



# CAPITAL COMMENTARY

from MN Higher Education Facilities Authority

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

**Borrower/Issue:** Northwestern College of Chiropractic, Series Four-Z

**Financing Vehicle:** Mortgage Revenue Bonds

**Projects:** The Bonds financed two purposes: (1) refunding the remaining balance of the Authority's Series Two-X Mortgage Revenue Bonds issued on behalf of the College in 1990, and (2) financing approximately \$2.2 million of additional improvements within the College's main campus facility in Bloomington. The major new project is the DeRusha Center for Clinical Education.

**Issue Amount:** \$5,875,000

**Placement method:** Public sale on a negotiated basis, with Dain Rauscher Incorporated as the managing underwriter.

**Term of financing:** 15 years

**Structure:** Serial bonds 1999-2009; Term bond in 2013

**Interest Rate:** Yields ranging from 3.60% to 5.25% for the 2013 term bond. The overall T.I.C. (true interest cost) was 5.126%

**Rating:** Moody's Baa2 - new rating

**Date of settlement:** February 3, 1999

**Highlights:** This financing reflected the great strides the College has made in the past decade. The first bond issue in 1990 was sold on an unrated basis because an investment-grade rating was out of the question. Nine years later, Moody's rated the issue not only investment grade, but Baa2 which is one notch above the normal entry level. The combination of the increased financial strength of the College reflected in the rating, as well as the continued excellent market for issuers, resulted in one of the most successful refundings of Authority bonds. (The maximum rate on the 1990 issue was 8.5%.)

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