



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: Bethel College and Seminary Series Five-V

Financing Vehicle: Variable Rate Demand Revenue Bonds

Project: The bonds, together with capital gifts, will be used to construct, furnish and equip a new residence hall with approximately 288 beds in approximately 48 suites at its campus in Arden Hills.

Issue Amount: \$8,500,000

Placement Method: Public sale, on a negotiated basis, underwritten by William Blair & Company.

Term of Financing: 30 years

Structure: Term bonds maturing on June 1, 2034 with interest only payments until maturity.

Interest Rate: Variable interest rate, reset weekly, with interest paid monthly to bondholders. The College has the option to change the interest rate reset period from time to time, choosing among weekly, monthly or longer intervals (Weekly, Multi-Monthly or Adjustable Long Mode). In addition, the College has a one-time option to convert to fixed interest rates.

Rating: Moody's Aa3 (long-term) and VMIG 1 (short-term) based on the letter of credit provider's rating. The College has not requested an underlying rating for this issue.

Date of Settlement: May 20, 2004

Highlights: The issue was structured as a variable rate issue secured by a letter of credit of Allied Irish Banks, p.l.c., New York branch. Bondholders may tender their bonds for purchase by the College on any business day. If any tendered bonds cannot be remarketed, then the bank as the third party liquidity provider will purchase the bonds. The College has agreed to prepay the principal in annual installments according to a schedule approved by the bank as a condition to providing the letter of credit.

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