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: University of Saint Thomas **Series Six-X**

Financing Vehicle: Revenue Bonds

Project: A three-level 180,000 square foot complex to be known as the Andersen Athletic and Recreation Complex on the Saint Paul campus.

Issue Amount: $58,405,000

Placement Method: Public sale, on a negotiated basis, with Dougherty and Company LLC as underwriter.

Term of Financing: 30 years

Structure: Serial maturities in 2011 through 2021 and term bonds maturing in 2024, 2029 and 2039. Level annual debt service (approximately $4 million) except interest only payments in 2022 and 2025 in order to wrap around balloon payments associated with existing variable rate debt. By deferring principal, the University is able to smooth out its total annual debt service. The bonds are secured by a debt service reserve fund and are subject to optional redemption beginning on April 1, 2017.

Interest Rate: Yields ranging from 1.80% to 4.35% for the bonds maturing through 2021 and 4.57%, 4.95% and 5.317% for the 2024, 2029 and 2039 term bonds. The yields reflect premium bonds in all maturities except for the 2039 maturity. 5.10% 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: June 17, 2009

Highlights: The issue was structured as a long-term fixed rate issue. To balance the effect of skipping principal payments in 2022 and 2025 on annual debt service, the University chose to push out the maturity on these bonds. In addition, the University set an eight year call date to accelerate the opportunity to refund on a current basis. Demand for bonds was strong despite concerns that potential investors would be very selective even with the reduced supply of new tax exempt issues.

Borrower/Issue:	Carleton College **Series Six-Y**
Financing Vehicle:	Revenue Notes
Project:	Completion financing for two adjacent four-story student residence halls with approximately 230 beds that were originally financed with Series Six-T and exterior renovation and window replacement on various buildings.
Issue Amount:	$10,000,000
Placement Method:	Private placement by Wells Fargo Brokerage Services, LLC
Term of Financing:	10 years
Structure:	Interest only payments through maturity and principal due on June 25, 2019. The notes are not secured by a mortgage or debt service reserve fund and are subject to optional redemption on any semiannual interest payment date without penalty, in increments of $200,000.
Interest Rate:	3.20% through the first five years and reset at the then prevailing interest rate. Holders have the option to tender at the interest reset date in 2014. The new interest rate will apply through the final five years.
Rating:	Not Rated. Moody's has rated the College's existing rated long-term debt (also issued by the Authority) at Aa2 with a stable outlook.
Date of Settlement:	June 25, 2009
Highlights:	In December 2008, the Authority issued $19,665,000 Series Six-T revenue bonds for the project, expecting gifts for the remainder of the costs. In order to bridge the period until all gifts are received, the College chose to conserve cash and to borrow for a relatively short term. The notes were offered only to a few sophisticated investors, such as institutional buyers and high net worth individuals, in minimum denominations of $100,000 without a private placement memorandum. Costs of issuance, including legal and financial advisory fees are lower than for a public offering. No bond trustee was engaged and no credit rating was necessary.