



# 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:** Concordia University, St. Paul, Series Five A

**Financing Vehicle:** Tax-exempt off balance sheet lease

**Projects:** Energy retrofit project for Concordia University. The University contracted with Leischow Bisbee & Associates to evaluate potential energy and operational improvements to University facilities. The selected capital improvement plan was bid-out to performance contractors. Improvements include lighting upgrades, variable frequency drives, a new chiller, variable air volume system and steam system upgrades.

**Issue Amount:** \$1,440,000

**Placement method:** Private placement by U.S. Bancorp Piper Jaffray and Norwest Investment Services, Inc.

**Term of financing:** 15 years

**Structure:** Two term obligations, maturing 2006 and 2014. Semiannual payments of principal and interest combined with annual contingent payment related to performance guarantee by contractor.

**Interest Rate:** 2006 term: 4.625%; 2014 term 5.25%

**Rating:** Unrated

**Date of settlement:** April 23, 1999

**Highlights:** Off balance sheet structure is similar to 1998 transaction for Gustavus Adolphus College. Lease proceeds will pay for the improvements which will result in energy and cost savings equal to or greater than the lease payments. This transaction is the first by Concordia University, St. Paul through the Authority.

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