CAPITAL COMMENTARY (Vol. 20 No. 2)

Borrower/Issue:	Augsburg College, **Series 2016A and 2016B**
Financing Vehicle:	Revenue Bonds
Project:	Proceeds of the 2016A Bonds and the 2016B Bonds will be used to finance a portion of the Norman and Evangline Hagfors Center for Science, Business and Religion, capitalize interest during the construction period, fund a debt service reserve and pay for costs of issue.
Issue Amount:	\$32,240,000, Series 2016A \$13,680,000, Series 2016B
Placement Method:	Public sale, on a negotiated basis, by RBC Capital Markets as underwriter.
Term of Financing:	Series 2016A - 30 years Series 2016B **-** 26 years
Structure:	*Series 2016A* - Serial maturities in 2024 through 2031, term bonds due in 2038 and 2046. The 2038 term bond has mandatory principal redemptions in 2032 – 2038 (final maturity) and the 2046 term bond has mandatory principal redemptions in 2039 – 2046 (final maturity). The 2016A bonds are subject to optional redemption beginning May 1, 2026. *Series 2016B* – Term bond due May 1, 2040, with mandatory principal redemptions in 2018 – 2040 (final maturity). The 2016B bonds are subject to optional redemption beginning May 1, 2018.
Interest Rate:	*Series 2016A* coupon rates range from 2.375% to 5.00% with a combination of discount and premium bonds to appeal to different investors. Yields range from 2.45% to 4.08%. The Series 2016A Bonds have a TIC of 4.2782%. (True Interest Cost [TIC] is a dollar-weighted average rate for the bond issue, considering the time value of money and including interest, original issue discount or premium and underwriting fees). *Series 2016B* has a coupon rate of 4.25% and is issued as a discount bonds with a yield of approximately 4.297%. The Series 2016B Bonds have a TIC of 4.3717%. (True Interest Cost [TIC] is a dollar-weighted average rate for the bond issue, considering the time value of money and including interest, original issue discount or premium and underwriting fees).

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Rating:	Moody's Baa3 with a negative outlook
Date of Settlement:	December 1, 2016
Highlights:	The College structured the principal repayment of the 2016A and 2016B Bonds to integrate with the principal due on existing long-term debt of the College and result in overall approximately level annual debt service for fiscal years 2024 through 2046. The 2016B Bonds have an early optional call date of 2018 to allow the remaining outstanding principal to be paid in full or in part from capital campaign contributions scheduled to be received by the College in 2018 and later.