

Minnesota Higher Education Facilities Authority

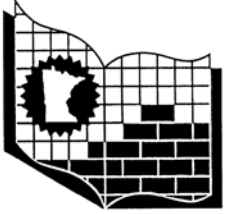
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CAPITAL COMMENTARY

(Vol. 22 No. 1)

Borrower/Issue:	St. Catherine University, Series 2018A
Financing Vehicle:	Revenue and Refunding Bonds, Series 2018A Proceeds of the 2018A Bonds will be used to refund, on a current refunding basis, the outstanding principal of the Authority's Series Five-N2 Revenue Bonds on the November 1, 2018 redemption date for the Series Five-N2 Revenue Bonds; to refund, on a current refunding basis, the outstanding principal and interest of the Authority's Series Eight-B Bonds on the October 1, 2018 redemption date; to provide funding for a portion of new construction projects on the St. Paul campus of the University; and to pay for costs of issuance.
Issue Amount:	\$49,770,000, Series 2018A
Placement Method:	Negotiated public sale by Morgan Stanley & Co. LLC
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 estimated to be \$11.6 million over the life of the Bonds, compared to a taxable financing. This represents a present value savings of nearly \$6.3 million.
Term of Financing:	27 years, consisting of interest only payments for 5 years followed by annual principal payments on October 1, 2024 through October 1, 2045.
Structure:	Semi-annual interest payments payable on the first of April and October with principal payable annually on October 1. Principal repayment is structured as Serial Bonds from October 1, 2024 through October 1, 2036. There is one Term Bond, maturing October 1, 2045. The Term Bond includes mandatory redemption of principal. Annual debt service is matched with debt service on the concurrently issued Series 2018B Bonds to result in approximately level annual debt service for the University.
Optional	
Prepayment:	The Series 2018A Bonds maturing on or after October 1, 2029 are subject to optional redemption on October 1, 2028.



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- Interest Rate:** Interest rates on the Series 2018A Bond are fixed. Coupons are 4% for the 2024 – 2034 maturities and the 2045 Term Bond. The coupon for the 2036 to 2038 maturities is 5%. Yields range from 2.47% on the Oct 1, 2024 maturity to 3.79% on the Oct. 1, 2039 maturity and 3.56% on the 2045 Term bond.
- Rating:** The Series 2018A Bonds are rated Baa1 by Moody's Investors Service.
- Date of Settlement:** September 13, 2018
- Highlights:** The University has undertaken the issue of the Series 2018A Bonds to normalize and remove out-of-market financial covenants, reduce maximum annual debt service, remove various interest rate risk factors, and provide new funding for main campus improvements; which will enable the University to move Minneapolis operations to St. Paul, reducing operating expenses and reducing deferred maintenance liability.