



CAPITAL COMMENTARY

from MN Higher Education Facilities Authority

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

Borrower/Issue: Hamline University *Series Five-B*

Financing Vehicle: Revenue Bonds

Project: The bonds financed the construction and furnishing of a new residence hall facility to be built at the south edge of the Hamline campus. The apartment-style residence is expected to be occupied primarily by graduate and upperclass undergraduate students. The facility has capacity for 147 students, and consists of 5 studio, 39 two-bedroom, 8 three-bedroom, and 7 four-bedroom apartments. Also included in the project will be 62 underground and 49 surface parking spaces.

Issue Amount: \$7,750,000

Placement method: Public sale, on a negotiated basis, with Dain Rauscher Incorporated as the managing underwriter.

Term of financing: 30 years


Structure: Serial bonds 2001-2010; Term bonds in 2014, 2019, and 2029.

Interest Rate: Rates ranging from 4.45% to 6.00%. The overall T.I.C. (true interest cost) was 5.998%.

Rating: Moody's Baa1, with a stable outlook.

Date of settlement: September 14, 1999.

Highlights: Growing demand for on-campus housing by students of Hamline's graduate and law schools was a prime motivating factor for providing the new housing. A key goal was to finance the project on a self-sufficient basis. The University studied several options for the financing, including off balance sheet approaches, but eventually determined that conventional tax-exempt, long-term financing through the Authority was the most cost-effective approach.



For further information contact:

J. Luther Anderson, Executive Director
MN Higher Education Facilities Authority
175 Fifth Street East, Suite 450
St. Paul, MN 55101-2905

Phone: 651-296-4690 FAX 651-297-5751

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175 Fifth Street East, Suite 450
St. Paul, MN 55101-2905