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:	St. Catherine University **Series Seven-Q**
Financing Vehicle:	Revenue Bonds
Project:	Current refunding of Series Five-N1 Bonds (outstanding principal of $23,515,000) and Series Six-N Notes (outstanding principal of $5,567,504) for redemption on October 26, 2012. The original debt financed or refinanced construction and renovation projects throughout the main campus, including the Coeur de Catherine building and a student residence hall.
Issue Amount:	$25,630,000
Placement Method:	Public sale, on a negotiated basis, with Wells Fargo Bank, National Association as underwriter.
Term of Financing:	20 years
Structure:	Serial maturities in 2013 through 2027 and a term bond maturing in 2032. The bonds are secured by a debt service reserve fund and are subject to optional redemption starting October 1, 2022.
Interest Rate:	Coupon rates range from 3.00% to 5.00%. Yields range from 1.21% to 3.52% reflecting premium bonds in all maturities. 3.54% 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:	September 25, 2012
Highlights:	This series was structured as a long-term fixed rate issue to lock in savings from lower interest rates. The University maximized its savings by using its own funds to pay the principal and interest due in October on the refunded debt rather than increasing the size of the Bonds. The University also chose to mirror the amortization of the refunded debt in the maturity schedule for the Bonds. Savings as a percentage of refunded debt was 13.15%.

SAVE THE DATE
April 10, 2013
MHEFA Annual Debt Financing Conference
Embassy Suites Hotel, St. Paul

Borrower/Issue: College of St. Scholastica **Series Seven-R**

Financing Vehicle: Revenue Bonds

Project: Current refunding of Series Five-R Bonds (outstanding principal of $10,105,000) for redemption on December 1, 2012. The original debt financed or refinanced construction and renovation projects throughout the main campus in Duluth.

Issue Amount: $9,380,000

Placement Method: Public sale, on a negotiated basis, with RBC Capital Markets as underwriter.

Term of Financing: 20 years

Structure: Serial maturities in 2013 through 2022 and term bonds maturing in 2027 and 2032. The bonds are secured by a debt service reserve fund and are subject to optional redemption starting December 1, 2022.

Interest Rate: Coupon rates range from 2.00% to 4.25%. Yields range from 1.05% to 4.00% reflecting a mix of par and premium bonds. 3.69% 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 17, 2012

Highlights: This series was structured as a long-term fixed rate issue to lock in savings from lower interest rates. The College maximized its savings by using its own funds to pay the principal and interest due on the refunded bonds on the redemption date rather than increasing the size of the Bonds. The University also chose to mirror the amortization of the refunded bonds in the maturity schedule for the Bonds. Savings as a percentage of refunded debt was 10.28%.