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:	Gustavus Adolphus College **Series Seven-B**
Financing Vehicle:	Revenue Bonds
Project:	New academic building for the social sciences and improvements to define the west mall area on campus. Current refunding of the Series Four-X Bonds (outstanding principal of $8,675,000) for redemption on September 6, 2010. The Series Four-X Bonds were used to finance improvements to create the Campus Center and construction of student housing apartments.
Issue Amount:	$41,680,000
Placement Method:	Public sale, on a negotiated basis, by Wells Fargo Securities as underwriter.
Term of Financing:	25 years
Structure:	Serial maturities in 2011 through 2025 and term bonds maturing in 2031 and 2035. The bonds are secured by a debt service reserve fund and are subject to optional redemption beginning October 1, 2019.
Interest Rate:	Coupon rates range from 3.00% to 5.00% with a combination of discount and premium bonds to appeal to different investors. Yields range from 1.15% to 4.37% for the serial maturities and 4.67% for the 2031 term bond and 4.84% for the 2035 term bond. 4.298% TIC. (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 A3 with a stable outlook
Date of Settlement:	August 5, 2010
Highlights:	This series was structured as a long-term fixed rate issue. The College elected to wrap the new debt service around its existing debt obligations to create an overall level debt service. In addition, the College paid the final October 1, 2010 maturity on its Series Four-H Bonds two months early in order to be released from the covenants related to those bonds.

Borrower/Issue:	Saint Mary's University of Minnesota **Series Seven-C**
Financing Vehicle:	Revenue Bonds
Project:	Current refunding of Series Five-E (outstanding principal of $4,005,000) for redemption on May 24, 2010. The Series Five-E Bonds were used to finance student housing apartments.
Issue Amount:	$4,085,000
Placement Method:	Public sale, on a negotiated basis, with Dougherty & Company LLC as underwriter.
Term of Financing:	15 years
Structure:	Serial maturities in 2011 through 2023 and a term bond maturing in 2026. The College elected to have level annual debt service payments that mirror the original principal payment schedule of the refunded issue. The bonds are secured by a debt service reserve fund and are subject to optional redemption beginning on March 1, 2019.
Interest Rate:	Coupon rates range from 1.50% to 5.00%. Yields reflect premium bonds in 2013 and 2014 and discount bonds in 2023. 4.599% TIC. (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 Baa1 with a stable outlook.
Date of Settlement:	May 20, 2010
Highlights:	This series was structured as a long-term fixed rate issue to lock in debt service savings from the refunding. Net present value savings as a percentage of the refunded Series Five-E Bonds was 13.84%.

Borrower/Issue:	Carleton College **Series Seven-D**
Financing Vehicle:	Revenue Bonds
Project:	New Arts Union at the site of a former middle school adjacent to the campus and an auxiliary art studio warehouse on the campus.
Issue Amount:	$30,455,000
Placement Method:	Public sale, on a negotiated basis, with Morgan Stanley & Co. Incorporated as underwriter.
Term of Financing:	30 years
Structure:	Serial maturities in 2012 through 2021 and term bonds maturing in 2030 and 2040. Level annual debt service including sinking fund payments for the term bonds. The bonds are subject to optional redemption beginning on March 1, 2019.
Interest Rate:	Coupon rates range from 1.50% to 5.00%. Yields range from .72% to 3.38% for the serial maturities and 4.05% for the 2030 and 4.33% for the 2040 term bonds. The yields reflect premium bonds in all maturities. 4.46% TIC. (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:	June 29, 2010
Highlights:	This series was structured as a long-term fixed rate issue. The College considered reducing the size of the borrowing to $30 million in order to be eligible as "bank qualified bonds" as permitted under special federal legislation. The possibility of additional investor interest from banks was outweighed by the need to be flexible in offering premium bonds during the order period.

Borrower/Issue:	Hamline University **Series Seven-E**
Financing Vehicle:	Revenue Bonds
Project:	Current refunding of Series Five-B (outstanding principal of $6,515,000) for redemption on July 30, 2010 together with repayment of a line of credit ($7,300,000). The Series Five-B Bonds were used to finance student housing apartments and the line of credit was used to finance small capital improvements around the campus.
Issue Amount:	$14,890,000
Placement Method:	Public sale, on a negotiated basis, with RBC Capital Markets as underwriter.
Term of Financing:	19 years
Structure:	Serial maturities in 2010 through 2021 and term bond maturing in 2029. Annual debt service is level and then rises sharply in 2017 through 2021 and then drops back down, to mirror the asset life of the financed projects and to wrap around existing debt obligations. The bonds are secured by a debt service reserve fund and are subject to optional redemption beginning on October 1, 2020.
Interest Rate:	Coupon rates ranged from 3.00% to 5.00% for the serial maturities and 5.00% for the 2029 term bond. Yields ranged from .95% to 4.62% for the serial maturities and 5.05% for the 2029 term bonds, reflecting a combination of discount and premium bonds in all maturities except one. The 2017 maturity was a split coupon of 4.00% and 5.00%, both priced to yield 4.00%. The 2019 maturity was a split coupon of 4.25% and 5.00%, both priced to yield 4.44%. 4.63% TIC. (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 Baa1 with a negative outlook.
Date of Settlement:	June 29, 2010
Highlights:	This series was structured as a long-term fixed rate issue to lock in debt service savings from the refinancing of both taxable and tax exempt debt. Net present value savings as a percentage of the refunded Series Five-B Bonds was 8.27%. The College received a change in ratings outlook from stable to negative.