



# 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 St. Thomas Series Seven-U
- Financing Vehicle:** Revenue Bonds
- Project:** Current refunding of variable rate demand bonds Series Five-L (outstanding principal of \$15,905,000) and variable rate demand bonds Series Five-Z (outstanding principal of \$13,200,000) for redemption on June 3, 2013. The original debt financed or refinanced the education, business and law school buildings on the Minneapolis campus.
- Issue Amount:** \$25,685,000
- Placement Method:** Public sale, on a negotiated basis, with Dougherty & Company LLC as underwriter.
- Term of Financing:** 14 years
- Structure:** Serial maturities in 2014 through 2027. The bonds are subject to optional redemption starting April 1, 2023. There is no debt service reserve fund.
- Interest Rate:** Coupon rates of 4.00% and 5.00%. Yields range from .45% to 3.00% reflecting premium bonds in all maturities. 2.58% 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 A2 with a stable outlook.
- Date of Settlement:** March 28, 2013
- Highlights:** By refunding the last two of its variable rate debt issues, the University eliminated letter of credit and remarketing fees and reduced the letter of credit renewal and pricing risk. The long-term fixed rate issue locks in historically low interest rates. The University chose to pay the principal and interest due on April 1 on the refunded debt from funds on hand rather than increase the principal amount of the Bonds. It also chose to mirror the amortization of the refunded debt. These conservative choices offset the lack of a debt service reserve fund.

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The Minnesota Higher Education Facilities Authority is pleased to announce that Governor Dayton has reappointed David D. Rowland for a third term expiring January 2017. Mr. Rowland is Executive Vice President for Fixed Income Investments at The Travelers Companies, Inc. in Saint Paul.

Mark Misukanis, Ph.D. has been appointed to his first four year term. Mr. Misukanis was Director of Fiscal Policy and Research at the Minnesota Office of Higher Education (2004-2011) during which time he served as an ex officio member of the Authority. He is now Senior Consultant with New Pharos Consulting, a public policy research organization providing research evaluation, data analytics and data reporting capacity for state and local units of government, nonprofit agencies and public advocacy groups.