



# CAPITAL COMMENTARY

from MN Higher Education Facilities Authority

Vol.16 No. 4

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

- Borrower/Issue:** William Mitchell College of Law Series Seven-V
- Financing Vehicle:** Revenue Note
- Project:** Current refunding of Series Five-S Variable Rate Demand Revenue Bonds (outstanding principal of \$10,670,000) on July 1, 2013.
- Issue Amount:** \$10,800,000
- Placement Method:** Direct purchase by U.S. Bank National Association for its own account
- Term of Financing:** 20 years, maturing on September 1, 2033
- Structure:** Monthly interest payments and annual principal repayments that mirror the prepayment schedule required by the letter of credit provider for the refunded bonds (also U.S. Bank National Association). The Note is secured by a mortgage lien on a portion of the College campus.
- Interest Rate:** Variable interest rate, reset monthly, based upon a specified spread to the one-month LIBOR multiplied by a tax exempt factor. The spread and tax exempt factor are subject to change at the initial Tender Date of October 1, 2022. At that time, the Purchaser may choose to retain the Bonds and propose a new spread and tax exempt factor which will be in effect until the next Tender Date specified in the Purchaser's proposal. Unless the College accepts the proposed terms, the Bonds are subject to mandatory tender on the initial Tender Date and each subsequent Tender Date which may be established in connection with a new spread and tax exempt factor.
- Rating:** Not rated. The College has no other long term debt. The refunded bonds were rated based on the credit of the letter of credit provider.
- Date of Settlement:** May 30, 2013
- Highlights:** By refunding its variable rate debt, the College eliminated liquidity and remarketing fees as well as the letter of credit renewal and pricing risk. The College had a BMA/SIFMA based interest rate swap agreement with U.S. Bank National Association that matched the term of the refunded bonds. To avoid the termination penalty, the College and the counterparty amended the terms to LIBOR based and did not terminate the swap agreement.

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We are pleased to announce the election of the officers for the fiscal year beginning July 1, 2013. The incoming officers are:

Raymond VinZant, Chair  
Kathryn Balstad Brewer, Vice Chair  
Mark Misukanis, Secretary