



# 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. 8)

<b>Borrower/Issue:</b>	University of St. Thomas, <b>Series 2017C</b>
<b>Financing Vehicle:</b>	Revenue Refunding Note, Series 2017C  Proceeds of the 2017C Note will be used to refund, on a current refunding basis, the outstanding principal of the Authority's Series Seven-P Revenue Bonds plus interest to the January 2, 2018 redemption date for the Series Seven-P Revenue Bonds and to pay for costs of issuance.
<b>Issue Amount:</b>	\$10,815,000, Series 2017C
<b>Placement Method:</b>	Direct Bank Purchase with U.S. Bank, N.A.
<b>Tax-Exemption:</b>	The Bonds were sold as tax-exempt bonds. Based on market conditions at the time of the sale, it is estimated that the use of tax-exempt bonds issued by the Authority resulted in a lower interest cost of \$339,500 over the life of the Notes, compared to a taxable financing. This represents a present value savings of \$298,000.
<b>Term of Financing:</b>	15 years, consisting of annual principal payments on October 1, 2018 through October 1, 2032.
<b>Structure:</b>	Quarterly interest payments payable on the first of January, April, July, and October with principal payable annually on October 1. Principal mirrors the principal amortization of the refunded Series Seven-P Revenue Bonds except for the October 1, 2019 maturity, which is adjusted to include issue costs.
<b>Mandatory Tender:</b>	The Note is subject to mandatory tender on June 1, 2027, subject to agreement by U.S. Bank and the University to extend the term of the Note and establish a new tender date.
<b>Prepayment:</b>	The University may prepay the Note annually in an amount not to exceed 10% of the outstanding Note Balance without penalty. The University may prepay any outstanding amount exceeding 10% of the outstanding Note Balance subject to a "make whole" payment.
<b>Interest Rate:</b>	Interest rates on the Series 2017C Note are variable and reset quarterly. The interest rate is set by formula based on Three-Month LIBOR and includes a Margin Rate Factor which adjusts the calculated rate based on the maximum federal corporate tax rate in effect on the calculation date.
<b>Rating:</b>	The Series 2017C Note is not rated by any credit rating service.
<b>Date of Settlement:</b>	December 29, 2017
<b>Highlights:</b>	The University has undertaken the refunding to replace the prior holder of the refunded bonds, who notified the University that they would put the bonds back to the University at May 30, 2018, the mandatory tender date.