



CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (Macalester College)

(Vol. 24 No. 4)

Borrower/Issue:	Minnesota Higher Education Facilities Authority Revenue and Refunding Bonds, Series 2021 (Macalester College)
Financing Vehicle:	Revenue Bonds, Tax-exempt from both Federal and Minnesota income tax. Proceeds of the 2021 Bonds will be used to refund the outstanding principal of Series Seven-S Bonds maturing after May 1, 2022. Bond proceeds will also fund replacement roofs on four campus building. The proceeds will also pay issuance costs for the Bonds.
Issue Par Amount:	\$12,870,000, Series 2021
Placement Method:	Public sale, Negotiated with Piper Sandler as the sole Underwriter.
Term of Financing:	20 years, consisting of serial bonds maturing on March 1, 2022 through 2037. There are also two term bonds, maturing on March 1, 2040, and March 1, 2043.
Structure:	Semi-annual interest payable beginning September 1, 2021, with principal payable annually on March 1. The debt is structured as to pay principal and interest on a level overall annual basis.
Financial Covenants:	The College is not subject to any specific financial covenants for this financing. The College agrees to charge tuition and fees sufficient to make all payments required to repay the debt service on the Series 2021 Bonds. The College will comply with any financial covenants in place on other College supported debt.



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- Redemption:** The Series 2021 Bonds are subject to optional redemption on March 1, 2031, and on any day thereafter at a price of par plus accrued interest to the date of redemption.
- The term bonds are due on March 1, 2040, and 2043. The term bonds are subject to scheduled principal redemption payments beginning March 1, 2038.
- Interest Rate:** The Serial bonds bear interest at a fixed rate of 3.00%. The Term bonds bear interest at a fixed rate of 4.00%. The yields on the Bonds range from 0.15% for the Serial bond due March 1, 2022, to 1.58% for the Serial bond due March 1, 2037.
- The two Term bonds yield 1.88% for the March 1, 2040 Term and 2.00% for the March 1, 2043 Term bond.
- The Series 2021 Bonds have a True Interest Cost (“TIC”) of 2.0425%. (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 Aa3, stable outlook by Moody’s Investors Service.
- Date of Settlement:** April 28, 2021
- Highlights:** The refunding of the outstanding Series Seven-S bonds resulted in a gross debt service savings of \$2.563 million and a present value savings of \$2.135 million. 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.