



CAPITAL COMMENTARY

from MN Higher Education Facilities Authority

Vol.14 No. 3

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

- Borrower/Issue:** College of St. Scholastica Series Seven-H
- Financing Vehicle:** Revenue Bonds
- Project:** Expansion and renovation of a science building on the Duluth campus and current refunding of the fixed rate Series Five-J Bonds (outstanding principal of \$2,155,000) and variable rate demand Series Six-A Bonds (outstanding principal of \$11,370,000) for redemption on December 1, 2010.
- Issue Amount:** \$21,820,000
- Placement Method:** Public sale, on a negotiated basis, by George K. Baum & Company as underwriter.
- Term of Financing:** 30 years
- Structure:** Serial maturities in 2011 and 2015 through 2020 and term bonds maturing in 2025, 2030, 2035 and 2040. 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 3.65% to 5.25% with a combination of discount, par and premium bonds to appeal to different investors. Yields range from 1.50% to 4.01% for the serial maturities and from 4.53% to 5.125% for the term bonds. 5.053% 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 Baa2 with a stable outlook
- Date of Settlement:** October 26, 2010
- Highlights:** This series was structured as a long-term fixed rate issue to achieve several goals. The College locked in historic low fixed interest rates to achieve debt service savings on Series Five-J and eliminated the risks associated with Series Six-A, including letter of credit renewal and pricing risk, future remarketing difficulties and interest rate volatility. Although the College had sufficient funds to start its building project, it elected to preserve its cash and take advantage of the current interest rate environment by borrowing for a portion of the project costs in this financing. The College expects to finance the balance of the project costs in 2011.

Enclosed is the Fiscal Year 2010 Annual Report of the Higher Education Facilities Authority. The Authority had a very busy year and, as December 31st approaches, we would like to take this opportunity to wish you the best for 2011. We hope that we can be of service to you if you have plans for a new financing or questions on an existing financing.



We would also like to invite you to save the date on your 2011 calendar for the
Annual Conference on Financing Issues
which will be held on:

Wednesday, April 20, 2011
at the
Embassy Suites Hotel
Saint Paul

More information will be sent to you in early March.