

Minnesota Higher Education Facilities Authority

380 Jackson Street, Suite 450, St. Paul, MN 55101

Phone: 651.296.4690 Fax: 651.297.5751

CAPITAL COMMENTARY

(Vol. 21 No. 2)

Borrower/Issue: Gustavus Adolphus College, **Series 2017**

Financing Vehicle: Revenue and Refunding Bonds

Proceeds of the 2017 Bonds will be used to finance a project (the "Project") consisting of refunding, on an advance refunding basis, the outstanding principal of the Authority's Series Seven^B Revenue Bonds plus interest to the October 1, 2019 redemption date for the Series Seven^B Revenue Bonds; Construct, expand, and renovate the Nobel Hall of Science and the Schaefer Fine Arts Center on the College's campus in Saint Peter, Minnesota; and pay for costs of issue.

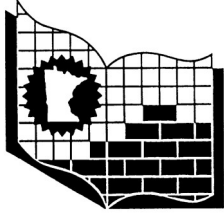
Issue Amount: \$52,515,000, Series 2017

Placement Method: Public Sale, Negotiated with Wells Fargo Securities.

Term of Financing: 30 years, consisting of serial bonds maturing on October 1, 2018 through October 1, 2037 and October 1, 2042 and 2 term bonds maturing on October 1, 2041 and 2047.

Structure: The 2041 term bonds have mandatory sinking fund maturities beginning October 1, 2038 and the 2047 term bonds have mandatory sinking fund maturities beginning October 1, 2043. The Bonds maturing on October 1 of 2032, 2033, 2036, and 2042 are subject to optional redemption on October 1, 2023 and on any day thereafter at par plus accrued interest to the redemption date.

Other than the Bonds identified immediately above, Bonds maturing on or after October 1, 2028 are subject to optional redemption on October 1, 2027 and on any day thereafter at par plus accrued interest to the redemption date.



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Interest Rate: Coupon rates range from 4.00% to 5.00% on the bonds. The yields on the serial bonds ranges from 0.94% on the 2018 maturity to 3.60 on the 2042 maturity. The yield on the 2041 term bond is 3.51% and the 2047 term bond has a yield of 3.30%. The yield on the 2028 – 2031, the 2034, 2035 and 2037 maturities and both term bonds are priced to the first optional call date of October 1, 2027.

The Series 2017 Bonds have a TIC of 3.739061%. (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 2017 Bonds are rated A3, stable outlook by Moody's Investors Service.

Date of Settlement: September 7, 2017

Highlights: The University has undertaken the refunding to realize interest savings and reduce maximum annual debt service through fiscal year 2043 by restructuring and deferring principal payments on refunded debt. The net present value savings from the refunding is approximately \$1.445 million, representing approximately 2.73% of refunded debt service.

The financing also provides approximately \$20 million of funds for a project with a total cost of \$70 million to construct, expand and renovate the Nobel Hall of Science and the Schaefer Fine Arts Center.