



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: Minneapolis College of Art and Design, *Series Five-K*

Financing Vehicle: Revenue Bonds

Projects: The bonds financed the acquisition and refurbishing of two student apartment buildings, the renovation of the Julia Morrison Memorial Building and Library and additional surface parking.

Issue Amount: \$4,355,000

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

Term of Financing: 20 years

Structure: Serial maturities in 2002 through 2006 and term bonds maturing in 2008, 2011, 2016 and 2021. 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. 5.4885% 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: August 29, 2001.

Highlights: In June 2000, the College completed the Authority's Series Five-D bond issue to finance several campus improvement projects. Although the College refurbished seven existing student apartment buildings at that time, additional student housing was needed. The College seized the opportunity to acquire and renovate two apartment buildings on the perimeter of its campus rather than construct a new facility. A commercial bank bridge loan enabled the College to acquire the buildings while setting in motion this bond financing at long-term tax-exempt fixed interest rates.

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