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:	Macalester College Series Seven-S
Financing Vehicle:	Revenue Bonds
Project:	The bonds, together with gifts and College funds, will finance phase two of the renovation and expansion of the Janet Wallace Fine Arts Center for studio arts facilities and the replacement of a boiler.
Issue Amount:	$14,730,000
Placement Method:	Public sale, on a negotiated basis, with Piper Jaffray & Co. as underwriter.
Term of Financing:	30 years
Structure:	Serial maturities in 2015 through 2024 and term bonds maturing in 2032, 2036 and 2043. The bonds are subject to optional redemption beginning on May 1, 2021 and are not secured by a debt service reserve fund.
Interest Rate:	Coupon rates range from 2.00% to 3.00% on the serial maturities and 3.00% to 4.00% on the term bonds. Yields range from 0.72% to 2.49% for the serial maturities and 3.07% to 3.20% on the term bonds. The yields reflect a mix of discount and premium bonds targeting different investor classes. 3.28% 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 Aa3 with a stable outlook.
Date of Settlement:	December 12, 2012
Highlights:	The maturity schedule takes into account the existing long term debt. As a result, the annual debt service ramps up during the first five years and then remains flat, including sinking fund payments for the term bonds. The College decided to reach for 30 year debt in light of the low interest rates and relatively flat yield curve. Investor interest was strong during the week the bonds were priced.

Borrower/Issue:	College of St. Benedict **Series Seven-T**
Financing Vehicle:	Revenue Bonds
Project:	The bonds will be used to redeem the Authority's Series Five-W Bonds on March 1, 2013 on a current refunding basis.
Issue Amount:	$5,235,000
Placement Method:	Private placement by Piper Jaffray & Co. as placement agent
Term of Financing:	11 years
Structure:	Serial maturities in 2013 through 2024. The bonds are not secured by a mortgage or debt service reserve fund and are subject to optional redemption starting March 1, 2013, in whole or in part, without redemption premium.
Interest Rate:	All maturities bear a fixed rate of 2.60%. The bonds were purchased at par and without underwriting discount. As a result, the TIC is also 2.60%. (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, if any).
Rating:	Not Rated. Moody's has rated the College's existing rated long-term debt (also issued by the Authority) at Baa1 with a stable outlook.
Date of Settlement:	January 23, 2013
Highlights:	The College worked with the private placement agent to solicit proposals from banks to directly purchase the bonds. Instead of an underwriting discount, the private placement agent was paid a fee from bond proceeds as a cost of issuance. The bonds were offered to over 30 banks without a private placement memorandum. Cedar Rapids Bank & Trust purchased the Bonds for its own account rather than for the private accounts of its customers.