Minnesota Higher Education Facilities Authority

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CAPITAL COMMENTARY

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Borrower/Issue: Saint Mary's University of Minnesota, **Series 2017B**

Financing Vehicle: Revenue Refunding Note

Project: Proceeds of the 2017B Note will be used to refund, in advance of maturity, the outstanding Series Seven-C Bonds issued by the Authority on behalf of the University. The Series Seven-C Bonds were issued to provide funds to finance the current refunding of the Authority's outstanding Revenue Bonds, Series Five-E (Saint Mary's University of Minnesota), dated June 1, 2000, which were issued in the original principal amount of $5,020,000 to finance the acquisition, construction, furnishing and equipping of the Hillside Building, a four-level apartment-style student residence building of approximately 41,000 square feet and related site improvements , located on the Winona, Minnesota campus of the Borrower and pay for costs of issue.

Issue Amount: $2,471,000, Series 2017B

Placement Method: Private Bank Placement with U.S. Bank National Association.

Term of Financing: Series 2017B - 10 years, the same as the Series Seven-C Bonds.

Structure: Series 2017B - Serial maturities in 2018 through 2026. The 2017B bonds may redeemed on any interest payment date up to 10% of the outstanding principal without penalty or premium.

Interest Rate: Series 2017B has an interest rate of 2.33%. The Series 2017B Note has a TIC of 2.3637960%. (True Interest Cost [TIC] is a dollar-weighted average rate for the bond issue, considering the time value of money and including interest, original issue discount or premium and underwriting fees).

Rating: The Series 2017B Note is not rated. The outstanding debt of the University has a Moody's Investors Service rating of Baa1 with a stable outlook.

Date of Settlement: June 28, 2017.

Highlights: The University has undertaken the refunding of the Series Seven-C Bonds to realize interest savings. The net present value benefit of the refunding is $199,119, representing approximately 6.7% of refunded debt service. Annual cash debt service reduction of approximately $62,000 through the final maturity will be realized as a result of this refunding.