



CAPITAL COMMENTARY

from MN Higher Education Facilities Authority

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Brief reviews of financings recently completed by the Minnesota Higher Education Facilities Authority

Borrower/Issue: College of St. Scholastica, *Series Five-J*

Financing Vehicle: Revenue Bonds

Projects: The bonds were used to refund the entire outstanding principal of the Series Two-T Bonds issued in 1989 and the Series Three-E Bonds issued in 1991. The interest rates on the two series ranged from 6.75% to 7.25%. The Series Two-T Bonds will be redeemed on the first available optional redemption date of December 1, 2001. The Series Three-E Bonds were redeemed on June 1, 2001.

Issue Amount: \$5,960,000

Placement Method: Public sale, on a negotiated basis, with Dain Rauscher Incorporated as underwriter.

Term of Financing: 14 years

Structure: Serial maturities in 2001 through 2008 and term bonds maturing in 2011 and 2014. Approximately level debt service payments, including sinking fund payments for the term bonds.

Interest Rate: Yields ranging from 3.50% to 5.50% on the final term bond. 5.318% T.I.C. (True Interest Cost is a dollar-weighted average rate for the bond issue, taking into account the time value of money and including both interest and underwriting costs).

Rating: Moody's Baa2 with a stable outlook.

Date of Settlement: May 10, 2001

Highlights: The issue was structured as a long-term fixed rate issue. The initial refunding analysis was performed during the end of 2000. All signs then pointed to annual debt service savings in the neighborhood of \$70,000. Although the Federal Reserve nipped away at rates, the municipal market did not move in synchronized fashion with each downward step. Still, the actual interest rates resulted in annual savings slightly better than originally projected. The net present value savings was approximately \$643,500.

