



# CAPITAL COMMENTARY

from MN Higher Education Facilities Authority

Vol. 3 No. 2

*News and brief reviews of financings recently completed by the Minnesota Higher Education Facilities Authority*

## *A Holiday Greeting:*

Preparations are underway for the Authority's Debt Conference. Please circle your calendars for Wednesday, April 18, 2001 for our annual event. We are planning to hold it again at the Sheraton Midway Hotel in St. Paul. You will have a morning of guest speakers and conclude with lunch. Members of the Minnesota Private College Council will be able to attend the MPC's Chief Financial Officers meeting at the same location after lunch. Specific details on this conference will be sent to you in March.

In October, we closed the fifth bond issue for calendar year 2000. A summary of that financing is included on the *reverse* side. We also enclose the Authority's Annual Report for the fiscal year ended June 30, 2000. The "Year in Review" section summarizes the Authority's financing and other activities.

The year 2001 marks the 30th anniversary of the Authority. We stand ready to assist the private colleges and universities of Minnesota in meeting the challenges of the year 2001 and the years ahead.

If you have comments or need further information, please contact:

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*Best wishes for the holiday season and the upcoming New Year*



*over*

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**Borrower/Issue:** St. Olaf College, Series Five-H

**Financing Vehicle:** Variable Rate Demand Revenue Bonds

**Projects:** The bonds, together with approximately \$1 million of College funds, financed the renovation of St. Olaf Center to house the Art and Dance Departments. The bonds also financed the replacement of residence hall furniture and athletic field bleachers as well as the renovation of the Administration Building and utility tunnels. The remaining proceeds financed the acquisition and renovation of four houses for various College purposes.

**Issue Amount:** \$14,475,000

**Placement method:** Public sale, on a negotiated basis, underwritten by U.S. Bancorp Piper Jaffray Incorporated.

**Term of financing:** 30 years

**Structure:** Term bond maturing in 2030. Interest only payments until maturity.

**Interest Rate:** Variable interest rate, reset daily, with interest payable to bond holders monthly. The College has the option to change the interest reset dates from time to time, choosing among daily, weekly or an interval of up to 270 days (Daily, Weekly or Flexible Rate Periods) and to fix the rates to maturity.

**Rating:** Moody's A3 with a positive outlook for the College's existing rated debt. Bonds rated VMIG1 (short term) and Aaa (long term) on the combined strength of the letter of credit and the College.

**Date of settlement:** October 25, 2000

**Highlights:** The issue was structured as a variable rate issue secured by a letter of credit of Harris Trust and Savings Bank. Bondholders may tender their bonds for purchase by the College on any business day. If any tendered bonds cannot be remarketed, the bonds will be purchased by the bank as the third party liquidity provider.