



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: Saint Mary's University of Minnesota *Series Five-U*

Financing Vehicle: Revenue Bonds

Project: The bonds were used to refund the full outstanding amount of Series Three-Q (\$10,400,000) issued in 1993 to finance a recreation facility and to refinance four series of Authority bonds issued between 1973 and 1991 to finance various projects on its Winona campus. Series Three-Q Bonds bear interest rates ranging from 5.80% in 2004 to 6.15% in 2023.

Issue Amount: \$10,980,000

Placement Method: Public sale, on a negotiated basis, underwritten by Piper Jaffray & Co.

Term of Financing: 19 years and 6 months

Structure: Serial maturities in 2004 through 2019 and term bond maturing in 2023. Approximately level annual debt service, including sinking fund payments beginning in 2020 for the term bond maturing in 2023. The bonds are secured by a debt service reserve fund, initially 10% of the principal amount of the bonds. The Series Three-Q Bonds will be redeemed on April 1, 2004 as a current refunding with a redemption premium of 1.00%.

Interest Rate: Yields ranging from 1.47% to 4.80%. 4.4062% 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, original issue discount or premium and underwriting fees).

Rating: Moody's Baa1 with a stable outlook.

Date of Settlement: March 24, 2004

Highlights: The University received an upgrade in its credit rating from Moody's Investors Service Inc. from Baa2 to Baa1. The issue was structured as a long-term fixed rate issue to lock in the current low rates and maximize the debt service savings. Net present value savings from the refunding was approximately \$1,093,000 reflecting a reduction in debt service payments of 9.127%.

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