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. 9)

Borrower/Issue:	College of Saint Benedict, **Series 2017**
Financing Vehicle:	Revenue Refunding Bonds Proceeds of the 2017 Bonds will be used to refund, on an advance refunding basis, the outstanding principal of the Authority's Series Seven-M Revenue Bonds plus interest to the March 1, 2020 redemption date for the Series Seven-M Revenue Bonds and to pay for costs of issuance. The proceeds of the 2017 Bonds will also be used to refund, on a current refunding basis, the outstanding principal of the Authority's Series Six-V Revenue Bonds plus interest to the March 1, 2018 redemption date for the Series Six-V Bonds and to pay for costs of issuance.
Issue Amount:	$8,605,000, Series 2017
Placement Method:	Public Sale, Negotiated with Piper Jaffray & Co.
Tax-Exemption:	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 approximately $972,000 over the life of the bonds, compared to a taxable financing. This represents a present value savings of $729,000.
Term of Financing:	19 years, consisting of serial bonds maturing on March 1, 2018 through March 1, 2032 and a term bond with a final maturity on March 1, 2036. The term bond includes mandatory sinking fund redemptions on March 1, 2033 through the stated term bond maturity of March 1, 2036.
Structure:	Semiannual interest payable March 1 and September 1 with principal payable annually on March 1. Principal payments are structured so that the March 1, 2018 maturity is large enough, along with the available debt service reserve from the Series Six-V Bonds, to fully refund Series Six-V. This creates a larger annual debt service payment in Fiscal Year 2018 on the Bonds, but still less than the College's prior Fiscal Year debt service by $630,000. Future Annual debt service on the Bonds is essentially level from Fiscal Year 2019 to final maturity in Fiscal Year 2036.
Prepayment:	Bonds maturing on or after March 1, 2029 are subject to optional redemption on March 1, 2028 and on any day thereafter at par plus accrued interest to the redemption date.

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Interest Rate: Coupon rates range from 3.00% to 4.00% on the Bonds. The yields on the serial bonds ranges from 1.49% on the 2018 maturity to 3.42% on the 2036 term-bond maturity.

The Bonds have a True Interest Cost ("TIC") of 3.334144%. (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 Baa1, stable outlook by Moody's Investors Service.

Date of Settlement: December 29, 2017

Highlights: The College has undertaken the refundings to realize interest savings. The net present value savings from the refunding is approximately $520,000, representing approximately 4.82% of refunded debt service. This represents savings in addition to the benefit of tax-exempt financing used for the Bonds.