CAPITAL COMMENTARY

Vol.19 No. 2

from MN Higher Education Facilities Authority

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

Borrower/Issue:	St. John's University **Series Eight-H**
Financing Vehicle:	Revenue Bonds
Project:	Current refunding of the entire outstanding principal of Series Six-G Bonds originally issued in 2005.
Issue Amount:	$13,815,000
Placement Method:	Public sale, on a negotiated basis, by RBC Capital Markets, LLC as underwriter.
Term of Financing:	11 years
Structure:	Serial maturities in 2016 through 2026. The bonds are subject to optional redemption on October 1, 2025.
Interest Rate:	Coupon rates range from 2.00% to 5.00% with premium bonds in all years. Yields range from .60% to 2.97%. 2.13% 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:	August 31, 2015
Highlights:	This series was structured as a long-term fixed rate issue to lock in current low interest rates. Annual debt service was structured to correspond to debt service on the refunded Series Six-G Bonds and to generate approximately level annual cash flow savings. Net present value savings as a percentage of the refunded issue was 10.65%.

Borrower/Issue: St. John's University **Series Eight-I**

Financing Vehicle: Revenue Bonds

Project: Bonds will be used to finance improvements to the Alcuin Library and construction of an approximately 22,000 square foot, two-story Learning Commons building.

Issue Amount: $18,275,000

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

Term of Financing: 20 years

Structure: Serial maturities in 2016 through 2020 and 2023 through 2035. The bonds are subject to optional redemption beginning October 1, 2025.

Interest Rate: Coupon rates range from 2.00% to 5.00% with a combination of discount and premium bonds to appeal to different investors. Yields range from 0.54% to 3.77%. 3.45% 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: December 3, 2015

Highlights: When it became apparent that the construction costs for the project could not be finalized until October, the University decided to delay the new money portion of the financing. Rather than risk diminishing the savings from the refunding of Series Six-G, the University proceeded with the refunding in late summer through Series Eight-H.

Borrower/Issue:	Macalester College **Series Eight-J**
Financing Vehicle:	Revenue Bonds
Project:	Refund on an advance refunding basis some of the eligible portion of Series Six-P Bonds and finance a number of infrastructure renovation and improvements on the campus.
Issue Amount:	$22,660,000
Placement Method:	Public sale, on a negotiated basis, by Piper Jaffray & Co. as underwriter.
Term of Financing:	16.4 years
Structure:	Serial maturities in 2016 through 2032. The bonds are subject to optional redemption beginning March 1, 2025.
Interest Rate:	Coupon rates range from 1.30% to 5.00% with a combination of discount and premium bonds to appeal to different investors. Yields range from .34% to 3.58%. 2.88% 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:	October 1, 2015
Highlights:	The Series Six-P Bonds were used partly to refund other Authority bond issues and the portion allocated to a prior advance refunding cannot be advance refunded a second time. The College selected the maturities that generated the greatest debt service savings from the portion eligible for advance refunding and matched the final maturity of the Bonds to the final maturity of the Series Six-P Bonds. Net present value savings as a percentage of the refunded issue was 5.65%. Annual debt service was structured to accommodate the new money portion (level debt service through 2025 maturity) and the refunding portion (level annual savings through the 2032 maturity).

The Minnesota Higher Education Facilities Authority is pleased to announce that the following were elected to serve as officers of the Authority for the fiscal year beginning July 1, 2015:

Mark Misukanis, Chair
Assistant Professor
Metropolitan State University
Resident of Mendota Heights, Minnesota

Gary D. Benson, Vice Chair
Director of Project Planning & Development
Kraus-Anderson Construction Company
Resident of New Brighton, Minnesota

Nancy Sampair, Secretary
Retired Banker
Resident of Saint Paul, Minnesota

SAVE THE DATE:

Wednesday, April 13, 2016
for the
MHEFA Conference on Financing Issues
Look for more information to be sent in March