

Minnesota Higher Education Facilities Authority

380 Jackson Street, Suite 450, St. Paul, MN 55101

Phone: 651.296.4690 Fax: 651.297.5751

CAPITAL COMMENTARY

(Vol. 21 No. 5)

Borrower/Issue: Hamline University of Minnesota, **Series 2017B**

Financing Vehicle: Revenue and Refunding Bonds

Project: Proceeds of the 2017B Bonds will be used to refund, in advance of maturity, the outstanding Series Seven-K2 Bonds issued by the Authority on behalf of the University. Proceeds will also be used to refund, in advance of maturity, the outstanding Series Seven-E Bonds.

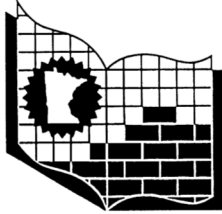
The Series Seven-K2 Bonds were issued to provide a portion of the funds for site preparation, construction, equipping and furnishing the Carol Young Anderson and Dennis L. Anderson Center (formerly known as the University Center), an approximately 125,000 square foot multi-story structure consisting of an approximately 75,000 square foot, three-story above-grade building and two levels of underground parking comprising approximately 50,000 square feet, which was expected to provide social gathering spaces, food service, student service offices, meeting rooms and 111 spaces of underground parking, located on the Saint Paul, Minnesota campus of the Borrower and pay for costs of issue.

The Series Seven-E Bonds were originally issued for the purpose of refunding the Authority's Revenue Bonds, Series Five-B, the proceeds of which were used to fund construction, furnishing and equipping a student residence building; refinancing a Line of Credit between the University and BMO Harris Bank, which was used to acquire a number of buildings, renovate other campus buildings and remodel infrastructure on campus grounds and campus buildings.

Issue Amount: \$34,650,000, Series 2017B

Placement Method: Public Sale, negotiated with US Bancorp as underwriter.

Term of Financing: 30 years consisting of serial bonds maturing on October 1, 2018 through October 1, 2040; and a term bond maturing on October 1, 2047.



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- Structure:** The 2047 term bond has mandatory sinking fund maturities beginning October 1, 2041. Bonds maturing on or after October 1, 2027 are subject to optional redemption on October 1, 2026 and on any day thereafter at par plus accrued interest to the redemption date.
- Interest Rate:** The Series 2017B Bonds have a TIC of 3.9652767%. (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 Bonds are rated Baa3 with a Stable Outlook by Moody's Investors Service. Since December 19, 2016, the debt of the University had a Moody's Investors Service rating of Baa3 with a negative outlook.
- Date of Settlement:** December 6, 2017.
- Highlights:** The University has undertaken the refunding of the Series Seven-E and Series Seven-K2 Bonds to realize interest savings and restructure principal repayment to reduce maximum annual debt service in future years. The refunding resulted in a net present value benefit to the University of \$1,814,416.
- The new money component of the Series 2017B Bonds will be used to accelerate projects under construction on the Saint Paul campus of the University and improve the liquidity position of the University.
- The University also realized an Outlook upgrade from "Negative" to "Stable" with the Series 2017B Bonds.