CAPITAL COMMENTARY

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from MN Higher Education Facilities Authority

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

Borrower/Issue: Carleton College **Series Six-T**

Financing Vehicle: Revenue Bonds

Project: Student housing of two adjacent four-story buildings with approximately 230 beds and utility infrastructure improvements to provide backup electrical generation for the campus.

Issue Amount: $19,665,000

Placement Method: Public sale, on a negotiated basis, with Morgan Stanley & Co. Incorporated as underwriter.

Term of Financing: 19 years

Structure: Serial maturities in 2010 through 2018 and term bonds maturing in 2023 and 2028. Level annual debt service (approximately $1.28 million) for the serial maturities and a substantially higher level annual debt service through sinking fund payments (approximately $2.74 million) for the term bonds. The bonds are subject to optional redemption beginning on January 1, 2018.

Interest Rate: Yields ranging from 2.33% to 4.20% for the serial maturities and 4.93% for the 2023 and 5.22% for the 2028 term bonds. The yields reflect a combination of discount and premium bonds. 5.11% 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 interest, original issue discount or premium and underwriting fees).

Rating: Moody's Aa2 with a stable outlook.

Date of Settlement: December 4, 2008

Highlights: The issue was structured as a long-term fixed rate issue. To address the steep yield curve, the College chose to shorten the final maturity but was able to keep debt service payments in the early years low by pushing principal to the term bonds. The College will look for a refunding opportunity when rates are more favorable. Due to the uncertain demand for bonds caused by credit market turmoil, the College monitored the market for several weeks before the actual pricing.

Borrower/Issue:	University of Saint Thomas **Series Six-W**
Financing Vehicle:	Revenue Bonds
Project:	A parking ramp for approximately 725 stalls on five levels, including one below ground.
Issue Amount:	$18,305,000
Placement Method:	Public sale, on a negotiated basis, with Dougherty and Company LLC as underwriter.
Term of Financing:	22 years
Structure:	Serial maturities in 2009 through 2011, 2014 and 2019 and term bonds maturing in 2013, 2016, 2018, 2021, 2025 and 2030. Level annual debt service (approximately $1.4 million) through 2021 and a slightly higher level annual debt service (approximately $1.7 million) for the remaining years. The bonds are secured by a debt service reserve fund and are subject to optional redemption beginning on October 1, 2016.
Interest Rate:	Yields ranging from 2.50% to 5.65% for the bonds maturing through 2021 and 6.00% and 6.15% for the 2025 and 2030 term bonds. The yields reflect a combination of discount and premium bonds. 5.91% 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 interest, original issue discount or premium and underwriting fees).
Rating:	Moody's A2 with a stable outlook
Date of Settlement:	December 16, 2008
Highlights:	The issue was structured as a long-term fixed rate issue. To address the steep yield curve, the University chose to shorten the final maturity and spread the principal over several medium and long term bonds. In addition, the University set an eight year call date to accelerate the opportunity to refund on a current basis. Due to the uncertain demand for bonds caused by credit market turmoil, the University monitored the market for several weeks before the actual pricing.