



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:*** Saint John's University **Series Six-U**
- Financing Vehicle:*** Revenue Bonds
- Project:*** New 58-bed student apartment housing, new 8,000 square foot campus community center and renovation of dining facilities and renovation of Seton Apartments student housing.
- Issue Amount:*** \$11,375,000
- Placement Method:*** Public sale, on a negotiated basis, with RBC Capital Markets as underwriter.
- Term of Financing:*** 25 years
- Structure:*** Serial maturities in 2009 through 2023 and term bonds maturing in 2028 and 2033. Approximately level annual debt service, including sinking fund payments beginning in 2024 for the term bonds. The bonds are secured by a debt service reserve fund. The bonds are subject to optional redemption beginning on October 1, 2018.
- Interest Rate:*** Yields ranging from 2.40% to 4.61% for the serial maturities and 4.81% for the 2028 and 4.93% for the 2033 term bonds. The yields reflect a combination of discount and premium bonds. 4.74% T.I.C. (True Interest Cost is a dollar-weighted average rate for the bond issue, taking into account the time value of money and including both interest, original issue discount or premium and underwriting fees).
- Rating:*** Moody's A2 with a stable outlook.
- Date of Settlement:*** June 4, 2008
- Highlights:*** The issue was structured as a long-term fixed rate issue. Demand was strong for a plain vanilla issue from a strong unenhanced credit.

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- Borrower/Issue:*** College of Saint Benedict Series Six-V
- Financing Vehicle:*** Revenue Bonds
- Project:*** Current refundings of Series Four-G (outstanding principal of \$1,580,000) and Four-T (outstanding principal of \$17,630,000) for redemption on June 1, 2008. In addition, approximately \$563,000 for acquisition of four condominium units for student or faculty use.
- Issue Amount:*** \$19,430,000
- Placement Method:*** Public sale, on a negotiated basis, with RBC Capital Markets as underwriter.
- Term of Financing:*** 15 years
- Structure:*** Serial maturities in 2009 through 2018 and term bonds maturing in 2023. Annual debt service, including sinking fund payments, mirror the principal payment schedule of the refunded issues through their original maturity dates. The bonds are secured by a debt service reserve fund and are subject to optional redemption beginning on March 1, 2018.
- Interest Rate:*** Yields ranging from 2.6% to 4.47% for the serial maturities and 4.90% for the 2023 term bonds. The yields reflect a combination of discount and premium bonds. 4.35% T.I.C. (True Interest Cost is a dollar-weighted average rate for the bond issue, taking into account the time value of money and including both interest, original issue discount or premium and underwriting fees).
- Rating:*** Moody's Baa1 with a stable outlook.
- Date of Settlement:*** May 8, 2008
- Highlights:*** The issue was structured as a long-term fixed rate issue to lock in debt service savings from the refundings. The College received an upgrade to its credit rating from Baa2 to Baa1.