

## Continuing Disclosure Certificate

Mr. Chris McKim, Assistant Vice President  
US Bank  
CN-OH-W6CT  
425 Walnut Street  
Cincinnati, OH 45202

The undersigned, the Chief Financial Officer of the Minnesota Office of Higher Education (the Issuer) hereby certifies to U.S. Bank National Association, a national banking association (The Dissemination Agent) with reference to the Continuing Disclosure Agreement dated as of November 1, 2018, in connection with the issuance of Minnesota Office of Higher Education General Indenture dated November 1, 2018, as amended and supplemented (the “Bonds”), that:

- (a) A complete audit report and opinion of an Accountant and the financial statements of the Issuer for fiscal year ending June 30, 2019, containing balance sheets and a statement of operations, changes in fund balance and cash flows as of the end of such fiscal year of the Issuer, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota Law, is accurate and complete in all material respects to the best of my knowledge.
- (b) The following unaudited information is accurate and complete in all material respects to the best of my knowledge:
  - (1) Information regarding the principal amount of outstanding bonds of the Issuer as of the end of the most recent Fiscal Year, the operating budget of the Issuer for the current fiscal year and the Loan Capital Fund for the most recent fiscal year of the type contained under the caption “Minnesota Office of Higher Education - Financial Information” in the Official Statement.
  - (2) Information for the most recent fiscal year regarding loan loss, recovery experience and borrower delinquencies with respect to SELF V loans of the type contained under the caption “The Supplemental Student Loan Program—SELF II through SELF IV and SELF V Loans”
  - (3) Information regarding the Student Loans of the type contained under the caption “THE STUDENT LOANS” in the Official Statement.

IN WITNESS WHEREOF, the Issuer has executed and delivered this Continuing Disclosure Certificate as of the 27th day of November, 2019.

MINNESOTA OFFICE OF  
HIGHER EDUCATION

By:   
Finance & Accountability Manager

**Minnesota Office of Higher Education - Financial Information**  
**Fiscal Year Ending June 30, 2019**

*Prior Financing Activities.* MHECB, MHESO and the Issuer have issued \$2.45 billion in aggregate principal amount of revenue bonds under its various loan programs since 1973, over one third relating to the previous lending activities under the federal guaranteed student loan program (the “GSL Program”). MHECB discontinued originating loans under the GSL Program in 1988, and as of June 30, 2016, there were no outstanding GSL Program loans in its Loan Capital Fund.

Approximately \$1.85 billion of the revenue bonds previously issued by MHECB, MHESO, and the Issuer are related to the supplemental student loan programs. Of this amount, six series of bonds aggregating \$500.94 million in principal amount remained outstanding as of June 30, 2019.

The Issuer is authorized to have outstanding an aggregate \$850 million of revenue bonds, exclusive of refunded and defeased bonds, under current State law. Neither bonds issued by the Issuer, nor bonds previously issued by MHECB or MHESO, constitute debt of the State.

*Operating Budget.* As of September 30, 2019, the Agency’s 2019-2020 operating budget, exclusive of its supplemental student loan programs, is \$282,047,806, of which it is anticipated \$4,370,943 will come from federal appropriations, \$264,037,736 from State appropriations, and \$13,639,127 from miscellaneous special appropriations. None of these funds are available for use in the Supplemental Student Loan Program or any other student loan programs. None of these funds are available for the payment of the outstanding bonds referenced above.

*General Financial Information.* The Loan Capital Fund (“LCF”), which is maintained as an Enterprise Fund of the Agency, is the funding source for the Agency’s student loan activities, both present and future. Certain summary financial information for the LCF for the past three years is presented in the table below. The Agency anticipates using money in the LCF to pay certain Program Expenses and costs of issuance, and, under certain circumstances, money and loans in the Loan Capital Fund that qualify as Student Loans pursuant to the terms in the Indenture to replace or repurchase Defaulted Student Loans. The LCF is not pledged to pay bonds in any indenture.

**SUMMARY FINANCIAL DATA FOR THE LOAN CAPITAL FUND**

	Fiscal Year Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total assets	\$ 1,026,072,816	\$ 968,417,826	\$ 955,748,776
Total cash and investments	228,775,545	251,248,420	171,945,108
Total loans outstanding, less allowance for loss	492,364,326	512,779,850	536,600,862
Allowance for loan losses	8,011,432	8,338,884	8,726,771
Total revenues	36,952,045	30,692,863	27,058,003
Total expenses	<u>16,645,153</u>	<u>14,125,394</u>	<u>11,162,067</u>
Excess of revenues over expenses	20,306,892	16,567,469	15,895,936
Total fund balance	\$520,945,458	\$500,638,567	\$484,071,098

## THE SUPPLEMENTAL STUDENT LOAN PROGRAM

### SELF Program Overview

Background. MHECB, MHESO, and subsequently the Issuer were authorized by the State Legislature in 1983 to establish and supervise loan programs other than the GSL Program. MHECB began originating supplemental loans in June of 1985 under the first phase of its Student Educational Loan Fund Program ("SELF I") and completed originations under SELF I in September of 1988. At that time MHECB began originating loans under the second phase of its Student Educational Loan Fund Program ("SELF II"). In May 2002, MHESO established the third phase of its SELF Program ("SELF III") and in July 2006 the Issuer established its fourth phase of the SELF Program ("SELF IV"). SELF I through SELF IV Loans are all variable rate loans. The Issuer began offering fixed rate and variable rate loans under the fifth phase of its SELF Program ("SELF V") in October 2010. Currently, all Student Loans originated by the Issuer are made pursuant to the SELF V. In January 2016 the Issuer also began offering refinancing of student loans under the SELF Refi program.

Together, MHECB, MHESO, and the Agency have originated approximately \$2.32 billion of loans under the SELF I, SELF II, SELF III, SELF IV, SELF V, and SELF Refi Programs through June 30, 2019. The following table shows the outstanding principal balance of SELF I, SELF II, SELF III, SELF IV, SELF V, and SELF Refi loans at the dates indicated:

(\$ in Thousands)

<u>As of June 30,</u>	<u>SELF I</u>	<u>SELF II</u>	<u>SELF III</u>	<u>SELF IV</u>	<u>SELF V</u>	<u>SELF Refi</u>	<u>Total</u>
2019	\$0	\$0	\$1,316	\$99,872	\$378,091	\$21,097	\$500,376
2018	\$0	\$0	\$4,797	\$136,924	\$354,589	\$24,807	\$521,118
2017	\$0	\$3	\$12,268	\$180,785	\$325,548	\$26,724	\$545,328
2016	\$0	\$190	\$25,577	\$230,511	\$289,224	\$22,291	\$567,793
2015	\$0	\$1,023	\$46,470	\$283,410	\$247,566		\$578,469
2014	\$0	\$3,436	\$75,535	\$336,763	\$210,063		\$625,797
2013	\$0	\$8,756	\$111,093	\$386,486	\$163,001		\$669,336
2012	\$0	\$18,366	\$152,156	\$434,126	\$102,610		\$707,258
2011	\$0	\$34,138	\$195,824	\$475,124	\$21,568		\$726,754
2010	\$0	\$56,037	\$240,259	\$446,156			\$742,452
2009	\$0	\$83,012	\$283,864	\$353,916			\$720,792
2008	\$0	\$114,250	\$328,321	\$248,630			\$691,201
2007	\$0	\$151,527	\$375,487	\$120,613			\$647,627
2006	\$0	\$194,312	\$412,123				\$606,435
2005	\$0	\$240,387	\$322,308				\$562,695
2004	\$0	\$284,895	\$205,913				\$490,808
2003	\$2	\$330,223	\$99,346				\$429,571
2002	\$9	\$369,839	\$1,524				\$371,372
2001	\$32	\$314,508					\$314,540
2000	\$198	\$260,922					\$261,120
1999	\$849	\$209,876					\$210,725
1998	\$2,962	\$172,788					\$175,750
1997	\$4,093	\$168,812					\$172,905



The Agency (and previously MHECB and MHESO), finances the origination of SELF loans with the proceeds of revenue bond issues and amounts available in the Loan Capital Fund. Although the Agency receives State and Federal appropriations, the SELF program is designed to be self-sustaining, and such appropriations are neither available for use in the SELF Program nor available for the payment of principal and interest on any of the associated revenue bonds.

#### **Loss and Delinquency Experience for the Student Loan Portfolio**

The tables that follow set forth, with regard to SELF II, SELF III, SELF IV and SELF V loans, loan loss and recovery experience, shown on an annual basis for the fiscal years ended June 30, 2012 through 2019, and borrower delinquencies, shown on a quarterly basis for quarters ending June 2018 through June 2019. There can be no assurance, however, that the loss or delinquency experience for the Program in the future will be similar to the historical experience set forth below.

# SELF I, SELF II, SELF III, SELF IV, SELF V, and SELF Refi Programs

## Loss Experience for the Student Loan Portfolio

	12 Months Ended June 30, 2019	12 Months Ended June 30, 2018	12 Months Ended June 30, 2017	12 Months Ended June 30, 2016	12 Months Ended June 30, 2015	12 Months Ended June 30, 2014	12 Months Ended June 30, 2013	12 Months Ended June 30, 2012
Average Receivables Outstanding**	\$515,891,647	\$521,123,504	\$562,944,531	\$573,706,586	\$605,044,661	\$650,924,814	\$692,465,872	\$724,346,551
Gross Losses	\$4,115,647	\$4,834,897	\$4,277,024	\$5,684,844	\$5,627,055	\$6,777,757	\$7,312,082	\$8,720,108
Recoveries	<u>5,999,490</u>	<u>6,388,293</u>	<u>6,297,174</u>	<u>6,446,963</u>	<u>6,730,172</u>	<u>6,608,297</u>	<u>7,273,012</u>	<u>7,052,974</u>
Net Losses*	( 1,883,843)	( 1,553,396)	( 2,020,150)	( 762,119)	(1,103,117)	\$ 169,460	\$ 39,070	\$1,667,134
Net Losses as Percentage of Average Receivables Outstanding	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.03%	0.01%	0.23%

\*Recoveries were greater than gross losses for the year.

\*\*Average Receivables Outstanding is the arithmetic average of receivables outstanding during the period indicated.

### Delinquencies for the SELF II through SELF IV Loans

(Dollars in Thousands)

Days Delinquent	June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019		June 30, 2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Current	\$135,219	95.4	\$124,873	95.6	\$114,632	95.0	\$106,215	96.2	\$97,216	96.1
15-29	2,408	1.7	1,712	1.3	2,174	1.8	2,015	1.8	1,239	1.2
30-44	1,934	1.4	1,950	1.5	1,876	1.6	1,142	1.0	1,302	1.3
45-59	646	0.5	670	0.5	677	0.6	336	0.3	530	0.5
60-89	796	0.6	808	0.6	769	0.6	353	0.3	543	0.5
90-119	361	0.3	410	0.3	292	0.2	201	0.2	218	0.2
120 and Over	<u>321</u>	<u>0.2</u>	<u>259</u>	<u>0.2</u>	<u>287</u>	<u>0.2</u>	<u>209</u>	<u>0.2</u>	<u>145</u>	<u>0.2</u>
Total	\$141,685	100%	\$130,682	100%	\$120,707	100%	\$110,471	100%	\$101,193	100%

### Delinquencies for the SELF V Loans

(Dollars in Thousands)

Days Delinquent	June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019		June 30, 2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Current	\$332,434	93.8	\$349,733	94.7	\$342,945	93.2	\$365,635	95.0	\$355,914	94.1
15-29	7,384	2.1	6,200	1.7	8,861	2.4	7476	1.4%	6,954	1.8
30-44	5,857	1.7	5,573	1.5	7,182	2.0	7140	1.4	6,201	1.7
45-59	3,613	1.0	2,707	0.7	4,073	1.1	1389	0.3	3,671	1.0
60-89	2,612	0.7	2,447	0.7	2,172	0.6	2137	0.4	2,986	0.8
90-119	1,146	0.3	1,383	0.4	1,432	0.4	820	0.15	1,562	0.4
120 and Over	<u>1,338</u>	<u>0.4</u>	<u>1,202</u>	<u>0.3</u>	<u>1,129</u>	<u>0.3</u>	<u>860</u>	<u>0.15</u>	<u>917</u>	<u>0.2</u>
Total	\$354,384	100%	\$369,245	100%	\$367,794	100%	\$385,457	100%	\$378,205	100%

## THE STUDENT LOANS

The Student Loans pledged to the Trust Estate of the Series 2018 Bonds are fixed-rate loans originated pursuant to SELF V. The following tables describe certain characteristics of The Student Loans pledged to the Trust Estate of the Series 2018 Bonds as of June 30, 2019.

### Composition of the Student Loans As of June 30, 2019

Aggregate Outstanding Principal Balance	\$39,244,630
Total Number of Borrowers	5,648
Average Outstanding Principal Balance per Borrower	\$6948
Total Number of Loans	6,832
Average Outstanding Principal Balance per Loan	\$5,744
Weighted Average Borrower Interest Rate	6.47%
Weighted Average Remaining Term (months)	121.8
Weighted Average Interim Months <sup>(1)</sup>	20.02

<sup>(1)</sup> Average expected period during which the Student Loans will remain in School, Grace or Extended Grace status.

### Distribution of the Student Loans by Borrower Repayment Status As of June 30, 2019

Borrower Repayment Status	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
School <sup>(1)</sup>	1,782	\$14,821,292	37.77%
Grace or Extended Grace <sup>(1)</sup>	1,028	7,456,533	19.00
Forbearance <sup>(2)</sup>	13	68,383	0.17
Repayment <sup>(3)</sup>	<u>4,009</u>	<u>16,898,422</u>	<u>43.06</u>
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

<sup>(1)</sup> Interest-only payments are required during School status, Grace status and Extended Grace status.

<sup>(2)</sup> No payments are required during Forbearance status.

<sup>(3)</sup> Principal and interest payments are required during Repayment status.

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**Distribution of the Student Loans by Remaining Term to Scheduled Maturity**  
**As of June 30, 2019**

<b>Remaining Months Until Scheduled Maturity</b>	<b>Number of Loans</b>	<b>Outstanding Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
0 to 24	58	\$ 63,812	0.2%
25 to 36	349	662,472	1.7
37 to 48	438	1,074,956	2.7
49 to 60	291	789,212	2.0
61 to 72	276	935,867	2.4
73 to 84	214	824,093	2.1
85 to 96	403	1,646,122	4.2
97 to 108	704	3,372,613	8.6
109 to 120	879	4,515,742	11.5
121 to 132	588	3,206,224	8.2
133 to 144	439	2,784,078	7.1
145 to 156	329	1,929,128	4.9
157 to 168	343	2,818,927	7.2
169 to 180	518	4,583,171	11.7
181 to 192	361	3,437,304	8.8
193 to 220	579	5,995,107	15.3
221 to 260	63	605,803	1.5
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

**Distribution of the Student Loans by Borrower Interest Rate**  
**As of June 30, 2019**

<b>Borrower Interest Rate</b>	<b>Number of Loans</b>	<b>Outstanding Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
6.00%	3,130	\$24,618,932	62.7%
7.25%	<u>6,702</u>	<u>14,625,698</u>	<u>37.3</u>
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

**Distribution of the Student Loans by Payment Delinquency Status**  
**As of June 30, 2019**

<b>Payment Delinquency</b>	<b>Number of Loans</b>	<b>Outstanding Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
0 to 30 days	6,652	\$38,197,765	97.3%
31 to 60 days	129	796,093	2.0
61 or more days	<u>52</u>	<u>250,773</u>	<u>0.6</u>
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

**Distribution of the Student Loans by School Type**  
**As of June 30, 2019**

<b>School Type</b>	<b>Number of Loans</b>	<b>Outstanding Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
Four-Year or Graduate <sup>(1)</sup>	5,919	\$35,529,171	90.5%
Two-Year <sup>(2)</sup>	585	2,578,796	6.6
Proprietary <sup>(3)</sup>	328	1,136,664	2.9
Unknown	<u>0</u>	<u>0</u>	<u>0.0</u>
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

<sup>(1)</sup> Includes 4-year public, private nonprofit and for-profit schools offering 4-year and/or graduate degrees.

<sup>(2)</sup> Includes 2-year public, private nonprofit and for-profit schools offering diplomas, certificates or 2-year degrees.

<sup>(3)</sup> Includes for-profit vocational schools that do not offer 2-year, 4-year or graduate degrees.

**Distribution of the Student Loans by Loan Principal Balance**  
**As of June 30, 2019**

<b>Loan Principal Balance</b>	<b>Number of Loans</b>	<b>Outstanding Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
Less than \$500	140	\$ 39,210	0.1%
\$500 to \$999	296	230,622	0.6
\$1,000 to \$1,999	772	1,199,486	3.1
\$2,000 to \$2,999	871	2,198,927	5.6
\$3,000 to \$3,999	870	3,068,785	7.8
\$4,000 to \$5,999	1,241	6,219,480	15.8
\$6,000 to \$7,999	1,117	7,927,178	20.2
\$8,000 to \$9,999	685	6,183,198	15.8
\$10,000 to \$14,999	535	6,603,719	16.8
\$15,000 to \$19,999	289	5,253,968	13.4
\$20,000 to \$24,999	<u>16</u>	<u>320,058</u>	<u>0.8</u>
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

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**Geographic Distribution of the Student Loans**  
**As of June 30, 2019**

<b>Geographic Location</b>	<b>Number of Loans</b>	<b>Outstanding Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
Alaska	3	11,838	0.0*
Arizona	25	102,567	0.3
Arkansas	2	10,688	0.0*
California	52	231,090	0.6
Colorado	41	208,870	0.5
Connecticut	6	64,979	0.2
Delaware	3	21,652	0.1
District of Columbia	5	19,240	0.1
Florida	27	96,394	0.3
Georgia	12	49,030	0.1
Idaho	2	16,800	0.0*
Illinois	64	451,109	1.2
Indiana	9	63,445	0.2
Iowa	51	267,451	0.7
Kansas	4	33,345	0.1
Kentucky	5	24,118	0.1
Maine	1	439	0.0*
Maryland	10	29,068	0.1
Massachusetts	10	51,311	0.1
Michigan	16	83,561	0.2
Minnesota	5842	33,841,543	86.2
Mississippi	1	6,657	0.0*
Missouri	7	28,887	0.1
Montana	7	27,191	0.1
Nebraska	8	39,012	0.1
Nevada	11	52,360	0.1
New Hampshire	2	16,118	0.0*
New Jersey	2	27,727	0.1
New Mexico	2	7,916	0.0*
New York	8	37,979	0.1
North Carolina	7	49,866	0.1
North Dakota	68	297,711	0.8
Ohio	5	26,888	0.1
Oklahoma	5	16,281	0.0*
Oregon	7	44,406	0.1
Pennsylvania	4	17,747	0.0*
Rhode Island	1	1,101	0.0*
South Carolina	1	3,843	0.0*
South Dakota	46	274,531	0.7
Tennessee	7	41,487	0.1
Texas	28	151,284	0.4
Vermont	1	5,987	0.0*
Virginia	3	9,833	0.0*
Washington	19	82,218	0.2
Wisconsin	383	2,273,449	6.0

Wyoming	1	7,482	0.0*
Foreign Country	<u>8</u>	<u>18,132</u>	<u>0.0*</u>
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

\* Less than 0.05%, but greater than 0.00%.

**Distribution of the Student Loans by Number of Months Since Origination<sup>(1)</sup>**  
**As of June 30, 2019**

<b>Number of Months Since Origination<sup>(1)</sup></b>	<b>Number of Loans</b>	<b>Outstanding Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
0 to 12 months	367	\$2,018,034	5.1%
13 to 24 months	2,741	22,526,630	57.4
25 to 60 months	1	600	0.0*
61 to 72 months	0	0	0.0
More than 72 months	<u>3,723</u>	<u>14,699,366</u>	<u>37.5</u>
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

<sup>(1)</sup>Since SELF V Loans enter interest-only repayment immediately, the number of months since the loan origination date provides an estimate for the number of payments made.

**Distribution of the Student Loans by Cosigner FICO Score at Origination<sup>(1)</sup>**  
**As of June 30, 2019**

<b>Cosigner FICO Score at Origination<sup>(1)(2)</sup></b>	<b>Number of Loans</b>	<b>Outstanding Balance</b>	<b>Percent of Loans by Outstanding Balance</b>
NO FICO	17	\$158,886	0.4%
Below 670	276	1,627,297	4.1
670 to 699	875	4,932,172	12.6
700 to 739	1,777	10,573,272	26.9
740 to 850	<u>3,887</u>	<u>21,953,002</u>	<u>55.9</u>
Total	<u>6,832</u>	<u>\$39,244,630</u>	<u>100.0%</u>

<sup>(1)</sup> Cosigner FICO Score is based upon the most recent SELF V Loan received.

<sup>(2)</sup> Using the midpoint of each FICO Score band, the dollar-weighted average FICO Score is 745.