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Listing of Mailout Material June 15, 2022

Forwarding Letter

Meeting Agenda

I. Review and approve minutes of the meeting of May 18, 2022

Minutes of May 18, 2022

II. Summary of Performance Review of Barry Fick

III. MHEFA Annual Conference Venue

IV. General Salary Increases for FY2022 and FY2023

Resolution 06-2022-01: Resolution Authorizing General Salary Increase Under Managerial Plan 201-2023 (FY2022)

Resolution 06-2022-02: Resolution Authorizing General Salary Increase Under Managerial Plan 201-2023 (FY2023)

V. FY2023 Administrative Items

FY2023 Plan of Action

FY2023 Proposed Budget

FY2023 Annual Fee Analysis

VI. Old Business

VII. New Business

VIII. Other Business

Executive Director's Report

"Brent Gustafson Selected as Hamline's Vice President for Finance and Administration"

May 2022 Budget vs Actual

MEMORANDUM



380 JACKSON STREET, SUITE 450, ST. PAUL, MN 55101

Main Phone: 651.296.4690 Fax: 651.297.5751

Date: June 8, 2022

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: June 15, 2022, Authority Board Meeting Preview

Greetings to the Minnesota Higher Education Facilities Authority June 15, 2022, video and teleconference Board meeting. The focus of the June 2022 Board meeting will be administrative issues and Fiscal Year 2023 planning.

We will consider salary updates based on recently passed legislation, review the proposed Fiscal 2023 Fee Discount, consider and act on the Fiscal Year 2023 Budget. We will provide updates on legislation and our impending office relocation.

We will use our video link system for this meeting. Instructions for accessing the video link will be provided to Board members in a separate email.

We look forward to your participation by video conferencing or telephone for the meeting.



Board Meeting Agenda

Wednesday, June 15, 2022

2:00 PM

Per the Authority Board Chair's determination that an in-person meeting is not practical or prudent because of the extraordinary public-health circumstances related to the ongoing COVID-19 (coronavirus) pandemic, this meeting of the Authority Board will only be offered virtually.

The public should utilize the call-in information or link provided below.

Individuals may request reasonable accommodation or modifications in order to participate in Authority programs by contacting the Authority at least 48 hours in advance of the event.

- I. Review and approve minutes of the meeting of May 18, 2022
- II. Summary of Performance Review of Barry Fick
- III. MHEFA Annual Conference Venue
- IV. General Salary Increases for FY2022 and FY2023
 - General Salary Increase for July 1, 2021-June 30, 2022
 - General Salary Increase for July 1, 2022-June 30, 2023
- V. FY2023 Administrative Items
 - FY2023 Plan of Action
 - FY2023 Proposed Budget
 - FY2023 Annual Fee Analysis
- VI. Old Business
 - St. Thomas Series 2022A (Green) and Series 2022B Update
 - Legislative Update
 - Office Space Update
- VII. New Business
- VIII. Other Business
 - Executive Director's Report

Meeting to be conducted via video conference

***General Public may attend via call-in number: 1-877-978-6969 Access Code: 550-383-424#
or through this link: <https://www.gomeet.com/550-393-424>***



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:20 pm Central Time, Wednesday, May 18, 2022.

The Board is conducting this meeting subject to the Open Meeting Law by in-person, telephone, and interactive technology as allowed by Minnesota Statutes. Members participating in the meeting can hear each other and all discussion; members of the public can hear all discussion and votes; and all votes are conducted by a roll call. The board has made provision for the public to monitor the meeting electronically from a remote location. The board has provided notice of the meeting location, the fact that some members may participate by interactive technology, and of the public’s right to monitor the meeting electronically from a remote location. Authority Chair Benson determined that an in-person meeting was not practical or prudent because of the health pandemic as defined according to current guidance from the Minnesota Department of Health, the Centers for Disease Control and Prevention, and the U.S. Department of Homeland Security.

The Authority Board meeting was held in the Conference Room at the Authority office, 380 Jackson St, Suite 450, St. Paul, MN 55101. Executive Director Fick, Authority Chair Benson was physically present, although not required due to the pandemic environment. Mr. Fick and Mr. Benson comply with the state’s requirement for COVID-19 safety through vaccination. The location and time of the meeting was duly published and posted on the Authority website and the door of the Authority office.

The public was able to monitor the meeting by calling a toll-free number and able to connect using the video link.

Board members participated in the meeting using a video link. The meeting link was sent to Board members prior to the meeting. The use of a video link as an allowable way to hold the Board meeting was confirmed by the State of Minnesota’s Data Practices Office staff prior to the meeting, following Minnesota Statute 13D.015.

Executive Summary – Minnesota Higher Education Facilities Authority

Meeting on May 18, 2022

Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of April 20, 2022	Passed	Unanimous
Approval of Meeting Minutes of April 27, 2022	Passed	Unanimous
Approval of FY22 Budget Update Report (Budget Reallocations)	Passed	Unanimous
Approval of FY23 Board Meeting Schedule	Passed	Unanimous
Approval of Election of FY23 Board Officers	Passed	Unanimous

Resolutions	Result:	Vote:
Approve the Resolution Relating to the FY22 Achievement Award Grant	Passed	Unanimous

The official meeting began with a roll call to determine who was attending the meeting. The following board members or their designees were participating and attending by video link (“V”) or telephone (“T”):

Board Members: Gary Benson – In-Person
Bonnie Anderson Rons – V
David Rowland – T
Mary Yang Thao – V
Mikeya Griffin - V
Paul Cerkenik, Minnesota Private College Council, ex officio w/o vote – V

Absent: Mary Ives
Nancy Sampair
Ray VinZant
Poawit Yang

Public Attendees: None
Also Present: Barry W. Fick Executive Director MHEFA – In-person
Amanda Lee, Operations Manager, MHEFA – V

Gary Benson, Chair, called the meeting order at 2:20 pm CT. Executive Director Fick confirmed that a quorum was present.

Agenda Item I – Minutes of the April 20, 2022 Board meeting.

The first item on the agenda is the review and consideration of the minutes of the April 20, 2022 Authority Board meeting.

Board members noted a punctuation change to the April 20, 2022 minutes. That change was noted and made on the final version of the April 20, 2022 minutes.

A motion was made by David Rowland to approve the amended April 20, 2022 minutes. The motion was seconded by Bonnie Anderson Rons. Chair Benson asked if there were any questions, discussion, or further changes to the minutes of the April 20, 2022 Board meeting. There were no further questions or proposed changes to the minutes from Board members.

Chair Benson called for a vote regarding the approval of the amended minutes. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Mikeya Griffin	Yes
	Mary Yang Thao	Yes

There were no votes against the motion and the Minutes of the April 20, 2022 MHEFA Board meetings were approved.

Agenda Item II – Minutes of the April 27, 2022 Board meeting.

The first item on the agenda is the review and consideration of the minutes of the April 27, 2022 Authority Board Special meeting.

Board members noted no changes.

A motion was made by David Rowland to approve the April 27, 2022 minutes. The motion was seconded by Bonnie Anderson Rons. Chair Benson asked if there were any questions, discussion, or further changes to the minutes of the April 27, 2022 Special Board meeting. There were no further questions or proposed changes to the minutes from Board members.

Chair Benson called for a vote regarding the approval of the minutes of the Special Board Meeting. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Mikeya Griffin	Yes
	Mary Yang Thao	Yes

There were no votes against the motion and the Minutes of the April 27, 2022 MHEFA Special Board meeting were approved.

Agenda Item III – FY2022 Administrative Items

MHEFA Budget Update/Revised Allocation and Projection

Chair Benson called on Operations Manager Amanda Lee to present to the Board the FY2022 Proposed Adjusted/Updated Authority Budget. Ms. Lee noted that the adopted FY2022 Budget was conservative and when compared to 11-month results, revenue is higher than budgeted and expenses are lower than budgeted. The result is that operations are better than projected and budgeted. As the Authority has done in prior years, the approved budget has been updated to show reallocations of expenses to reflect actual projected financial results for the fiscal year.

The FY2022 adjustments are presented in two options, a “low” and a “high” result. The difference between the two options is the timing of expenses related to the MHEFA office relocation. The low option defers relocation expenses to FY23. The high option includes relocation expenses in FY22.

The projected timing of the office relocation remains undetermined. The original estimate for relocation was June 1, 2022, but the likely time for relocation is mid-July 2022.

Regardless of the actual timing of office relocation, the additional revenues received in FY22 will result in a small surplus (low result) or a small deficit (high result) for FY22. Both options present stronger financial results than projected in the adopted FY22 budget.

Chair Benson asked if Board members had any questions about the FY22 Budget update/revised allocation and Projection. Board members inquired if staff was proposing a new budget for FY22. Staff explained that this budget review and reallocation is an annual process done each May where staff provides an updated budget forecast to the Board, including reallocation of expenses. Throughout the fiscal year, staff attempts to mitigate any overages in one area with savings in another to stay within the approved overall original budget. Each May, staff presents the updated projections and accounting reallocations based on 10-month actual and estimated ending financial results for approval by the board at the May Board meeting. In addition, the auditors annually inquire about communication to the Board from staff about financial results and this 11-month update provides assurance to the auditors that financial projections are provided to the Board and acknowledged by the Board.

Chair Benson asked if there were any other questions for staff regarding the updated financial performance numbers. There were none and Chair Benson asked for a motion to accept and approve the FY2022 Proposed Adjusted/Updated Revised Budget and Allocation.

A motion was made by David Rowland to approve the FY22 Updated Budget Report and Reallocation. The motion was seconded by Mary Yang Thao. Chair Benson asked if there were any questions, discussion, or further changes to the motion. There were no further questions or proposed changes from Board members.

Chair Benson called for a vote regarding the approval of the FY2022 Proposed Adjusted/Updated Revised Budget and Allocation. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Bonnie Anderson Rons	Yes
	David Rowland	Yes

Mikeya Griffin	Yes
Mary Yang Thao	Yes

There were no votes against the motion and the motion was approved.

Agenda Item III – FY2022 Administrative Items Continued

FY2022 Plan of Action Results/Achievement Award Resolution

Board Chair Benson asked Mr. Barry Fick to review the FY2022 Plan of Action and the results for compliance with the FY2022 Plan of Action. Mr. Fick reviewed a number of the 18 Action Steps staff worked to comply with during the year. Mr. Fick noted that the Authority staff were able to meet all 18 action steps and expect to continue to meet them in FY2023.

Mr. Fick and Mr. Benson asked if there were questions from the Board about the FY2022 Action steps and about staff's meeting the action steps. There were no questions from Board members. Board members expressed pleasure with the staff's ability to meet and comply with the Action Steps in a 2nd year of a Pandemic.

Mr. Fick and Mr. Benson noted that the Action Plan is the general basis for the Board to use in determining if the Staff merit a discretionary Achievement Award. The discretionary Achievement Award authorizes the distribution of up to \$2,600 to Authority Staff if, in the opinion of the Board, staff met or exceeded the goals set forth in the Plan of Action. The amount allowed to be awarded may be allocated to staff members as the Board approves.

The Executive Director recommended the FY2022 Achievement Award be allocated ½ to the Executive Director and ½ to the Operations Manager. Board members agreed with the recommendation for the award and the distribution of the award to each Authority staff person.

At the time of the Board meeting, the 2021-2023 Managerial Plan had not yet been approved by the legislature, and per the direction of Human Resources at the State of Minnesota, the 2019-2021 Managerial Plan remains in effect until a new plan is approved. Staff were directed to use the 2019-2021 Managerial Plan to award any Achievement Awards until the new plan is approved.

Mr. Benson, as Board Chair, asked for a motion to adopt Resolution No. 05-2022-01 Under Managerial Plan 2019-2021 for Achievement Awards 2021-2022. A motion to approve the Resolution was made by Gary Benson. The motion was seconded by Bonnie Anderson Rons.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the Resolution No. 05-2022-01 Under Managerial Plan 2019-2021 For Achievement Awards 2020-2021. A Roll Call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	David Rowland	Yes
	Bonnie Anderson Rons	Yes
	Mary Yang Thao	Yes
	Mikeya Griffin	Yes

There were no votes against the motion and Resolution No. 05-2022-01 Under Managerial Plan 2019-2021 For Achievement Awards 2021-2022 was approved.

Agenda Item IV – FY2023 Administrative Items

FY2023 Board Meeting Schedule

Chair Benson next asked Operations Manager Amanda Lee to present the proposed FY2023 Board meeting schedule. Ms. Lee noted that the meetings are scheduled for the 3rd Wednesday of each month, beginning at 2:00 pm Central Time. She noted that this schedule results in the December 2022 meeting being right before Christmas weekend. She noted that the December meeting is often cancelled. The options available to the Board are to leave the December meeting as scheduled or move it forward 1 week to December 14.

The Board discussed the timing of the FY2023 meetings and opted to leave all meetings on the 3rd Wednesday of the month, reserving the option to cancel or move the December 2022 meeting at a later date.

Mr. Benson, as Board Chair, asked for a motion to adopt the FY2023 Board Meeting Schedule. A motion to approve the schedule was made by Bonnie Anderson Rons. The motion was seconded by Mary Yang Thao.

Chair Benson called for a Roll Call vote regarding the approval of the FY2023 Meeting Schedule. A Roll Call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	David Rowland	Yes
	Bonnie Anderson Rons	Yes
	Mary Yang Thao	Yes
	Mikeya Griffin	Yes

There were no votes against the motion and the FY2023 Meeting Schedule was approved.

Agenda Item IV – FY2023 Administrative Items Continued

FY2023 Board Officer Election

Chair Benson asked Executive Director Fick to explain the status of Board Officer Election for FY2023. Executive Director Fick thanked the current Board Officers for their year of service and added that all three officers have served a one-year term and are eligible to continue service in their current Officer roles for one more year. All three current Officers have graciously volunteered to serve another year in their current roles. Executive Director Fick opened the floor to nominations for other Officers and noted there were no new nominations.

Chair Benson called for a motion to approve the reelection of the current Board Officers as follows:

Chair: Gary Benson

Secretary: David Rowland

Vice-Chair: Bonnie Anderson Rons

A motion to approve the reelection of the current Board Officers was made by Mary Yang Thao and seconded by Bonnie Anderson Rons.

Chair Benson called for a Roll Call vote regarding the approval of the FY2023 Board Officers. A Roll Call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	David Rowland	Yes

Bonnie Anderson Rons	Yes
Mary Yang Thao	Yes
Mikeya Griffin	Yes

There were no votes against the motion and the FY2023 Board Officer Elections were approved.

Agenda Item V – Old Business

Chair Benson asked Executive Director Fick to provide an update on St. Thomas' Series 2022A and Series 2022B Bonds. Mr. Fick reported that the sale was successful in a challenging market. The designation of the 2022A Bonds as Green Bonds proved to be a good decision. Investor demand was strong for the Green Bonds, and they were oversubscribed early in the order period. This allowed the underwriter to direct investors to the non-Green Bonds. At the conclusion of the order period, nearly all the bonds were sold, and the underwriter was able to reduce the yield on a number of maturities.

Chair Benson asked Executive Director Fick to provide an update on expansion legislation. Mr. Fick noted that there is progress in moving the legislation forward and that hearings before multiple committees have been held. In addition, Mr. Fick has met with a number of legislators to explain the proposed legislation and answer questions. The legislature must conclude their regular session by May 23, so we will have a decision then or by the conclusion of a possible special session.

Chair Benson asked Authority Executive Director Barry Fick and Operations Manager Amanda Lee to update the Board on the new office space. Authority Staff explained that construction has begun on configuring the space. Operations Manager Lee noted that the construction manager has reported that the delay will be in obtaining office door frames. It is anticipated that the renovations will be completed by the end of June or early July.

There was no other Old Business for consideration.

Agenda Item VI – New Business

Chair Benson asked if there were any New Business items from Board members for discussion. There were no other New Business items from Board members for discussion.

Agenda Item VII – Other Business

Chair Benson called upon Executive Director Fick to discuss Other Business. Mr. Fick presented his Executive Director's report. It included the following items regarding staff and Authority activity and events and personnel changes at the schools.

Borrower Assistance and Financing Application Update

- We have completed the University of St. Thomas Series 2022A (Green) and Series 2022B financing
 - First Green Bond sold by the Authority
 - Much data and insight gained during the sale process on demand for Green bonds
- We continue to engage in preliminary discussions with a number of schools about financing projects in the next one to two years
- We are working with multiple schools on Moody's rating updates
- We continue to support schools in their compliance with Continuing Disclosure obligations

Borrower Staffing Update

Vacancies exist for the CFO position at St. Scholastica, Bethel, Hamline, and MCAD. Presidential search is underway at University of St. Thomas.

Various Items of Interest

Executive Director Fick attended the NAHEFFA Conference in late April. He is now the incoming President of NAHEFFA for a two-year term. He also moderated a session at the Conference. In June, he will be attending the GFOA National Convention. He is a panel member on Bond Structuring at that Conference.

There were no other items from the Board. A motion to adjourn the regular MHEFA Board meeting was made by Bonnie Anderson Rons with a second provided by Gary Benson. The Board acted by voice vote to adjourn the meeting at 3:07 pm, Central Time.

Upon adjournment of the regular MHEFA Board meeting, the Board reconvened in Closed Session to conduct a performance review of Executive Director Fick. The Board asked Mr. Fick to excuse himself from the Closed Session.

During the Executive Session, the Board discussed Mr. Fick's self-assessment, added performance feedback, and approved submission of Mr. Fick's performance review with a rating of outstanding. After their discussion, the Board asked Mr. Fick to return to the meeting. Chair Benson spoke for the Board and noted that the Board agreed with Mr. Fick's self-assessment. The Board rated his performance "outstanding."

Chair Benson asked if there was any other business to come before the closed session. There was none.

A motion to adjourn the closed session of the MHEFA Board was made by David Rowland with a second provided by Bonnie Anderson Rons. The Board acted by voice vote to close the closed session and adjourn the meeting at 3:42 pm, Central Time.

Respectfully submitted,

Assistant Secretary

From: [Minnesota Management & Budget](#)
To: [Amanda Lee \(MHEFA\)](#)
Subject: Agency Leaders RE: Labor Contracts and Plans
Date: Thursday, May 26, 2022 1:45:34 PM
Attachments: [Template language to employees - increases.docx](#)

Minnesota Management and Budget logo



Agency Leaders:

We are pleased the Minnesota Legislature approved nine contracts and four Compensation Plans covering over 36,600 state agency employees, including contracts and plans with:

- American Federation of State, County and Municipal Employees (AFSCME) (Master, Unit 8 and Unit 25)
- Minnesota Association of Professional Employees (MAPE)
- Minnesota Law Enforcement Association (MLEA) (2019-21 and 2021-23)
- Middle Management Association (MMA)
- Minnesota Nurses Association (MNA)
- State Residential Schools Education Association (SRSEA)
- Commissioner's Plan
- **Managerial Plan**
- MNsure Managers
- Office of Higher Education

The contracts and plans include many important changes that enhance worker pay and benefits, establish Juneteenth as a paid holiday, support innovative pilot programs, provide enhanced benefits for employees injured on the job, and strengthen workforce recruitment efforts. MMB negotiated contracts that, together, contain \$370.8 million in new investment in the state workforce. Key provisions include:

- **Covered employees receive a wage adjustment of 2.5 percent for both fiscal years 2022 and 2023.** The wage adjustment for fiscal year 2022 was previously implemented for most of the contracts. Eligible plan employees and eligible employees covered under the MLEA contract, all of whom have not yet received the fiscal year 2022 across-the-board increase, will receive retroactive pay increases within the next several payroll cycles.
- Juneteenth will become a paid holiday for nearly all state agency employees, except for employees represented by the Minnesota Government Engineering Council and certain Constitutional office employees. Employees in public-facing positions may still be required to work on Juneteenth since it has not been established as a state holiday for the purposes of transacting public business; however, covered employees who are required to work on Juneteenth will receive work-on-a-holiday pay if provided in their labor contract or compensation plan.
- Covered employees are now eligible during their C-700 appointment to accrue and use sick and vacation leave and earn holiday pay.
- The contracts and plans provide for new pilot programs, including bonus pay for recruitment or referral to certain hard-to-fill classifications and positions, differential pay for employees who communicate with the public in a language other than English, and equity pay adjustments to maintain internal equity. Additionally, the MAPE contract allows people who rejoin state service after an absence of more than four years to accrue vacation at the same accrual rate as when they left state government.

- The contracts also include improved injured-on-duty benefits for employees who work with patients, offenders, or violent members of the public, providing up to four hundred hours of injured-on-duty pay if they have suffered a disabling injury due to an aggressive or intentional act by someone they are apprehending or taking into custody.
- Health care benefits were also enhanced. Labor and management will work together to develop an enhanced fertility benefit, which could be in place as early as 2023. Dental coverage will be offered at open enrollment in both years of the contracts and plans, and short-term disability will be offered every 5 years. Emergency room co-payments will be established at a specific dollar amount so employees will know up front what it will cost to use those services. 3-D mammograms will be included without out-of-pocket cost sharing in the same manner that 2-D mammograms are currently offered.

Fiscal Year 2022 pay increases for most of these contracts have already been implemented. Fiscal Year 2022 increases for the MLEA 2021-2023 contract and for the Commissioner's Plan, Managerial Plan, MNsure Managers Plan, and the Office of Higher Education Plan will be implemented in June and July. There is a template email attached that you can send to employees who will receive these increases. You can also access this template on the [MMB Communications Toolkit](#).

For more information on the changes and benefits, you can find the summary of each labor contract and compensation plan on the [Labor Relations page](#) of the MMB website.

- [Template language to employees - increases.docx](#)



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MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION AUTHORIZING GENERAL SALARY INCREASE UNDER MANAGERIAL
PLAN 2021-2023

WHEREAS, the Managerial Plan established compensation, terms and conditions of employment for employees identified by the Minnesota Management & Budget (“MMB”) as “managerial” for the two-year period that began on July 1, 2021 and will end on June 30, 2023.

WHEREAS, on May 20, 2022 the Minnesota House of Representatives and Senate approved the negotiated 2021-2023 labor agreements and compensation plans

WHEREAS, on May 22, 2022 the Governor approved the negotiated 2021-2023 labor agreements and compensation plans

WHEREAS, the Managerial Plan grants a general salary increase of 2.5% for each manager for the fiscal year that began July 1, 2021 and a general salary increase of 2.5% for the fiscal year that will begin July 1, 2022.

WHEREAS, on May 18, 2022, the Authority reviewed the overall performance of Barry W. Fick and Amanda G. Lee (each a “manager”) based up on their progress on the Authority’s Plan of Action for the relevant fiscal year and determined that each manager has consistently excelled in the performance of his/her respective job duties and the overall evaluation of the performance review of each manager is “outstanding.”

BE IT RESOLVED as follows:

1. Barry W. Fick is eligible for a 2.5% general salary increase granted under the Managerial Plan for the fiscal year that began July 1, 2021
2. Amanda G. Lee is eligible for a 2.5% general salary increase granted under the Managerial Plan for the fiscal year that began July 1, 2021

3. The Board of the Minnesota Higher Education Facilities Authorities approves and authorizes the application of a 2.5% general salary increase as granted under the Managerial Plan for Barry W. Fick for the fiscal year that began July 1, 2021
4. The Board of the Minnesota Higher Education Facilities Authorities approves and authorizes the application of a 2.5% general salary increase as granted under the Managerial Plan for Amanda G. Lee for the fiscal year that began July 1, 2021

Adopted: June 15, 2022

MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

By _____

Gary Benson, Chair

By _____

David Rowland, Secretary

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION AUTHORIZING GENERAL SALARY INCREASE UNDER MANAGERIAL
PLAN 2021-2023

WHEREAS, the Managerial Plan established compensation, terms and conditions of employment for employees identified by the Minnesota Management & Budget (“MMB”) as “managerial” for the two-year period that began on July 1, 2021 and will end on June 30, 2023.

WHEREAS, on May 20, 2022 the Minnesota House of Representatives and Senate approved the negotiated 2021-2023 labor agreements and compensation plans

WHEREAS, on May 22, 2022 the Governor approved the negotiated 2021-2023 labor agreements and compensation plans

WHEREAS, the Managerial Plan grants a general salary increase of 2.5% for each manager for the fiscal year that began July 1, 2021 and a general salary increase of 2.5% for the fiscal year that will begin July 1, 2022.

WHEREAS, on May 18, 2022, the Authority reviewed the overall performance of Barry W. Fick and Amanda G. Lee (each a “manager”) based up on their progress on the Authority’s Plan of Action for the relevant fiscal year and determined that each manager has consistently excelled in the performance of his/her respective job duties and the overall evaluation of the performance review of each manager is “outstanding.”

BE IT RESOLVED as follows:

1. Barry W. Fick is eligible for a 2.5% general salary increase granted under the Managerial Plan for the fiscal year that will begin July 1, 2022
2. Amanda G. Lee is eligible for a 2.5% general salary increase granted under the Managerial Plan for the fiscal year that will begin July 1, 2022

3. The Board of the Minnesota Higher Education Facilities Authorities approves and authorizes the application of a 2.5% general salary increase as granted under the Managerial Plan for Barry W. Fick for the fiscal year that will begin July 1, 2022
4. The Board of the Minnesota Higher Education Facilities Authorities approves and authorizes the application of a 2.5% general salary increase as granted under the Managerial Plan for Amanda G. Lee for the fiscal year that will begin July 1, 2022

Adopted: June 15, 2022

MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

By _____

Gary Benson, Chair

By _____

David Rowland, Secretary

Plan of Action for Fiscal Year Ending June 30, 2023

Authority's Statutory Mandate:

Assist Eligible Institutions In Financing Facilities In An Efficient and Cost-Effective Manner

1. Communicate regularly with eligible institutions to explain tax-exempt debt and Authority services. Provide pre-application guidance. Maintain consistency in financial advisory, bond counsel, corporate trust, rating agency and other professional services. Conduct telephone, video conference, or on-campus site visit with all borrower schools at least 1 time.
2. Arrange for monthly meetings and special events for the Authority, including possible campus visits and video or conference calls within the Minnesota Statutory rules to allow greater meeting accessibility by board members, guests, staff and members of the public.
3. Provide post-closing education and assistance to borrowers in matters such as tax law compliance, continuing disclosure, investor relations, credit rating and IRS inquiries affecting tax exempt bonds.
4. Arrange for a joint annual financing conference and 50th Anniversary celebration for the Authority to bring representatives of eligible institutions, rating agency staff, attorneys, trustees, municipal advisors, institutional investors, and other related professionals together for presentations, networking opportunities and renewing acquaintances. The conference is planned to be in-person with a live video stream version available. Continue to monitor changing state gathering protocols and mandates regarding COVID-19 and adjust as necessary.
5. Prepare and disseminate the annual report of the Authority, including the audited financial statements.
6. Prepare a "Capital Commentary" newsletter for each financing as a reference tool for eligible institutions and the Authority.
7. Stay informed on industry developments and operational practices through affiliations with government issuers and regulatory agencies, trade organizations and nonprofit organizations such as the National Association of Health and Educational Facilities Finance Authorities and the National and Central Association of College and University Business Officers.
8. Monitor regulatory and legislative proposals at the state and federal level regarding the capital market and possible limitations on the use of tax-exempt debt, develop coordinated responses and keep borrowers informed. Provide input and commentary as appropriate to affiliated entities.
9. Update MHEFA staff job descriptions consistent with Minnesota Management and Budget guidelines (every three years).

10. Expand staff cross-training on critical Authority items to bolster the Authority's continuity plan and create a more seamless transition should immediate needs arise, such as during an extended absence that is planned or unplanned or a pandemic.
11. Continue development of a Succession Plan for Authority staff.
12. Increase focus, develop strategy and identify resources to help with the identification and recruitment of Board candidates to enhance the diversity and inclusiveness of Board members.
13. Monitor and modify as appropriate the new Minnesota Higher Education Facilities Authority website. Continue working with Voom to adjust website based on user feedback. Continue to work with BondLink to maintain and adjust the MHEFA Investor Relations website, based on user feedback, which includes public information and documents for each school as a "one stop shop" for investors.
14. Annual Fee updates & changes, coordinate with annual Operating Budget update and monitoring.
15. Continue to assess status of record retention and disposal of official records and access for business continuity purposes.
16. Continue to review and bring forward recommended revisions to the Board of the Authority's Standing Rules of Operation as processes change.
17. Coordinate the relocation of Authority offices from Saint Paul to Grand Oak Business Park, located at 860 Blue Gentian Road, Suite 145, Eagan, MN 55121, and arrange for an open house to introduce the new office.

Minnesota Higher Education Facilities Authority
FY2023 Proposed Budget
July 2022 - June 2023



	FY22 Forecast as of June 2022	FY23 Proposed Budget	Difference
Income			
4010 Annual Fee Income	481,741.31	526,295.26	44,553.95
4020 Application Fee Income	3,000.00	3,000.00	-
4000 Interest Income	18,500.00	6,000.00	(12,500.00)
Total Income	503,241.31	535,295.26	32,053.95
Asset Acquisitions			
Office Furniture/Equipment		25,000.00	25,000.00
New Lease Improvements - Balance (Capitalized)		30,000.00	
Security Deposit		4,000.00	
Expenses			
6000 Stipends	2,750.00	3,520.00	770.00
6001 Board Travel	350.00	5,000.00	4,650.00
6002 Communications			
6002.01 Communications - Phones	3,363.52	5,750.00	2,386.48
6002.02 Communications - Internet	1,300.00	3,750.00	2,450.00
6002.03 Communications - Software	668.96	800.00	131.04
6002.04 Communications - Website	5,000.00	7,000.00	2,000.00
6002.05 Communications - Misc	618.17	750.00	131.83
Total 6002 Communications	10,950.65	18,050.00	7,099.35
6003 Staff Travel	15,000.00	20,000.00	5,000.00
6004 Office Rent	47,653.33	50,000.00	2,346.67
6005 Office Supplies	250.00	2,500.00	2,250.00
6005.01 COVID-19 Related Expenses	-	250.00	250.00
6006 Repairs		3,000.00	3,000.00
6007 Printing Expense	545.56	1,500.00	954.44
6008 Periodicals/Memberships	6,550.00	8,000.00	1,450.00
6009 Fiscal Consultant Fees	1,500.00	5,000.00	3,500.00
6010 Audit Fees	19,400.00	19,950.00	550.00
6012 Legal Fees	50,914.40	5,000.00	(45,914.40)
6013 Insurance Expense	1,849.00	1,849.00	-
6015 Miscellaneous Expense	200.00	4,000.00	3,800.00
6016 Bank Service Charges	3,250.00	3,500.00	250.00
6017 Conference Expenses	-	27,000.00	27,000.00
6018 Professional Development-Board	-	2,000.00	2,000.00
6020 Professional Development-STAFF	5,000.00	5,000.00	-
6021 IT			
6021.01 IT - Managed IT Services	8,500.00	10,000.00	1,500.00
6021.02 IT - Software	2,100.00	2,100.00	-
6021.03 IT - Consulting and Training	-	2,500.00	2,500.00
6021.04 IT - Misc	-	5,750.00	5,750.00
Total 6021 IT	10,600.00	20,350.00	9,750.00
6023 Postage/Delivery Expense	250.00	350.00	100.00
6100 Salaries	220,000.00	225,000.00	5,000.00
6101 Fringe Benefits	82,000.00	87,000.00	5,000.00
6104 Worker's Compensation	170.00	170.00	-
6107 Office Contract Work	12,870.00	1,000.00	(11,870.00)
6200 Equipment Leases			
6200.01 Equipment Lease - Copier	3,500.00	3,600.00	100.00
6200.02 Equipment Lease - Postage Machine	730.28	750.00	19.72
6200.03 Equipment Lease - Aquos Board	2,820.00	2,820.00	-
Total 6200 Equipment Leases	7,050.28	7,170.00	119.72
Total Expenses	499,103.22	585,159.00	86,055.78
Net Operating Income	4,138.09	(49,863.74)	(54,001.83)
Total Expenses Without Capitalized Items	499,103.22	526,159.00	27,055.78
Net Operating Income Without Capitalized Items	4,138.09	9,136.26	4,998.17

MHEFA OPERATING BUDGET

Fiscal Year 2023

July 1, 2022 - June 30, 2023

Line Item Description

1502 CURRENT YEAR ASSET ACQUISITION: This line item contains expected asset purchases during the fiscal year. Assets purchased are planned to be above the Authority's \$500 threshold for depreciation. While this is cash spent during the fiscal year, the expenses are realized over 3-10 years through asset depreciation.

For FY2023, the Authority will furnish the new Authority office with new desks/office furniture, new conference room chairs, new lounge furniture, a new refrigerator, and other assorted furniture/assets. The budgeted amount includes the purchase price, delivery and set up of all new furniture already ordered, plus estimates for upcoming purchases. This line item also includes lease improvements to be paid by the Authority at the new Authority offices that were not included in the monthly rent. These lease improvements will be capitalized as assets.

6000 STIPENDS: Stipend expense for Authority members to attend regular Authority meetings or committee meetings. Eight members are eligible to receive meeting stipends as two members are ex-officio and are not eligible to receive the stipend. Included in the budget is the approved stipend for eight board members for eight meetings during FY2023.

6001 BOARD TRAVEL AND EXPENSES: Reimbursement to Authority members for travel expenses in connection with attendance at regular Authority meetings or committee meetings, such as mileage and parking expenses. For FY2023 this amount includes estimates for not only mileage and parking fees, but also potential fees from colleges or other venues to host any in-person board meetings. This line item also includes expenses incurred for the board recognition dinner.

6002 COMMUNICATIONS: This account has been broken into five subaccounts following the Authority's conversion to QuickBooks accounting software.

6002.01 Phones: This includes standard monthly phone charges, etc. and 1-800 number conference line expenses (required by the state of MN for public accessibility to public hearings) through Loffler. This subaccount also contains expenses for Authority cell phones. For FY2023, the potential for fees related to moving our phone service to new offices are also included, however, no fees are expected to be charged. These would most likely only be incurred if problems arose during the move and new set up. This line item also includes a budget for the purchase of new Authority cell phones for the Executive Director and Operations Manager to replace 5-6-year-old existing phones that have minimally functioning batteries.

6002.02 Cable and Internet: This line item covers monthly internet expenses, currently charged through Comcast. For FY2023, this subaccount also includes potential fees for moving our services to a new office space, as well as the addition of TV service to the Authority's monthly billing

6002.03 Software: This line item covers communication software such as Microsoft Email, Zoom, and CorpNote.

6002.04 Website: Included in the FY2023 budget is a maintenance and update budget for the Authority's website through Voom Creative for potential updates throughout the fiscal year. Also included is a \$1,200 maintenance fee from BondLink for the Authority Investment site. This fee covers any updates required to the site throughout the fiscal year. Also included in this line item are small website fees such as domain registration, website host fees, video hosting fees, internal search engine fees, and any other such fees associated with website.

6002.05 Misc: This subaccount includes a budget for Shred-It shredding services in FY2023.

6003 STAFF TRAVEL: Local and national travel expenses incurred by the staff for travel relating to Authority business. This budget covers routine local travel, such as visits to colleges in the state for annual visits and rating agency reviews, as well as attendance at meetings, workshops and conferences that are sponsored by the National Association of College and University Business Officers (NACUBO), Central Association of College and University Business Officers (CACUBO), National Association of Health and Educational Facilities Finance Authorities (NAHEFFA), State of Minnesota and others.

Also included are expenses related to travel to speaking engagements, such as the GFOA Conference panel. This line item also includes Department Head expenses (to roughly mimic MMB Operating Policy 0804-03 for other agencies) such as meals and related expenses when conducting business with boards, government officials, task forces, etc. or small meal items for employee morale and recognition.

6004 OFFICE RENT: Reflects rent expense for office space. The current five-year lease expires in November 2022. The amount reflected in the budget is the amount we are currently obligated to pay through our current lease. The Authority will be attempting to break this lease to leave the current office space earlier than the November 2022 lease expiration date.

- July 2022 – November 2022: \$3875.50 monthly (Galtier Plaza)
- July 2022 – November 2022: \$0 (Grand Oak)
- December 2022 - June 2023: estimated \$4,250.00 monthly after five months free rent (Grand Oak)
- FY2023 Estimated Total: \$50,000.00

6005 OFFICE SUPPLIES: Office supplies used on a daily basis, including items needed to stock new office.

6005.01 COVID-19 Related Office Supplies: Although the state of MN has lifted the mask and vaccination/test mandates, state agencies must still provide PPE and alternative formats for attending meetings/events/etc. This line item covers PPE and other items the Authority will need to stock to accommodate these potential requests.

6006 REPAIRS: For FY2023, this line item includes estimated expenses for milling the current conference table down to fit the new space.

6007 PRINTING: Expenses for the printing of the Authority's annual report and consulting on the design and preparation of the report. The miscellaneous printing amount is increased for this year due to the potential for printing of material with the Authority's new address.

- Printing of the Annual Report: \$750
- Misc. Printing Expenses: \$750

6008 PERIODICALS/MEMBERSHIPS: Covers membership or license fees for various organizations that provide a benefit to the Authority and staff. The current expenses include:

- NACUBO, CACUBO: \$1,895
- NAHEFFA: \$3,000
- GFOA: \$225
- CUSIP Global Services (LEI): \$91
- Bond Buyer: \$3,500 (3-year subscription paid in FY2019 ends June 30, 2022 and will be renewed)
- Chronicle of Higher Education: 3-year subscription paid in FY2020 good through January 2024
- Newspaper Subscriptions: \$1,000
- Bloomberg: \$415
- MN State Bar Association: \$350
- Other publications/memberships: \$569

6009 FISCAL CONSULTANT FEES: The Authority is in the process of securing contracts with the Municipal Advisor roster list however, no retainer fees are expected. Any additional work done at the Authority's request will likely be done by a consultant such as Mark LeMay. A budget for work done on a consultant basis is built into the FY2022 budget.

6010 AUDIT FEES: The expenses below reflect a proposal from BerganKDV to continue as auditor for Fiscal Years 2019-2021:

- Audit for FY 2022 \$19,950
- Audit for FY 2023 \$20,550
- Audit for FY 2024 \$20,950

6012 LEGAL FEES: This line item includes fees of the Attorney General's Office and special attorneys appointed by the Attorney General.

6013 INSURANCE EXPENSE: Premium payments for the insurance policies that are carried by the Authority. The Authority utilizes the State's Risk Management Division to obtain coverage for the following policies.

- General Liability/Fire Damage Coverage - Property Insurance policy, one-year term currently paid through 6/30/22.
 - One-year renewal for FY2023 estimated at \$475
- Accidental Death and Dismemberment for Business Related Travel for board members and staff
 - One-year term paid through 11/19/22. (Estimated \$824 for 1 year)
- Commercial Crime (Employee Theft and Computer Crime)
 - The current policy has a three-year term paid through 4/10/2025 (\$1,1648 for 3-year term), so a portion of the \$1,648 expense is applied to FY2023.
 - Approximately one-year of applied expense estimated at \$550

6015 MISCELLANEOUS EXPENSES: This covers miscellaneous items, including UCC filing fees for the Authority and Authority borrowers. For FY2022, this also includes moving fees, disposal fees of items, and other expenses related to an office move.

6016 BANK SERVICE CHARGES: Monthly banking fees for online Wells Fargo CEO Portal access, which allows viewing of transactions, access to statements, ability to transfer funds between accounts, ACH and wire payments, a fraud filter to catch unauthorized checks and transactions, as well as other online banking features.

6017 CONFERENCE EXPENSES: Expenses associated with hosting an annual conference for the finance officers of the Minnesota Private Colleges and Universities and representatives of the banking community. This line item also includes a smaller budget for a secondary event.

For FY2023, this line item includes estimates for the following items:

- An in-person annual conference and 50th anniversary celebration held in August 2022 in a rented space, including a catering, swag, decorations, and invitation budget: \$23,000
- An in-person open house to introduce the new Authority office, including a refreshment and invitation budget: \$4,000

6018 PROFESSIONAL DEVELOPMENT - Board: Expenses of Authority Board Members for registration fees and travel for attendance at conferences or meetings that serve to update and inform members of topics affecting the Authority.

6020 PROFESSIONAL DEVELOPMENT- Staff: This line item represents the registration fees or tuition associated with the various classes, meetings, and conferences for the staff. These sessions are designed to encourage personal and maintain professional development and qualifications and keep the staff informed of changes in general public finance areas, tax exempt bond financing, higher education, and nonprofit business issues.

6021 IT: This account has been broken into four subaccounts:

6021.01 Managed IT Services: This subaccount includes coverage of all Authority computers and network hardware through a managed IT plan. This coverage allows for IT support of any kind, virus/threat monitoring, firmware and software upgrades, and monitoring of Authority internet or other outages.

6021.02 Software: This line item includes IT software such as Microsoft Office 365, Adobe Acrobat, and QuickBooks monthly fees.

6021.03 Consulting and Training: In FY2023, lease accounting changes have been implemented that may result in the need for QuickBooks training or accounting assistance to ensure setup is accurate.

6021.04 Misc: This covers miscellaneous supplies and fees related to IT needs. For FY23, this includes running network cable at the new office.

6023 POSTAGE/DELIVERY EXPENSE: Expenses incurred for postage and messenger service for local deliveries.

- Postage/Deliveries: \$350

6100 SALARIES: This line item covers the salary expense of the Executive Director and the Operations Manager who are employed in the State of Minnesota's Managerial Plan.

6101 FRINGE BENEFITS: Includes the following payments made by the employer on behalf of the employee: FICA taxes, MN State Retirement System contributions, Unclassified Retirement contributions, health, life and disability insurance premiums. The amount budgeted was estimated based on FY2022 benefit rates, plus an estimated increase for FY2023. This budget line changes with Authority staff insurance coverage options.

6104 WORKER'S COMPENSATION: The Authority participates in the State's Worker's Compensation Pool and the premium is based on the amount of our past worker's compensation claims and an administrative fee. If the Authority were to have a claim, it would be liable for the total expense of the claim, but the Pool would allow the Authority to spread out the payments over time. The current expense is for administrative fees of the Pool.

6107 OFFICE CONTRACT WORK: The Authority has a small budget for office contract work allocated for potential assistance with the conference/open house, moving, or other general tasks.

6200 EQUIPMENT LEASES:

6200.01 Copier: Expense of \$290 per month for the lease of a digital color copier under a five-year contract (August 2018-August 2023), which includes toner, maintenance, and an included allotment for B&W and color copies. Additional copies are billed at the same rate as that included in the monthly lease payment.

6200.02 Postage Machine: Expense of \$185 per quarter for the lease of a postage machine. Having a postage machine allows for discounted postage.

6200.03 Aquos Board: Expense of \$235 per month for the lease of a presentation board under a five-year contract (July 2019-July 2024).



To: Authority Board Members

From: Barry W. Fick, Executive Director
Amanda Lee, Operations Manager
MN Higher Education Facilities Authority

Date: June 15, 2022

Subject: Annual Review of Authority Fees

Calculation of Discount

Using the procedure outlined in the June 1996 Authority Resolution, the following calculation was made to determine the fee discount for the upcoming fiscal year 2023.

<i>Estimated Net Position as of 6/30/2022:</i>	\$2,062,063
Plus: Projected Fee Revenue for FY 2023	1,503,701
Plus: Projected investment income for FY 2023 <i>(Includes unrealized gain/loss)</i>	<u>7,000</u>
	\$3,572,764
 Less: Projected annual operating expense for FY 2023	526,159
Less: Target Net Position (current)	<u>2,062,063</u>
 Total	984,542
 Divided by: Fee Revenue	<u>\$1,503,701</u>
 Calculated fee adjustment for fiscal year 2023	65.47%

Background Information

Prior to 1996, the Authority charged the full administrative fee allowed under federal tax rules as its primary source of revenue. Due to net revenues from those fees after expenses, an operating reserve was created, and the interest earned on that reserve has been used as an additional revenue source. In 1996, the Authority implemented a policy to annually review projected revenues and expenses to determine the fee income necessary to meet expenses while holding the operating reserve or, as referred to in this analysis, the Net Position, steady, neither increasing or decreasing materially.

Based on the annual review of fee income and expenses, the Authority adjusts the fiscal year adjustment to the legally allowed administrative fee to generate sufficient income to fund cash expenses and remain approximately budget neutral for each fiscal year. The following chart shows the Authority fee adjustment for each fiscal year since 1997:

<u>Fiscal Year(s)</u>	<u>Discount</u>	<u>Years</u>
1997	30%	1
1998	40%	1
1999 - 2002	50%	4
2003 - 2004	60%	2
2005	70%	1
2006	80%	1
2007 - 2008	75%	2
2009	70%	1
2010 - 2012	75%	3
2013 - 2016	70%	4
2017 - 2022	65%	6

Based on a Board review of Net Position, the fiscal year fee was set to maintain the Net Position at approximately its current level. Beginning in fiscal year 2007, the discount was set so that projected income equaled estimated expenses, resulting in the Net Position remaining stable from year to year.

Projection Model

Exhibit 1 is a model showing revenue and expenses for the past 3 years and revenue and expenses for fiscal years 2022 (estimated) and 2023 (projected). There are several alternative discount amounts presented for fiscal year 2023 to show the effect on Net Position.

Assumptions for Projections

1. Fiscal year 2023 total revenues are based on the assumption that the Authority will issue the following bonds and notes in FY2023:
 - i. School 1: \$20,000,000
 - ii. School 2: \$50,000,000
 - iii. School 3: \$65,000,000
2. The investment earnings estimate is based on income from securities held. Under the Authority's Investment Policy all investments are laddered in Government Securities, Government-agency securities or FDIC insured Certificate of Deposits. There are currently 12 securities in the portfolio ranging in par value from \$100,000 to \$200,000, having maturities ranging from June 2022 to January 2024 with an average interest rate of 0.75% percent.

The Authority anticipates being able to purchase CD's in FY2023 with a higher coupon rate than what was available over the past two years. Market Values of the Authority's current CD's have decreased below face value except for the three remaining CD's the Authority holds with interest rates over 1% (2.4%, 2.55% and 1.85%). The Authority will see a market value gain once these CD's mature since they are valued below market value currently, but only three low-rate CD's mature in FY23, so we will continue to see decreased market value of the low-rate CD's.

The Authority has monitored CD rates and anticipates converting funds in the Money Market account to a laddered CD portfolio with an approximate 18-month average maturity, 2-year maximum maturity, in the next few months. This process is expected to begin after the next Federal Reserve Open Market Committee meeting, when the FOMC is expected to increase interest rates by 50 basis points.

As CDs are purchased at higher interest rates in 2022 and 2023, we anticipate a fairly stable market value of those CDs throughout the fiscal year. We anticipate the market gain/loss to be fairly low as higher/lower coupon rate CD's will likely balance each other out in the Authority's portfolio.

3. The Authority adopted the requirements of Statement 31 of the Governmental Accounting Standards Board (GASB) beginning with the fiscal year 1998 financial statements. Under this Statement, the change in market value of an investment is reflected as an unrealized gain or loss in revenue and ultimately an increase or decrease in the Net Position. The Authority's investment policy encourages the holding of securities to maturity, at which time the security matures at its par value and the unrealized gain or loss that affected the financial statements relating to this security must be removed from the current income statement. The unrealized gain/loss calculation in Exhibit 1 for fiscal years 2022 and 2023 is an estimate of the difference between the market value at the end of one fiscal year and the market value at the end of the next fiscal year.

4. The projected expenses are based on known expenses for equipment leases, office space lease, other contractual obligations, and anticipated increases from the expenses for the previous year. Fiscal year 2023 expenses include expenses related to moving and an expanded Annual Conference/50th Anniversary celebration and new office open house. Asset purchases are also planned for FY2023, including lease improvements, new office furniture, a security deposit at the new office, a new refrigerator, and other assorted office assets above the Authority's asset threshold level. These purchases are assets that will be capitalized and depreciated over their useful life, and are therefore not reflected as cash expenses for FY2023. Other noncash, year-end adjustments, such as the increase or decrease in earned vacation and severance liability, annual depreciation expense, and pension liability are included in the Net Position for prior years (2018-2020) but are not estimated in the 2022 estimate or 2023 prediction due to volatility. The largest non-cash expense is usually pension liability, which is calculated at the state from data two years in the past.

Conclusion

The calculation of discount demonstrates that a fee discount of **65 percent** would allow the Authority to keep the Net Position near its current level. Based on the Fee Analysis, staff recommends the discount be set at **65 percent** for fiscal year 2023.

If the staff recommendation is adopted by the Board, this will represent the seventh consecutive year the Authority will be able to maintain the same discount level, providing consistency and budgeting predictability for the colleges and universities the Authority serves.

Since the expense and income estimates and projections are made based on history and conversations with colleges and universities about their intent to issue bonds in the future, there is no certainty that the expenses and fee income or the interest income will be as stated. We recognize that fiscal year 2023 expenses are higher than previous years due to unique factors for this fiscal year only. We pledge to continue to operate in an efficient manner to keep operating expenses as low as possible.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY



ANNUAL PERCENTAGE REDUCTION ON ALL FEES TO ACHIEVE TARGET TOTAL ASSET BALANCE

ACCRUAL BASIS

REVENUES	2019	2020	2021	2022	FY 2023 ALTERNATIVES				
					2023	2023	2023	2023	2023
Annual Admin Fees @ 0.125% (Existing Issues)	1,247,960	1,190,905	1,264,629	1,385,093	1,334,951	1,334,951	1,334,951	1,334,951	1,334,951
Annual Fees @ 0.125% (Future Issues - 1st year)					168,750	168,750	168,750	168,750	168,750
Fee Credits	(811,174)	(774,088)	(822,009)	(900,310)	(827,035)	(902,220)	(977,405)	(1,052,591)	(984,533)
Investment Earnings	41,377	47,905	29,285	18,500	6,000	6,000	6,000	6,000	6,000
Unrealized Gain/(Loss)	30,850	40,198	(27,000)	(12,000)	1,000	1,000	1,000	1,000	1,000
Total Revenues	509,013	504,920	444,905	491,283	683,665	608,480	533,295	458,110	526,168
EXPENSES									
Payroll, taxes & benefits	198,315	273,028	276,347	315,040	313,170	313,170	313,170	313,170	313,170
Rent	47,224	47,957	48,481	47,653	50,000	50,000	50,000	50,000	50,000
Legal, audit & fiscal consulting	27,929	69,756	81,385	71,814	29,950	29,950	29,950	29,950	29,950
Other	62,261	102,340	61,269	64,595	133,039	133,039	133,039	133,039	133,039
Total Expenses	335,729	493,081	467,482	499,103	526,159	526,159	526,159	526,159	526,159
Increase/(Decrease) in Total Assets:	173,284	11,839	(22,577)	(7,821)	157,506	82,321	7,136	(68,049)	9
Beginning Total Asset Balance:	1,907,338	2,080,622	2,092,460	2,069,883	2,062,063	2,062,063	2,062,063	2,062,063	2,062,063
Change in Accounting Principle									
Ending Total Asset Balance:	2,080,622	2,092,460	2,069,883	2,062,063	2,219,569	2,144,384	2,069,199	1,994,014	2,062,071
% Fee Reduction:	65%	65%	65%	65%	55%	60%	65%	70%	65.47%
% Fee Assessment - Actual '19 - '21; Est '22; Proj '23	0.0438%	0.0438%	0.0438%	0.0438%	0.0563%	0.0500%	0.0438%	0.0375%	0.0432%

Color Code:	Actual
	Estimated
	Projected
	Recommended
	Target if zero increase



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WE'RE MOVING!

After 35 years at 380 Jackson Street in Saint Paul, the Minnesota Higher Education Facilities Authority is moving this July. The building we have called home is being converted to residential use, so we've found a new place to call home.

Work has begun on finishing the new space, with completion in the next few weeks. With plenty of free parking and an easy to find location, we look forward to showcasing it later in the year at an open house.

Stay tuned for our new address and photos of our new location!

EXEC. DIR. REPORT



380 JACKSON STREET, SUITE 450, ST. PAUL, MN 55101

Main Phone: 651.296.4690 Fax: 651.297.5751

Date: June 15, 2022

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: Executive Director's Report

Legislative Update

Our expansion bill, as passed by the House and Senate Conference Committee, was passed by the full House, but the Legislature ran out of time before the Senate could act on our bill (included in the Higher Education Omnibus Bill) or any other bills.

We hope a Special Session is going to be called in the next month where the chance for passage of our bill is very good. We continue to remain cautiously optimistic on our prospects.

Borrower Assistance and Financing Application Update

- We are engaging in preliminary discussions with several schools about financing projects in the next one to two years
- We are collaborating with multiple schools on Moody's rating updates
- We continue to support schools in their compliance with Continuing Disclosure obligations
- If the projected school financings are competed in the next fiscal year, we will be very close to our bonding limit of \$1.3 billion. This means we'll want to go back to the Legislature in 2023 at minimum for an expansion of our bonding limit to somewhere around \$2 billion.

Borrower Staffing Update

Vacancies exist for the CFO position at St. Scholastica, Bethel, and MCAD. Presidential search is underway at University of St. Thomas.

Various Items of Interest

Executive Director Fick attended the National Government Finance Officers Association (GFOA) in Austin, Texas in early June. He moderated a panel on Bond Structuring, participated in a series of Debt Management Committee meetings on Best Practice updates and connected with Securities and Exchange Commission (SEC) staff members and various Rating Agency staff.

Executive Director Fick will be meeting with the Municipal Securities Rulemaking Board and Senior Staff in late July, as well as meeting with the SEC Office of Municipal Securities Director to discuss conduit municipal issues.



Brent Gustafson Selected Hamline's Vice President for Finance and Administration

Brent Gustafson '94, who has served the last ten years as Chief Financial Officer of the University of Minnesota's College of Liberal Arts, will return to his alma mater as Hamline University's new Vice President for Finance and Administration.

A summa cum laude graduate in political science and social studies at Hamline, Gustafson then went on to receive a Master in Public Policy degree from Harvard University's Kennedy School of Government in 1996 before embarking on his professional career.

"We are very happy to welcome Brent Gustafson home," Hamline President Fayneese Miller said. "Since he graduated from Hamline, he has achieved great things in his field and I know he'll do equally great things here."



Gustafson's hiring culminated a nationwide search.

"I am looking forward to assuming new responsibilities and facing new challenges at Hamline, a place I know and love," Gustafson said. "I don't believe most people think that when they graduate from an institution they'll one day come back to help run it, but that has happened for me and I couldn't be happier."

After graduating from the Kennedy School, Gustafson worked for the Minnesota Department of Health for two years and the Minnesota Department of Finance (now known as the Office of Management and Budget) from 1997 to 2008. From there, he served three years as budget director for Dakota County before serving as a lead fiscal analyst for the Minnesota Senate for two legislative sessions.

Since 2012, he has overseen finances and facilities in the University of Minnesota's College of Liberal Arts, which has a \$270 million annual budget and over 1,300 faculty and staff. CLA is the largest college in the University of Minnesota system.

"Hamline, like virtually all other institutions of higher education, has had to adapt due to COVID-19," President Miller added. "We have come through the storm in a strong financial position and a big part of Brent's responsibilities will be to ensure that stability going forward."

Gustafson, who resides in Stillwater, will assume his duties on June 20.

Minnesota Higher Education Facilities Authority

Budget vs. Actuals: FY22 (High) Adjusted Budget - FY22 P&L

July 2021 - June 2022

	TOTAL				
	ACTUAL	BUDGET	REMAINING	% OF BUDGET	% REMAINING
Income					
4010 Annual Fee Income	1,080,818.28	481,741.31	-599,076.97	224.36 %	-124.36 %
4020 Application Fee Income	3,000.00	3,000.00	0.00	100.00 %	0.00 %
4030 Miscellaneous Income	0.02		-0.02		
Discounts given	-699,364.78		699,364.78		
Total Income	\$384,453.52	\$484,741.31	\$100,287.79	79.31 %	20.69 %
GROSS PROFIT	\$384,453.52	\$484,741.31	\$100,287.79	79.31 %	20.69 %
Expenses					
6000 Stipends	2,200.00	2,970.00	770.00	74.07 %	25.93 %
6001 Board Travel	344.77	500.00	155.23	68.95 %	31.05 %
6002 Communications	7,340.05	12,650.65	5,310.60	58.02 %	41.98 %
6003 Staff Travel	2,667.33	15,000.00	12,332.67	17.78 %	82.22 %
6004 Office Rent	43,727.58	47,653.33	3,925.75	91.76 %	8.24 %
6005 Office Supplies		250.00	250.00		100.00 %
6006 Repairs		3,000.00	3,000.00		100.00 %
6007 Printing Expense	545.56	545.56	0.00	100.00 %	0.00 %
6008 Periodicals/Memberships	5,978.94	6,550.00	571.06	91.28 %	8.72 %
6009 Fiscal Consultant Fees	4,100.00	1,500.00	-2,600.00	273.33 %	-173.33 %
6010 Audit Fees	19,400.00	19,400.00	0.00	100.00 %	0.00 %
6012 Legal Fees	25,414.40	50,914.40	25,500.00	49.92 %	50.08 %
6013 Insurance Expense		2,100.00	2,100.00		100.00 %
6015 Miscellaneous Expense	171.00	5,000.00	4,829.00	3.42 %	96.58 %
6016 Bank Service Charges	2,616.96	3,350.00	733.04	78.12 %	21.88 %
6020 Professional Development-STAFF	2,584.00	5,000.00	2,416.00	51.68 %	48.32 %
6021 IT	9,670.35	14,600.00	4,929.65	66.24 %	33.76 %
6023 Postage/Delivery Expense	133.35	250.00	116.65	53.34 %	46.66 %
6100 Salaries	179,954.90	235,000.00	55,045.10	76.58 %	23.42 %
6101 Fringe Benefits	62,570.72	82,000.00	19,429.28	76.31 %	23.69 %
6104 Worker's Compensation	170.00	170.00	0.00	100.00 %	0.00 %
6107 Office Contract Work	12,870.00	15,000.00	2,130.00	85.80 %	14.20 %
6200 Equipment Leases	6,484.94	7,050.28	565.34	91.98 %	8.02 %
Total Expenses	\$388,944.85	\$530,454.22	\$141,509.37	73.32 %	26.68 %
NET OPERATING INCOME	\$ -4,491.33	\$ -45,712.91	\$ -41,221.58	9.83 %	90.17 %
Other Income					
4000 Interest Income	18,822.50	18,500.00	-322.50	101.74 %	-1.74 %
4050 Unrealized Gain/Loss Adjustment on Sale	-7,203.85		7,203.85		
Total Other Income	\$11,618.65	\$18,500.00	\$6,881.35	62.80 %	37.20 %
NET OTHER INCOME	\$11,618.65	\$18,500.00	\$6,881.35	62.80 %	37.20 %
NET INCOME	\$7,127.32	\$ -27,212.91	\$ -34,340.23	-26.19 %	126.19 %

Minnesota Higher Education Facilities Authority

Budget vs. Actuals: FY2022 (Low) Adjusted Budget - FY22 P&L

July 2021 - June 2022

	TOTAL				
	ACTUAL	BUDGET	REMAINING	% OF BUDGET	% REMAINING
Income					
4010 Annual Fee Income	1,080,818.28	481,741.31	-599,076.97	224.36 %	-124.36 %
4020 Application Fee Income	3,000.00	3,000.00	0.00	100.00 %	0.00 %
4030 Miscellaneous Income	0.02		-0.02		
Discounts given	-699,364.78		699,364.78		
Total Income	\$384,453.52	\$484,741.31	\$100,287.79	79.31 %	20.69 %
GROSS PROFIT	\$384,453.52	\$484,741.31	\$100,287.79	79.31 %	20.69 %
Expenses					
6000 Stipends	2,200.00	2,750.00	550.00	80.00 %	20.00 %
6001 Board Travel	344.77	350.00	5.23	98.51 %	1.49 %
6002 Communications	7,340.05	7,822.82	482.77	93.83 %	6.17 %
6003 Staff Travel	2,667.33	5,000.00	2,332.67	53.35 %	46.65 %
6004 Office Rent	43,727.58	47,603.33	3,875.75	91.86 %	8.14 %
6007 Printing Expense	545.56	545.56	0.00	100.00 %	0.00 %
6008 Periodicals/Memberships	5,978.94	6,200.00	221.06	96.43 %	3.57 %
6009 Fiscal Consultant Fees	4,100.00	450.00	-3,650.00	911.11 %	-811.11 %
6010 Audit Fees	19,400.00	19,400.00	0.00	100.00 %	0.00 %
6012 Legal Fees	25,414.40	50,414.40	25,000.00	50.41 %	49.59 %
6013 Insurance Expense		1,700.00	1,700.00		100.00 %
6015 Miscellaneous Expense	171.00	131.00	-40.00	130.53 %	-30.53 %
6016 Bank Service Charges	2,616.96	3,150.00	533.04	83.08 %	16.92 %
6020 Professional Development-STAFF	2,584.00	2,584.00	0.00	100.00 %	0.00 %
6021 IT	9,670.35	10,525.00	854.65	91.88 %	8.12 %
6023 Postage/Delivery Expense	133.35	150.00	16.65	88.90 %	11.10 %
6100 Salaries	179,954.90	228,000.00	48,045.10	78.93 %	21.07 %
6101 Fringe Benefits	62,570.72	79,000.00	16,429.28	79.20 %	20.80 %
6104 Worker's Compensation	170.00	170.00	0.00	100.00 %	0.00 %
6107 Office Contract Work	12,870.00	12,870.00	0.00	100.00 %	0.00 %
6200 Equipment Leases	6,484.94	7,050.28	565.34	91.98 %	8.02 %
Total Expenses	\$388,944.85	\$485,866.39	\$96,921.54	80.05 %	19.95 %
NET OPERATING INCOME	\$ -4,491.33	\$ -1,125.08	\$3,366.25	399.20 %	-299.20 %
Other Income					
4000 Interest Income	18,822.50	18,500.00	-322.50	101.74 %	-1.74 %
4050 Unrealized Gain/Loss Adjustment on Sale	-7,203.85		7,203.85		
Total Other Income	\$11,618.65	\$18,500.00	\$6,881.35	62.80 %	37.20 %
NET OTHER INCOME	\$11,618.65	\$18,500.00	\$6,881.35	62.80 %	37.20 %
NET INCOME	\$7,127.32	\$17,374.92	\$10,247.60	41.02 %	58.98 %