HIGHER EDUCATION FACILITIES AUTHORITY
380 Jackson Street, Suite 450
St. Paul, MN 55101
Phone: 651.296.4690 Fax: 651.297.5751

CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (St. Olaf College)

(Vol. 24 No. 3)

Borrower/Issue:	Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2021 (St Olaf College)
Financing Vehicle:	Revenue Bonds, Tax-exempt from both Federal and Minnesota income tax. Proceeds of the 2021 Bonds will be used pay for costs related to the construction, equipping, and furnishing of new student residence facilities and related improvements on the College campus, including a new residence hall of approximately 300 beds and 14 new townhouses with approximately 140 beds. Bond proceeds will also partially fund the renovation of a residence hall on campus. The proceeds will also fund capitalized interest on the bonds through April 1, 2022, and to pay issuance costs for the Bonds.
Issue Par Amount:	$57,335,000, Series 2021
Placement Method:	Public sale, Negotiated with Piper Sandler as the sole Underwriter.
Tax-Exempt Benefit:	The Bonds were issued as tax-exempt. Based on market conditions at the time of the sale, the use of tax-exempt bonds issued by the Authority saved the College an estimated $13.66 million over the life of the Bonds compared to a taxable financing. This represents a present value savings of approximately $9.10 million.
Term of Financing:	30 years, consisting of four term bonds. Principal is payable annually on October 1, with mandatory redemption beginning October 1, 2036, and ending on October 1, 2050.
Structure:	Semi-annual interest payable beginning October 1, 2021, with principal payable annually on October 1. The debt is structured as interest only through April 1, 2036. The principal payments are due beginning October 1, 2036, and annually thereafter. The Series 2021 debt is structured to result in approximately level annual debt service including outstanding College debt.
Financial Covenants:	The College will maintain a debt service coverage ratio of not less than 1.10:1 for each fiscal year. If the College fails to meet this ratio, there is a process in place to allow the College to cure the deficiency.

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Redemption:	The Series 2021 Bonds are subject to optional redemption on October 1, 2030, and on any day thereafter at a price of par plus accrued interest to the date of redemption.
	The term bonds are due on October 1, 2038, 2041, 2046 and 2050. The term bonds are subject to scheduled principal redemption payments beginning October 1, 2036.
Interest Rate:	The Term bonds bear interest at fixed rates of 3.00% or 4.00%. The yields on the Bonds range from 1.69% for the Term Bond due October 1, 2038, to 1.80% for the Term Bond due October 1, 2050.
	The Series 2021 Bonds have a True Interest Cost ("TIC") of 2.78%. (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).
Rating:	The Series 2021 Bonds are rated A1, stable outlook by Moody's Investors Service.
Date of Settlement:	March 18, 2021
Highlights:	The College entered into an investment agreement to maximize the yield on construction fund and further reduce the cost of the financing. The financing allows the College to lock in a low fixed rate market interest rate and receive favorable financial terms to enhance the future financial flexibility of the College.