projects: The Bonds financed two purposes: Construction and furnishing of a new residence hall and refunding of the Series Three-G Bonds issued on behalf of the College in 1992 for Anderson Hall. The housing project will be a 145-bed, apartment-style facility, on the same block as Anderson Hall, and will provide a new face to the downtown side of the campus along 20th Avenue South. The very attractive interest rate environment made for a successful refunding of Series Three-G, with net present value savings of \$581,000 realized.

Issue Amount: \$15,840,000

Placement method: Public sale on a negotiated basis, with Dougherty Summit Securities LLC as the managing underwriter.

Term of financing: 29 years

Structure: Serial bonds 1999-2013; Term bonds in 2016 and 2027

Interest Rate: Yields ranging from 3.60% to 5.385% for the 2027 term bond. The overall T.I.C. (true interest cost) was 5.22%

Rating: Moody's Baa2 - upgraded from Baa3

Date of settlement: January 26, 1999

Highlights: The upgrade in the Moody's rating, the attractive market which made the refunding successful and contributed to the self-sufficiency of the residence project, and the positive impact that the new project has on the campus, combined to make for a very successful financing.

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