

CAPITAL COMMENTARY

from MN Higher Education Facilities Authority

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

Borrower/Issue: Augsburg College Series Eight-C

Financing Vehicle: Revenue Bonds

Project: Current refunding of fixed interest rate revenue bonds Series Six-C for redemption on September 1, 2014. The original debt refunded the Authority's Series Four-F1 and Series Four-W.

Issue Amount: \$6,705,000

Placement Method: Public sale, on a negotiated basis, with Dougherty & Company LLC as underwriter.

Term of Financing: 8.75 years

Structure: Serial maturities in 2015 through 2023. The bonds are subject to optional redemption starting on May 1, 2021 and are secured by a debt service reserve fund.

Interest Rate: Coupon rates of 1.00% to 3.50% at par. 3.06% TIC: (True Interest Cost is a dollar-weighted average rate for the bond issue, taking into account the time value of money and including interest, original issue discount or premium and underwriting fees).

Rating: Moody's Baa3 with a stable outlook.

Date of Settlement: July 30, 2014

Highlights: The College achieved debt service savings through a fixed rate issue that locks in historically low interest rates. It chose to match the final maturity of the refunded debt rather than extend the amortization. The seven year par call was possible under the current high demand and low supply environment and the relatively short term of the bonds.