

36th Annual Conference

Wednesday, April 17, 2024



HIGHER EDUCATION
FACILITIES AUTHORITY



Municipal Advisor Panel

Introduction to North Slope Capital Advisors



Steph Chichester
President



Nick Taylor
Managing Director



Over 50 years of combined investment banking and financial advisory experience

- ✓ Advised on over 160 higher education transactions totaling over \$11 billion in par since 2008



Registered with the MSRB and SEC

- ✓ Series 50 Exam qualified professionals



Sector Specialists

- ✓ Nationwide experience with public and private higher education institutions



Introduction to Blue Rose Capital Advisors

- **Full-service independent** financial advisory firm
- Headquartered in Minneapolis
- 14 employees and 11 registered advisors
- 115+ years combined experience in finance
- \$134+ billion worth of financings to date
- Higher Education focus – over 75 higher education clients
- Dedicated P3 advisory practice
- Affiliated with HedgeStar (derivatives valuation)

Blue Rose Registered Advisors



Johan Rosenberg
Chairman



Justin Krieg
Senior Vice President



John Elliott
*Assistant Vice President
& Chief Compliance Officer*



Erik Kelly
President



Brandon Lippold
Vice President



Ben Pietrek
Associate



James McNulty
Managing Director



Georgina Walleshauser
Vice President



Lily Greenway
Analyst



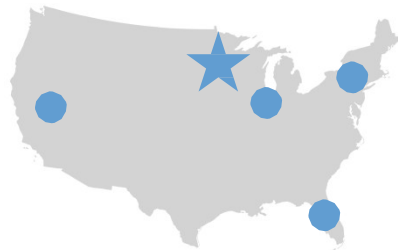
Scott Talcott
Senior Vice President



Max Wilkinson
Vice President

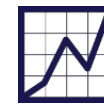
Offices

- Minneapolis
- Chicago
- New York
- California
- Florida



Service Categories

Debt Advisory	Derivatives Services	Reinvestment Advisory	P3 & Additional Advisory Services
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Regulatory Registrations

Securities and Exchange Commission	Municipal Securities Rulemaking Board
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Representative Clients



The Role of Today's Municipal Advisor

Regulatory Protections for Issuers

- Dodd-Frank Act (July 2010) addresses municipal market conflicts of interest
- SEC requires:
 - Underwriter/banker's role is to purchase/package securities
 - Arm's length commercial transaction with interests different from borrower
 - Underwriters/bankers not allowed to give oral or written recommendations or "advice"
 - Municipal Advisors put clients' interests above their own
 - Municipal Advisors **must be registered** with the SEC and MSRB

Value to Clients

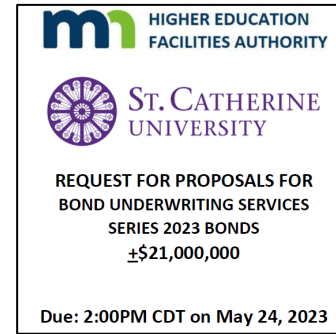
- Municipal Advisor **serves only the issuer/borrower**
- Municipal Advisor acts in the best interests of the issuer/borrower
- Municipal Advisor services often result in **lower borrowing costs**.
- Municipal Advisor can provide services and answer questions **at any time**, not just during the course of a financing

Primary Scope of Services

1

Financial Planning and Debt Management

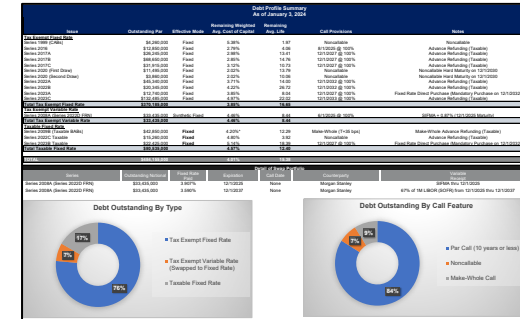
- ❑ Capital markets monitoring for current and new debt
- ❑ Analytical review and product evaluation
- ❑ Coordination and assembly of financing team



2

Transactional Advice

- ❑ Deal structuring refinements
- ❑ Documentation review and modernization
- ❑ Price guidance and best execution advocates



3

Non-Transactional

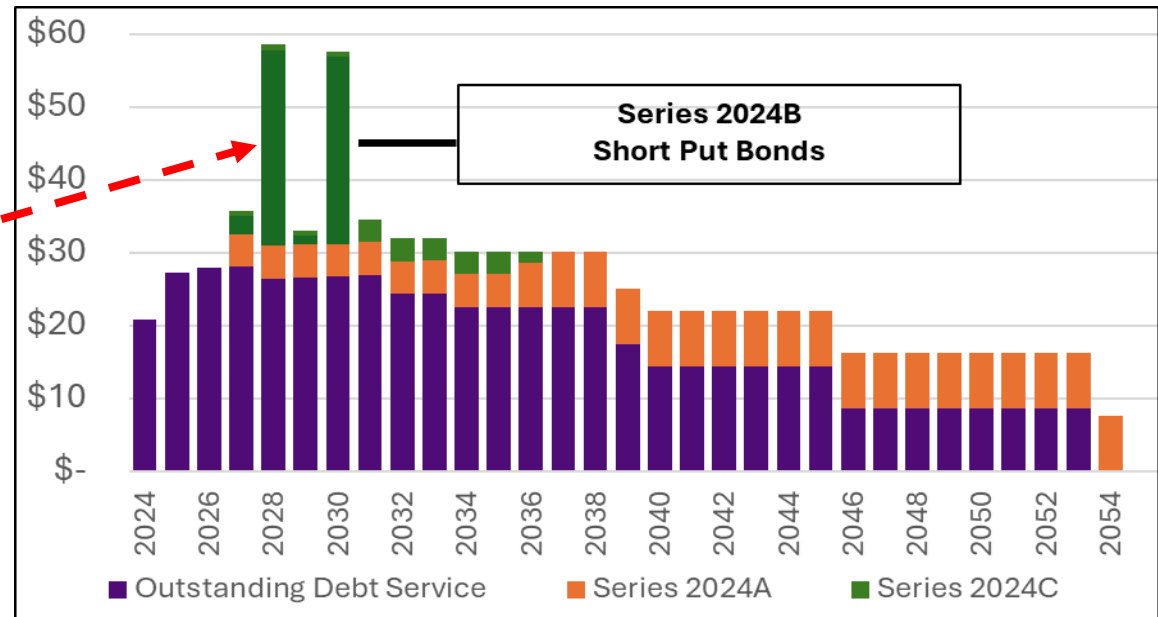
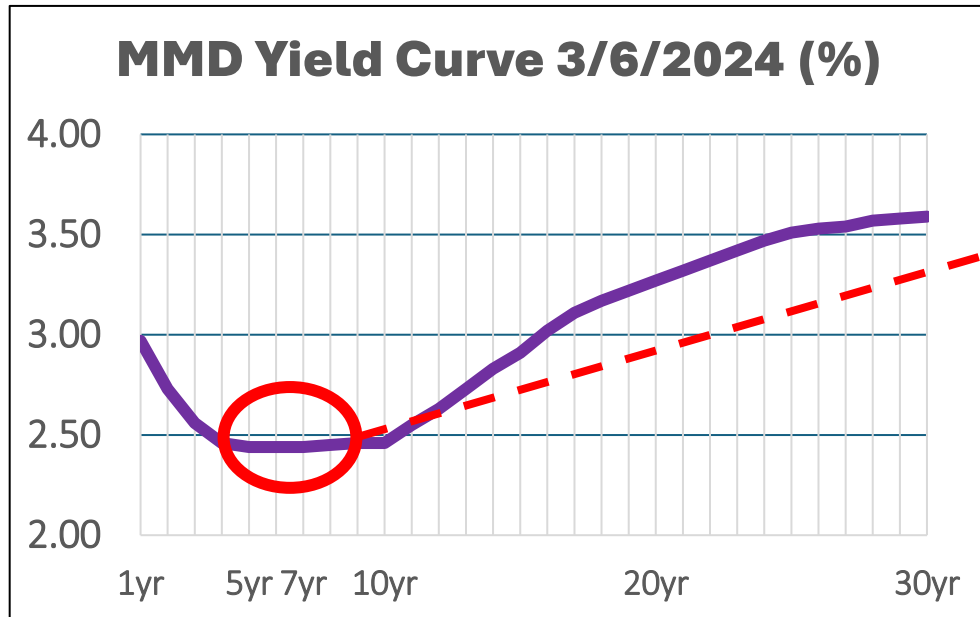
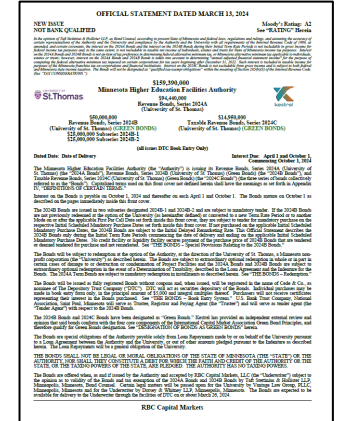
- ❑ Debt policy creation and Board/Staff education
- ❑ Independent review of unsolicited proposals
- ❑ Financial modeling and rating agency messaging

Sale Date	12/17/18	01/21/19	12/10/18
Issuer	CO SCI&TECH PK MET DT #1	PARK 70 MET DIST	9TH AVE MET DIST 2
State	CO	CO	CO
Amount (MM)	29.635	19.3	14.37
Moody/S&P/Fitch	---	---	---
Senior Manager	DA DAVIDSON & CO	APPLIED (Baa3)/APPLIED/	DA DAVIDSON & CO
Call	12/01/23 @ 103	12/01/28 @ 100	12/01/23 @ 103
Tax Type	FED & ST TAX-EXEMPT	FED & ST TAX-EXEMPT	FED & ST TAX-EXEMPT
Year	Coupon/Yield/Spread	Coupon/Yield/Spread	Coupon/Yield/Spread
<1Y	---	4.000 / 1.990 / +33	---
1Y	---	4.000 / 2.050 / +35	---
2Y	---	4.000 / 2.110 / +38	---
3Y	---	4.000 / 2.200 / +43	---
4Y	---	4.000 / 2.310 / +49	---
5Y	---	5.000 / 2.410 / +53	---
6Y	---	4.000 / 2.520 / +57	---
7Y	---	5.000 / 2.650 / +62	---
8Y	---	5.000 / 2.730 / +61	---
9Y	4.375 / 4.375 / +214	5.000 / 2.840 / +62	---
10Y	---	5.000 / 2.960 / +65	---
11Y	---	5.000 / 3.090 / +71	---
12Y	---	5.000 / 3.200 / +75	---
13Y	---	5.000 / 3.260 / +75	---
14Y	---	5.000 / 3.310 / +71	---
15Y	---	5.000 / 3.370 / +70	---
16Y	5.000 / 4.810 / +211	3.500 / 3.720 / +99	---
18Y	---	3.750 / 3.900 / +106	---
29Y	---	4.000 / 4.120 / +104	---
30Y	5.250 / 5.250 / +211	---	5.000 / 5.000 / +189

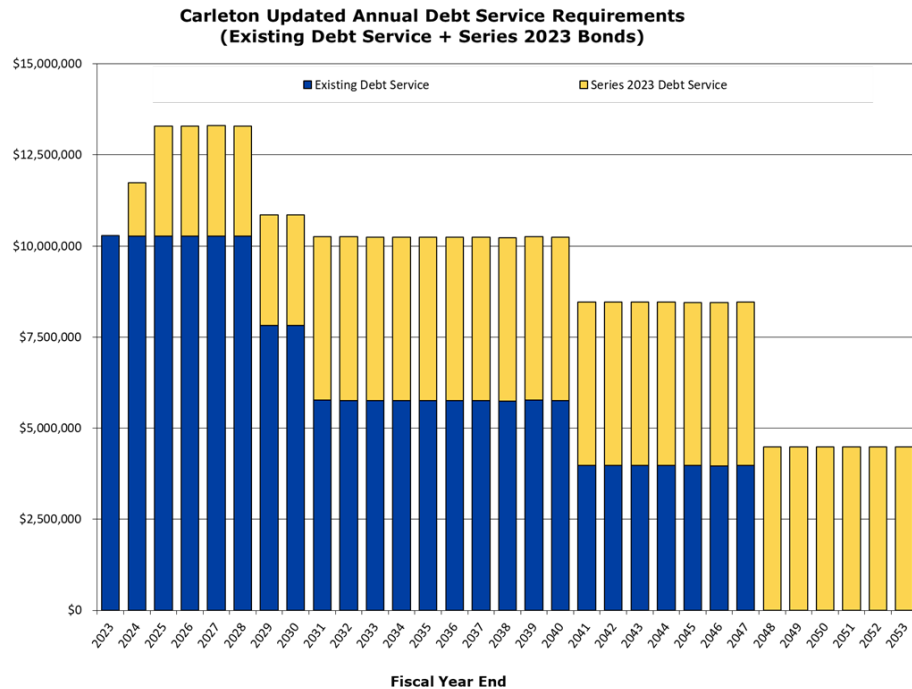
Case Study: University of St. Thomas

“Tommies Play Yield Curve for New Arena”

- ❑ Proceeds used for multi-purpose arena
- ❑ “A2” rating affirmed despite ~50% increase in debt
- ❑ Fixed rate structure included tax-exempt, taxable and put bonds
 - ❑ Put bonds used for lowering cost of borrowing and future repayment flexibility
 - ❑ Retention of positive arbitrage in construction account



Case Study: Carleton College ~\$60.5M Series 2023



Lilac Hill



Black and Multicultural Centers



Townhomes Containing
44 New Student Beds



SHAC

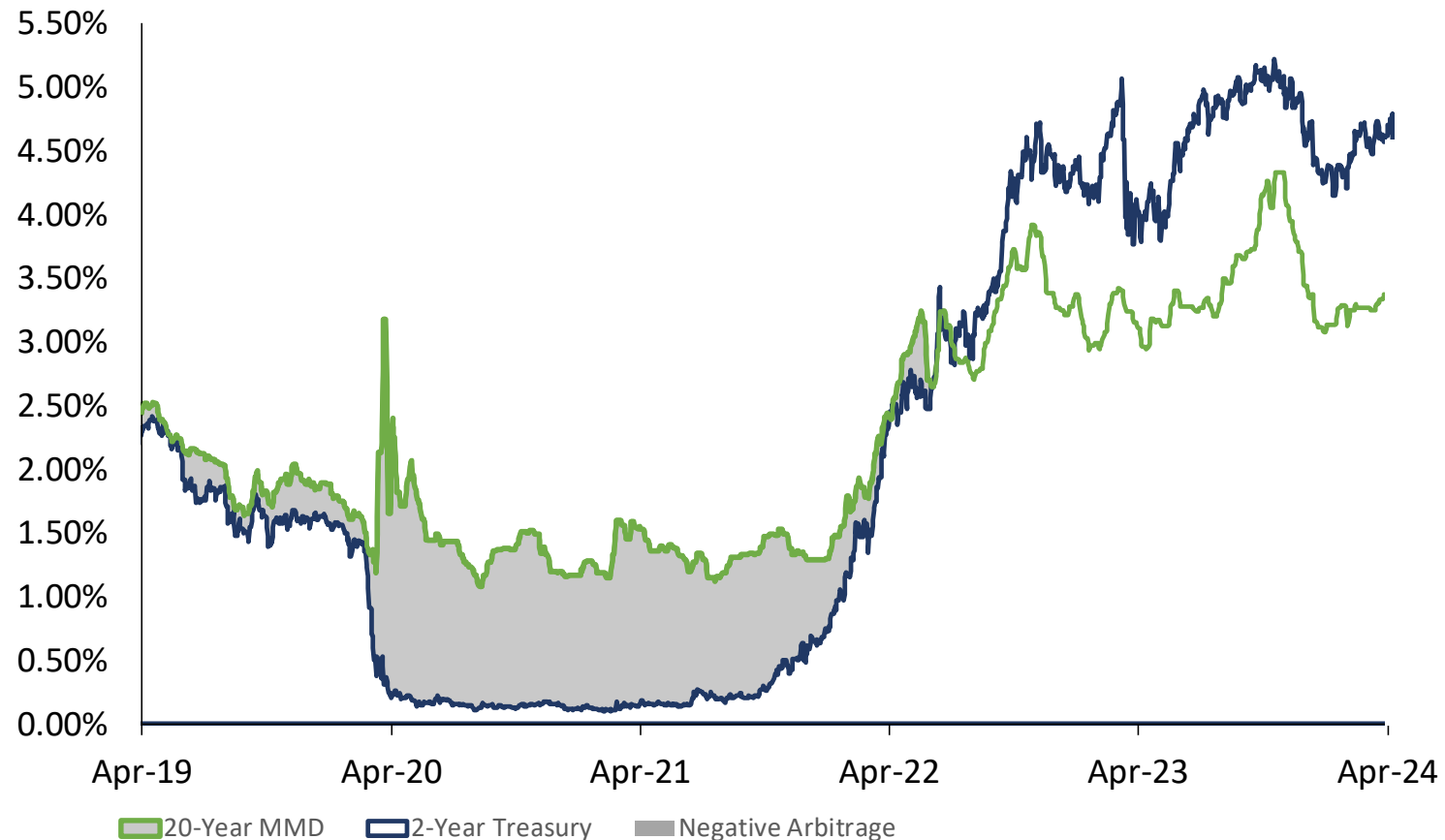


- ❑ Comprehensive capital planning process to evaluate funding sources, interest rate sensitivity, and financing options
- ❑ Interest-only period through FY 2030 to reduce upfront debt service impact
- ❑ Accelerated timing to capture lower rates; \$155M of total orders for all-in TIC of 4.31%
- ❑ Project fund invested to meet spenddown requirements and maximize earnings

Current Interest Rate Conditions (Positive Arbitrage)

- ❑ High short-term investment rates lead to reduced carrying costs for new debt and possible arbitrage considerations
 - ❑ Spend-down exceptions allow borrowers to keep positive arbitrage earnings in certain situations

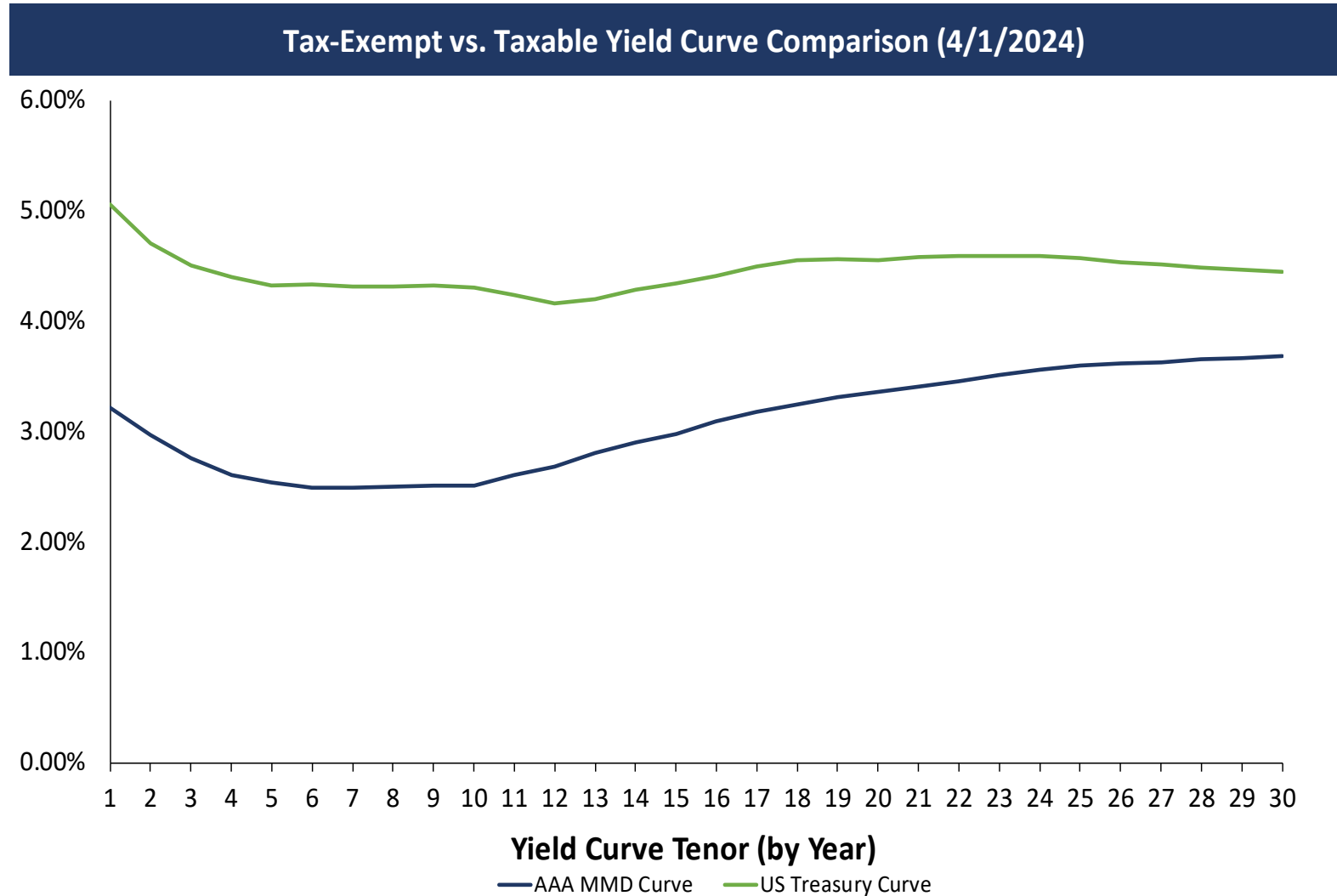
Long-Term Tax-Exempt Borrowing Rates and Project Fund Yields
5-Year History



Sources: Thomson Reuters MMD Curve, Bloomberg

Current Interest Rate Conditions (Tax-Exempt vs. Taxable)

- ❑ The ability to finance debt on a tax-exempt basis continues to provide significant value for borrowers



Sources: Thomson Reuters MMD Curve, Bloomberg

Other Topics in Public Finance

- ❑ Tax Cuts and Jobs Act Provisions (2025 Sunset)
- ❑ Inflation Reduction Act
- ❑ Continuing Disclosure (Financial Transparency Act)
- ❑ LIBOR/BSBY Discontinuation

Muni advocates concerned about tax-exemption

BY [SOURCEMEDIA](#) | [MUNICIPAL](#) | 04/04/24 10:31 AM EDT

By Scott Sowers

Municipal issuers, dealer firms, and advisors are concerned about relentless efforts to eliminate the tax-exempt status of municipal bonds to pay for budget deficits.

A recent report published by the American Enterprise Institute makes a case for keeping the 2017 Tax Cuts and Jobs Act permanent while adding in some extra provisions in order to boost economic growth, including the elimination of the tax-exempt status for municipal bonds. The suggestion is striking a resounding chord in the muni world.

"That made my blood pressure go up," said Emily Brock, director of the Federal Liaison Center at the

Appendix: Resumes

Erik Kelly – Blue Rose Capital Advisors



Erik Kelly
President

Minneapolis Office

O: 952-746-6055

M: 612-599-9758

Email: ekelly@blueroseadvisors.com

Erik Kelly serves as President of Blue Rose, providing leadership, coordination, and oversight of the firm's advisory services since 2011. Mr. Kelly contributes to the strategic direction for the firm, oversees compliance with the changing regulatory environment, and ensures the quality of professional advice provided to the firm's clients.

Mr. Kelly also serves as a strategic advisor to many of the firm's clients, including advising higher education, non-profit, and other borrowing entities on long-term capital plans and the execution of all types of debt and debt-related derivative transactions. In his work for clients, Mr. Kelly provides expertise in the creation of a long-term strategic capital plan that is supported by risk assessment and market opportunities. In connection with specific financing transactions, Mr. Kelly provides strategic and quantitative thought leadership supported by detailed analytics, working to educate clients regarding the risks and opportunities of various debt and derivative structures. Prior to joining Blue Rose, Mr. Kelly worked for two nationally recognized financial advisory firms.

Mr. Kelly holds a bachelor's degree in economics from Amherst College and a master's degree in theological studies from Bethel University. Mr. Kelly passed the MSRB Series 50 Examination to become a qualified municipal advisor representative and the MSRB Series 54 Examination to become a qualified municipal advisor principal.

Max Wilkinson – Blue Rose Capital Advisors



Maxwell S. Wilkinson
Vice President

Minneapolis Office

O: 952-746-6048

M: 651-324-3826

Email: mwilkinson@blueroseadvisors.com

In his role of Vice President, Max Wilkinson manages a number of the firm's clients, ensuring that their transactions progress smoothly and effectively throughout the financing process. He has significant expertise in the preparation of credit and debt capacity analyses and is experienced with the pricing and execution of fixed rate bond transactions, direct purchase bonds, and derivative and reinvestment products. Mr. Wilkinson is closely involved in every step of the financing process for clients, from initial capital planning stages all the way through closing. He joined Blue Rose Capital Advisors in 2016

Prior to joining Blue Rose, Mr. Wilkinson worked as a Reinsurance Analyst intern at the London office of JLT Re (now Guy Carpenter), where he provided analytical support as part of JLT's property and casualty brokerage teams. Mr. Wilkinson also worked for years as a member of Yale's chapter of the global nonprofit organization AIESEC, where he served on the executive board as Vice President of Business Development in 2015.

Mr. Wilkinson holds a bachelor's degree in economics from Yale University. He passed the MSRB Series 50 Examination to become a qualified municipal advisor representative and the MSRB Series 54 Examination to become a qualified municipal advisor principal.

Steph Chichester – North Slope Capital Advisors



Steph Chichester
President

**2000 S. Colorado Boulevard
Building 1 – 2000
Denver, CO 80222**

303-953-4101, ext. 1
Email: steph@northslopecapital.com

Investment Banking Credentials: Smith Barney, A.G. Edwards & Sons, and Morgan Stanley
Public Finance Career: 1992 – Present (Has held Series 7, 53, and 66 securities licenses)

Since 1992, Steph has structured or advised on over \$35 billion in tax-exempt and taxable financings for more than 200 issuers around the country. With a dedicated focus on higher education financings, Steph has facilitated borrowings secured by a wide range of revenue pledges and interest rate modes including fixed and variable rate public-sale and bank direct purchase loans, inaugural commercial paper programs, interest rate swaps, and off-balance sheet financings for over 40 public and private institutions. In Minnesota, Steph has served as advisor to the Authority for issuances on behalf of St. Olaf College, the University of St. Thomas, and Mitchell Hamline School of Law, among others. Steph began her career at Smith Barney and worked at two Wall Street firms and two regional investment banks before launchin North Slope Capital Advisors in April 2008.

Ms. Chichester’s professional and community service includes current or past board seats on the Colorado Commission on Higher Education, Colorado Municipal Bond Dealers Association, Denver Venture Charter School, Girls Inc. of Metro Denver, and volunteer service to Denver Health Foundation and the National Charity League. She holds an MBA from the University of Colorado, a BS in Finance from University of Northern Colorado, with additional undergraduate studies in aerospace engineering and applied mathematics. In addition to passing the Series 50 exam, Ms. Chichester also passed the Series 54 exam.

Nick Taylor – North Slope Capital Advisors



Nick Taylor
Managing Director

**2000 S. Colorado Boulevard
Building 1 – 2000
Denver, CO 80222**

303-953-4101, ext. 2
Email: nick@northslopecapital.com

Investment Banking Credentials: George K. Baum, A.G. Edwards, and Wachovia/Wells Fargo Securities
Public Finance Career: 2002 – Present (Previously held Series 7 and 66 securities licenses)

Since 2002, Nick has been the lead banker or advisor on over \$20 billion in tax-exempt and taxable financings for a variety of issuers across the country. With a dedicated focus on higher education financings, Nick has extensive experience structuring fixed and variable rate bonds, interest rate swaps, off-balance sheet financings, forward refundings, direct placements and other committed fundings, and; senior/subordinate structures for over 30 public and private institutions. In Minnesota, Nick was involved in the first issuance of Build America Bonds for the University of Minnesota and has served as lead banker or financial advisor for St. Catherine University, Gustavus Adolphus College, and the Authority, among others. Prior to joining North Slope in 2004, Nick worked at one Wall Street investment bank and two regional investment banks.

Mr. Taylor's professional and community service includes service to the Denver Children's Home, Mount Saint Vincent, and the University of Colorado's Leeds School of Business Professional Mentorship Program. Nick holds a BSBA in Finance and Entrepreneurship from the University of Colorado and recently held Series 7, 53, and 66 securities licenses.