



# Minnesota Higher Education Facilities Authority

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## CAPITAL COMMENTARY

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- Borrower/Issue:** Hamline University of Minnesota, **Series 2017A**
- Financing Vehicle:** Revenue Refunding Note
- Project:** Proceeds of the 2017A Note will be used to refund, in advance of maturity, the outstanding Series Seven-K1 Bonds issued by the Authority on behalf of the University. Proceeds will also be used to defease the outstanding Series Seven-L Notes.
- The Series Seven-K1 Bonds and Seven-L Notes were issued to provide funds to provide a portion of the funds for site preparation for and construction, equipping and furnishing of the University Center, an approximately 125,000 square foot multi-story structure consisting of an approximately 75,000 square foot, three-story above-grade building and two levels of underground parking comprising approximately 50,000 square feet, which was expected to provide social gathering spaces, food service, student service offices, meeting rooms and 111 spaces of underground parking (the "Project Facilities"), located on the Sant Paul, Minnesota campus of the Borrower and pay for costs of issue.
- Issue Amount:** \$6,726,000, Series 2017A
- Placement Method:** Private Bank Placement with U.S. Bank National Association.
- Term of Financing:** Series 2017A - 10 years with a mandatory tender at July 1, 2022, when the outstanding balance may be paid in full or the Note extended for an additional 5-year term to the final maturity of October 1, 2026.
- Structure:** Series 2017A - Serial maturities in 2018 through 2026. The 2017A bonds may be redeemed on any interest payment date in an amount up to 10% of the outstanding principal without penalty or premium.
- Interest Rate:** Series 2017A has an interest rate of 2.41%. The Series 2017A Note has a TIC of 2.4583545%. (True Interest Cost [TIC] is a dollar-weighted average rate for the bond issue, considering the time value of money and including interest, original issue discount or premium and underwriting fees).
- Rating:** The Series 2017A Note is not rated. The outstanding debt of the University has a Moody's Investors Service rating of Baa3 with a negative outlook which was assigned on December 19, 2016.
- Date of Settlement:** June 30, 2017.
- Highlights:** The University has undertaken the refunding of the Series Seven-L Notes and defeasance of the Series Seven-K1 Bonds to realize interest savings and restructure principal repayment to reduce maximum annual debt service in fiscal years 2018, 2019 and 2021.