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:	College of St. Benedict **Series Eight-K**
Financing Vehicle:	Revenue Bonds
Project:	Bonds will be used to finance improvements on the campus including acquisition and renovation of three buildings, renovation of academic, residential and library buildings, development of sports fields, upgrades to the power plant and other renovations and repairs.
Issue Amount:	$34,360,000
Placement Method:	Public sale, on a negotiated basis, by Piper Jaffray & Co. as underwriter.
Term of Financing:	27 years
Structure:	Serial maturities in 2019 through 2032 and term bonds in 2037 and 2043. The bonds are subject to optional redemption beginning March 1, 2026.
Interest Rate:	Coupon rates range from 3.00% to 5.00% with a combination of discount and premium bonds to appeal to different investors. Yields range from 1.23% to 4.00%. 3.676% 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:	April 21, 2016
Highlights:	The College structured the principal repayment of the Bonds to take into account the principal due on existing long term debt. In addition, the College chose to capitalize the first interest payment which further alleviated the impact of additional debt on annual debt service.

Borrower/Issue: University of St. Thomas **Series Eight-L and Series Eight-M**

Financing Vehicle: Revenue Bonds

Project: Advance refunding of Series Six-W and Series Six-X Bonds through the issuance of Series Eight-L Bonds. Current refunding of Series Six-I Bonds through the issuance of Series Eight-M Bonds.

Issue Amount: $55,355,000 for Eight-L and $15,305,000 for Eight-M

Placement Method: Public sale, on a negotiated basis, with Dougherty & Company LLC and US Bancorp Investments, Inc. as co-underwriters.

Term of Financing: 23 years for Eight-L and 6 years for Eight-M

Structure: Series Eight-L bonds mature in the years 2017 through 2039 including term bonds in the years 2031, 2035 and 2039 and are subject to optional redemption in 2026. Series Eight-M bonds mature serially in the years 2017 through 2022 and are not subject to optional redemption.

Interest Rate: Coupon rates ranged from 3.00% to 5.00% for the Eight-L bonds with yields from 0.60% to 3.30%, reflecting a combination of discount and premium bonds. 3.066% TIC. The coupon rate on each maturity of Eight-M bonds is 4.00% but priced at a premium to yield from 0.56% to 1.34%. 1.158% 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 9, 2016

Highlights: Both Series Eight-L and Series Eight-M were issued under the same trust indenture and loan agreement and settled on the same date. However, the offering date of the two series was separated by 15 days in order for the two series to be deemed separate bond issues. Under federal tax rules, when the Series Eight-M Bonds fully mature in 2022, the restrictions on private use of the facilities financed by Series Six-I and refinanced by Eight-M will terminate. If the two series were treated as a single issue the restrictions would apply until the final maturity of the entire issue in 2039.