



CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (Saint John's University)

(Vol. 24 No. 5)

Borrower/Issue: Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2021 (Saint John's University)

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 96-bed townhouse style student residence facilities and related improvements on the College campus. Bond proceeds will also partially fund the renovation of the Peter Engel Science Center and other projects on campus facilities. The proceeds will also fund construction of a pedestrian bridge that will connect the upper and lower campus, and to pay issuance costs for the Bonds.

Issue Par Amount: \$21,560,000, Series 2021

Placement Method: Public sale, Negotiated with RBC Capital Markets as the sole Underwriter.

Term of Financing: 19 years, consisting of serial bonds. Principal is payable annually on October 1, with the initial principal payment on October 1, 2023, and ending on October 1, 2040.

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, 2023. Principal payments are due beginning October 1, 2023, and annually thereafter. The Series 2021 debt is structured to result in approximately level annual debt service.

Financial Covenants: The University agrees to not allow any encumbrance on the facilities which are being improved or constructed with proceeds of the Series 2021 bonds. The University is subject to financial covenants contained in the Series Eight-H and Series Eight-I bonds, issued by the Authority for the University. The covenants in those bond issues apply to the Series 2021 bonds until those bonds are retired. The University is in compliance with those covenants after the issue of the Series 2021 bonds.



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- Redemption:** The Series 2021 Bonds are subject to optional redemption on October 1, 2031, and on any day thereafter at a price of par plus accrued interest to the date of redemption.
- Interest Rate:** The Serial bonds bear interest at fixed rates of 4.00%, except for the October 12, 2026, 2037 and 2038 principal payments, which bear a fixed rate of 3.00%. The yields on the Bonds range from 0.32% for the serial bond due October 1, 2023, to 1.80% for the Term Bond due October 1, 2040.
- The Series 2021 Bonds have a True Interest Cost ("TIC") of 2.084%. (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 A2, stable outlook by Moody's Investors Service.
- Date of Settlement:** June 10, 2021
- Highlights:** The University was able to improve campus safety and modernize its housing stock with the proceeds of this financing. The financing allows the University to lock in a low fixed rate market interest rate and receive favorable financial terms to enhance the future financial flexibility.