

**Listing of Mailout Material  
May 17, 2023**

-  **Cover Memo**
-  **Meeting Agenda**

*I. Review and approve minutes of the meeting of April 26, 2023*




-  **Minutes of April 26, 2023**

*II. Minneapolis College of Art and Design*

-  **Preliminary Financing Plan – Blue Rose Capital Advisors – Municipal Advisor**
-  **Series Resolution – Fryberger – Bond Counsel**

*III. St. Catherine University*

*IV. FY2023 Administrative Items*



-  **FY2023 Proposed Adjusted Budget**
-  **FY2023 Plan of Action Results**
-  **FY2023 Achievement Award Resolution**

*V. FY2024 Administrative Items*

-  **FY2024 Plan of Action**
-  **FY2024 Proposed Board Meeting Schedule**

*VI. Old Business*

*VII. New Business*

-  **“Minnesota lawmakers reach deal for free college tuition” -Arizona Daily Star**
-  **“Minnesota Legislature passes higher ed bill that includes free college tuition program”  
– Minneapolis Star Tribune**

*VIII. Other Business*

-  **Budget vs Actual (April 2023)**

*IX. Closed Session*

-  **Executive Director Annual Performance Review – to be sent separately**

# MEMORANDUM



860 BLUE GENTIAN ROAD, SUITE 145, EAGAN, MN  
55121

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Date: 10 May 2023

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: May 17, 2023, Authority Board Meeting Preview

The focus of the May 2023 Board meeting will be to consider Finance Plan and Series Resolution for MCAD. The Public Hearing and Application Review for MCAD was held at the April Board meeting.

The Minneapolis College of Art and Design has applied for Financing to assist them with the purchase, renovation furnishing, and updating of an apartment building very near their Minneapolis campus. This is part of the strategic plan of the College.

Saint Catherine University has applied for Financing from the Authority. The Public Hearing and Application Review for St. Catherine was held at the April 2023 Authority meeting. The Series Resolution and Financing Plan for St. Catherine continue to be developed and we expect to consider these items for the University at the June 2023 Authority meeting,

Municipal Advisors representing MCAD and MHEFA will be present to discuss the Application and answer questions. Bond Counsel for the financing will also attend and speak to the financing.

We will update the FY23 budget to reflect actual expenses through April and May, consider Achievement awards and review the FY23 Plan of Action and consider the FY24 Plan of Action.

We will also provide an update of Authority activity since our last meeting, including the Executive Directors Report. Finally, we'll have a performance review for the Executive Director.

# MEMORANDUM



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We encourage in-person participation at the meeting, but if you are unable to attend in person, our video link system will be operating for this meeting. Instructions for accessing the video link are available with your Agenda materials.

## **Board Meeting Agenda**

**Wednesday, May 17, 2023**

**2:00 PM**

Location: MHEFA Office

*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 April 26, 2023
- II. Minneapolis College of Art and Design
  - Preliminary Financing Plan – Blue Rose Capital Advisors – Municipal Advisor
  - Series Resolution – Fryberger – Bond Counsel
- III. St. Catherine University
  - Financing Update
  - Further Action Deferred to a Future Meeting
- IV. FY2023 Administrative Items
  - FY2023 Proposed Adjusted Budget
  - FY2023 Plan of Action Results
  - FY2023 Achievement Awards
- V. FY2024 Administrative Items
  - FY2024 Plan of Action
  - FY2024 Proposed Board Meeting Schedule
  - FY2024 Board Officer Election Opening Discussion
- VI. Old Business
- VII. New Business

*Continued on Next Page*

*General Public may attend in-person at the address below,  
via call-in number: 1-877-978-6969 Access Code: 988-340-675#  
or through this link: <https://www.gomeet.com/988-340-675>*

VIII. Other Business

- Executive Director's Report

IX. Closed Session of the Board

- Executive Director Annual Performance Review

*General Public may attend in-person at the address below,  
via call-in number: 1-877-978-6969 Access Code: 988-340-675#  
or through this link: <https://www.gomeet.com/988-340-675>*



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a Special Board meeting at 2:30 pm Central Daylight Time, Wednesday, April 26, 2023.

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.

The Authority Board meeting was held in the Red Cap Room at the Union Depot, Saint Paul, MN 55121. Executive Director Fick was physically present. Mr. Fick meets the state’s requirement for COVID-19 safety through vaccination, including boosters. 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 attend the meeting in person, monitor the meeting by calling a toll-free number, and able to connect to the meeting using the video link.

Board members participated in the meeting in-person and by 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. Board Chair Gary Benson attended in-person, meeting the non-pandemic requirements of one member attending in-person.

**Executive Summary – Minnesota Higher Education Facilities Authority**

Meeting on April 26, 2023: Board Actions Taken:

<b>Motions:</b>	<b>Result:</b>	<b>Vote:</b>
Approval of Meeting Minutes of January 18, 2023	Passed	Unanimous

<b>Resolutions</b>	<b>Result:</b>	<b>Vote:</b>
Approve Resolution 04-2023-01 Relating to Application for the Minneapolis College of Art and Design	Passed	Unanimous
Approve Resolution 04-2023-02 Relating to Application for St. Catherine University	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 in-person (IP), by video link (“V”) or telephone (“T”):

Board Members: Gary Benson - IP  
Bonnie Anderson Rons - IP  
Mary Ives – IP  
David Rowland - IP  
Nancy Sampair - IP  
Mary Thao – IP

Absent: Mikeya Griffin  
Ray Vin Zant  
Paul Cerkenik  
Poawit Yang

Other Attendees: Mark LeMay, Public – IP

MCAD related: Mary Alma Noonan, MCAD - IP  
Brock Rasmussen, MCAD - V  
Max Wilkinson, Blue Rose - MA - IP  
Justin Kreig, Blue Rose - MA- IP

Mia Thibedeau, Bond Counsel – IP

St. Catherine related: ReBecca Roloff, St. Catherine University - IP  
David Sengstock, St. Catherine University - IP  
Nick Taylor, North Slope MA - V  
Peter Cooper, Bond Counsel Taft - IP  
Catherine Courtney, Bond Counsel Taft - IP

Staff: Barry W. Fick, Executive Director, MHEFA - IP  
Amanda Lee, Operations Manager, MHEFA - IP

Gary Benson, Chair, called the meeting order at 2:30 pm CDT. Executive Director Fick confirmed that a quorum was present.

**Agenda Item I – Minutes of the January 18, 2023, Board meeting.**

The first item on the agenda is the review and consideration of the minutes of the January 18, 2023, Authority Board meeting.

Chair Benson asked for a motion to accept and approve the January 18, 2023 Minutes. A motion was made by Nancy Sampair to approve the January 18, 2023, minutes. The motion was seconded by David Rowland. Chair Benson asked if there were any questions, discussion, or further changes to the minutes of the January 18, 2023, Board meeting.

There were no questions or proposed changes to the minutes from Board members.

Chair Benson called for a vote regarding the approval of the 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
	Nancy Sampair	Yes
	Mary Thao	Yes
	Mary Ives	Yes



There were no votes against the motion and the Minutes of the January 18, 2023, MHEFA Board meetings were approved.

## **Agenda Item II – Minneapolis College of Art and Design (MCAD) Application for Financing**

Chair Benson opened the Public Hearing and asked Ms. Mary Alma Noonan, CFO of Minneapolis College of Art and Design (MCAD), to discuss the proposed financing. The financing is to fund MCAD's acquisition, renovation, furnishing, and refurbishing of an existing apartment building adjacent to the MCAD Minneapolis campus. Acquisition of the property is an integral part of MCAD's plan to require first year students to reside in campus housing.

MCAD has passed a reimbursement resolution allowing them to obtain financing to reimburse themselves for the purchase of the properties and to obtain financing from the Authority for improvements to the facilities to make them suitable for use by MCAD.

The financing for the proposed Series 2023 Note is to be provided by Alerus Financial. They provided financing for the most recent prior MCAD borrowings through the Authority. The terms of the 2023 financing will be similar to the terms of the prior financings. The primary difference will be that the Series 2023 Note will be secured by a mortgage on the acquired property and on certain other MCAD owned real estate. The addition of a mortgage for security is to comply with Banking Regulations and the larger size of the Series 2023 Note compared to prior MCAD borrowings through the Authority with Alerus. Ms. Noonan concluded her presentation.

Brock Rasmussen, Facilities VP at MCAD was present by video. Chair Benson asked Mr. Rasmussen if he had any additional information for the Board. Mr. Rasmussen's audio connection was not working, so he was unable to respond to questions, but did note through the chat that Mary Alma Noonan had covered everything and he had nothing to add. Mr. Benson then asked if Mr. Rasmussen was comfortable with the discussion of the project and if he was in favor of the financing request. Mr. Rasmussen responded with two thumbs up on the video feed. Mr. Benson commented that this is a strong endorsement of the other MCAD staff comments and shows substantial support for the Project within MCAD.

Chair Benson asked if there were questions for Ms. Noonan. Chair Benson asked if there were any questions from the Public for Ms. Noonan. There were a number of questions related to the project

and options that were considered by MCAD. In addition, Board members asked about student demand and future enrollment. Ms. Noonan provided answers to the questions from the Board that were responsive to Board member questions. After the questions and answers period was concluded, Chair Benson closed the Public Hearing.

Mr. Benson asked Mr. Maxwell Wilkinson, Vice President with Blue Rose Capital Advisors (Blue Rose) and Municipal Advisor to MCAD to discuss the Application Review letter and schedules prepared by Blue Rose. Mr. Wilkinson directed the Boards attention to the MCAD Application Review letter included in the Board packet. Mr. Wilkinson reviewed the proposed borrowing, noting the amount of borrowing will be below the maximum requested by MCAD.

He reviewed and discussed:

- The enrollment history of MCAD
- Reviewed and summarized the outstanding debt of MCAD
- Reviewed compliance with existing financial covenants after adding the Series 2023 debt
- Described the projected effect of the additional mortgage on the finances of MCAD
- Discussed covenants that will be common to all MCAD debt
- Discussed existing negative pledges and noted the Series 2023 financing will comply with the existing negative pledges
- Noted that MCAD has a Moody's credit rating of Baa2, Stable Outlook
- The proposed Series 2023 financing will not be rated as a private bank placement with Alerus Financial.
- Moody's will include the Series 2023 debt in their credit analysis of MCAD.
- Representatives of Moody's will be visiting with MCAD as part of their periodic review of Moody's rated borrowers.

Mr. Wilkinson discussed the project, evaluated the options considered for student housing prior to the decision to acquire the existing building and noted how the current plan is the superior option for MCAD compared to other options considered.

He noted that the Financing plan will be presented at the May meeting of the Authority. Mr. Justin Krieg of Blue Rose Capital Advisors was asked by Mr. Wilkinson to discuss the financial modeling that has been undertaken to determine the likely financial performance of the project when occupied by students. Mr. Krieg noted that Blue Rose has worked with MCAD to develop proforma financial models to verify the project will be financially successful under reasonable assumptions related to

occupancy and operating expense estimates. He outlined the projected financing size and the likely Security for the Series 2023 Notes. He noted that the current projections show the project being self-supporting from project revenues under both a base case and various stress tested financial scenarios. Mr. Krieg then turned the presentation back to Mr. Wilkinson.

Mr. Wilkinson concluded the analysis by noting that “...in the opinion of Blue Rose Capital Advisors, the proposed borrowing is fiscally viable for the college and that a Note with adequate security can be structured, and the lending terms under consideration will allow MCAD to meet its objectives for the financing.”

The Blue Rose staff asked if there were any questions from Board members. The board asked a number of questions, which were answered to the Board’s satisfaction. It was noted that the Plan of Finance will be considered at the May Authority Board meeting when additional analysis will be presented.

Mr. Benson next called on Ms. Mia Thibodeau, Bond Counsel with the Fryberger Law Firm, to discuss the Application by MCAD. Ms. Thibodeau reviewed the Bond Counsel’s Application Memorandum, noting various items relating to tax law and highlighting a number of items that remained open, but will be completed prior to the financing being closed. Ms. Thibodeau concluded her presentation and asked if there were any questions. There were no questions related to the Application Memorandum.

Chair Benson asked Ms. Thibodeau to review the Resolution relating to the Application. Ms. Thibodeau reviewed the terms of the Application Resolution, which outlines the findings of the Bond Counsel review of the Application for financing. Ms. Thibodeau asked if there were any questions related to the Application Resolution. There were no questions.

At the conclusion of Ms. Thibodeau’s presentation, Chair Benson asked if there were any questions for Ms. Thibodeau regarding the Resolution related to the Application. There were no questions.

A motion was made by Bonnie Anderson Rons to approve the Resolution relating to the Application for MCAD. The motion to approve the Resolution was seconded by Mary Ives.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the Resolution related to the Application of MCAD. 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 Ives	Yes
	Mary Yang	Abstain
	Nancy Sampair	Yes

There were no votes against the motion and the Resolution Relating to the Application for Minneapolis College of Art and Design was approved.

### **Agenda Item III – St. Catherine University Application for Financing**

Chair Benson opened the Public Hearing and asked St. Catherine University President, ReBecca Roloff, to discuss the proposed financing.

Board Member Mary Thao noted that she is the Controller at St. Catherine and will be participating in the discussion of the University's Application for Financing but will abstain from voting on the financing motions and resolutions that involve St. Catherine's Series 2023 Revenue Note.

President Roloff outlined the strategic case for the improvements that St. Catherine proposes to construct with note proceeds. The projects include a renovation and updating of Mendel Hall, a science classroom and laboratory facility on the main campus of the University, Housing renovations and creation of living learning spaces in both traditional and apartment style student housing, updating sustainability, infrastructure, and various infrastructure improvements on the University Campus, and implementation of building improvements and renovations to execute parts of the Academic Master Plan for the University. Total cost of the projects is estimated to be \$31.8 million, with \$10.8 million funded from a combination of Donor, Gift, and University funds. The amount expected to be borrowed is \$21 million.

The University conducted a request for proposal process to select a financial institution and type of financing. Based on the RFP process, the University has selected the firm of Morgan Stanley to

provide the financing through a direct purchase Note. The terms of the financing are being negotiated and will be presented at the May Authority meeting for consideration by the Authority Board.

President Roloff outlined the process used in determining what project to pursue and noted that the mission of the University is to empower women to learn and lead. The projects included in the financing request are all focused on helping the University achieve its mission.

President Roloff discussed enrollment, both past, present, and future projections, noting that COVID has affected the University's enrollment and they are seeing improved enrollment at the undergraduate level for fall 2023. She discussed academics at the University and how the Strategic Plan adopted by the University matches with the improved facilities to be realized through the projects to be funded with the Series 2023 financing.

David Sengstock, Interim CFO during the permanent CFO's temporary medical leave, added information for the Board about the demonstrated need for the projects and how the improvements will assist the University in attracting and retaining students, as well as equipping them for the world after College.

Mary Thao, Controller at St. Catherine's (and MHEFA Board member) noted how the projects fit in with the strategic plan adopted by the University.

At the conclusion of the presentation, Chair Benson asked the Board if there were any questions. Board members had a number of questions about enrollment, how the University would deal with continued lower enrollment, use of funds on hand if needed for debt service and general questions about the University. President Roloff responded to the Board members questions and the Board members were pleased with her response.

Mr. Benson then closed the Public Hearing and called on Nick Taylor, Managing Director of North Slope Capital Advisors (North Slope) to discuss the Application review conducted by North Slope. Mr. Taylor appeared by video link and guided the Board through the Financing Application Review letter. Mr. Taylor outlined the projects to be financed, the summary of the financing terms (final terms and conditions to be provided in May) and reviewed the Credit Profile for St. Catherine University.

Mr. Taylor reviewed enrollment and a brief history of the University. He summarized financial operations for a 5-year period, noting that the University has strong cash flow and generated positive financial results for the prior 5 years, excluding FY22, which showed a modest operating deficit. Mr. Taylor noted that the debt of the University is all fixed rate, and that the addition of the proposed new debt will increase the debt by approximately 30%.

The University will obtain a credit rating from Moody's Investors Service for the Series 2023 Note. The University has a credit rating of Baa1, stable outlook. Moody's visited campus the day prior to the Authority meeting and will have a rating call on Thursday, May 4.

Mr. Taylor discussed the structure proposed for the financing. It is to be a fixed rate bank placement with Morgan Stanley. The Note will be amortized over 30 years and will be a general obligation of the school. There will not be a mortgage or security interest in any University property. In addition, there will not be a debt service reserve, nor will a negative pledge be required from the University. There will be a debt service coverage requirement, which is being negotiated with Morgan Stanley. A full description of the final structure will be presented at the May Authority meeting.

Mr. Taylor concluded his presentation and noted that based on North Slope's analysis, they are of the opinion that a borrowing in the amount required to achieve the purposes outlined in the Application is fiscally feasible and a bond with adequate security can be structured.

Mr. Benson asked if Board members had any questions for Mr. Taylor. Board members asked questions about enrollment, which President Roloff answered. There were no other questions for Mr. Taylor.

Chair Benson next asked Peter Cooper, Bond Counsel from the Taft law firm, to discuss the Bond Counsel Application Memorandum. Mr. Cooper noted that he was accompanied by Catherine Courtney, a fellow attorney at the Taft firm. Mr. Cooper recently moved to the Taft firm and the Authority worked with the Minnesota Attorney General's office to qualify Taft for bond counsel work on behalf of the Authority. Mr. Cooper walked the Board through the terms and findings of the Application Review. He noted that a number of items remain incomplete but will be resolved by the next meeting of the Authority Board.

Mr. Cooper noted items specifically applicable to the University due to outstanding financings and noted that Bond Counsel will want to make sure that no Catholic Church or Sisters of St. Joseph of

Carondelet is required to complete the financing. Mr. Cooper noted that arbitrage issues will need to be considered as well as potential private use of the project facilities in future years. Mr. Cooper concluded his review of the Application memo and asked if there were any questions. There were no questions and Chair Benson asked Mr. Cooper to review the Resolution related to the Application of St. Catherine University.

Mr. Cooper reviewed the specifics of the Resolution, noting the Authority is following proper procedure for the financing and that the projects appear to be eligible for financing by the Authority. Mr. Cooper noted that the Resolution calls for additional information about the financing to be presented at a future meeting before final approval by the Board may be considered. Mr. Cooper Mr. Cooper asked if there were any questions from the Board. There were none.

At the conclusion of Mr. Cooper's presentation, Chair Benson asked if there were any questions for Mr. Cooper regarding the Resolution related to the Application. There were no questions.

A motion was made by David Rowland to approve the Resolution relating to the Application for St. Catherine University. The motion to approve the Resolution was seconded by Nancy Sampair.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the Resolution related to the Application of St. Catherine University. 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 Ives	Yes
	Mary Yang	Abstain
	Nancy Sampair	Yes

There were no votes against the motion and the Resolution Relating to the Application for St. Catherine Univeristy was approved.

#### **Agenda Item IV – Old Business**

Chair Benson asked if there were any Old Business items from Board members for discussion.

There were no Old Business items from staff or from Board members for discussion.

### **Agenda Item V – New Business**

Chair Benson asked if there were any New Business items from Board members for discussion.

Nancy Sampair noted that the 35<sup>th</sup> Annual Finance Conference, held earlier in the day on April 26, 2023, was a "great conference" and noted the variety of speakers and helpful information presented.

There were no other New Business items from Board members for discussion.

### **Agenda Item VI – 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.

### **Legislative Update**

Our legislation is on hold, likely for the rest of the 2023 legislative session. We passed through the Senate and two House Committees, but in the Health Committee we experienced some misunderstanding about the reach of our legislation and consequently our legislation is on hold, likely until next year.

### **Rating Agency Update**

- Moody's Investors Service will visit 6 schools during their time in Minnesota for the Finance Conference
- Executive Director Fick will meet with Moody's staff in NYC later in 2023 speak with the Moody's higher education staff and record a podcast

### **Borrower Assistance and Financing Application Update**



- In addition to the schools whose applications were heard at today's meeting, we are engaged in preliminary discussions with two other schools about financing projects later in the calendar year 2023 or in early 2024, which includes the Fiscal Year 2024.
- We are collaborating with multiple schools on Moody's rating updates.
- We completed our support to schools in their compliance with Continuing Disclosure obligations for FY22.

### **Borrower Staffing Update**

There have been a number of personnel changes since the last Authority meeting. You are encouraged to review the Authority website regularly to see the latest news about Authority borrowers.

- The St. Olaf Vice President and CFO, Janet Hanson, will retire on May 31, 2023.
- St. Olaf has recently announced a new President, Susan Rundell Singer. She will take office in June of 2023.
- The President of Hamline University, Dr. Fayneese Miller has announced her retirement effective June 30, 2024.
- The Provost of St. Catherine University has been named President of North Central College in Naperville, Illinois.
- The Mitchell Hamline School of Law Dean, Anthony Niedwiecki, will retire in June 2024.

A number of schools have vacancies at the Controller position or at the AVP for Finance position. We are actively working with those schools to help ensure continuity on debt management and reporting.

### **Other**

Executive Director Fick was re-elected President of NAHEFFA for a two-year term at the Spring 2023 NAHEFFA conference held in Washington DC.

The Authority website won an award through BondLink for "Best Digital Transformation". The award was voted on by an independent group of investors and market participants.

Executive Director Fick will be speaking at the Bond Buyer Infrastructure conference in September and at the GFOA National Conference in May. He is also attending the SEC Muni Summit in early May, to be held in Washington DC.

### Various

Chair Benson asked Operations Manager Lee to discuss the Budget vs. Actual Report for the period from January 1, 2023 through March 31, 2023. Operations Manager Lee noted that there are a number of items that will occur during the Fiscal Year 2023 which were not known when the Fiscal Year 23 budget was approved by the Board. A positive variance from the approved budget is the additional investment income from the Board's portfolio. As Certificates of Deposit mature, they are being reinvested at substantially higher interest rates. Through December, the total interest income is 129% of budget and will get larger during the balance of the year.

Chair Benson asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider, and Chair Benson asked for a motion to adjourn the regular Board Meeting. The motion to adjourn the Board meeting was made by Nancy Sampair and seconded by Bonnie Anderson Rons.

Chair Benson called for a voice vote regarding the adjournment of the regular meeting. A Voice vote was conducted, and the Board members voted to adjourn the regular meeting at 4:22 pm, Central Time.

Respectfully submitted,

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Assistant Secretary



# BLUE ROSE

CAPITAL ADVISORS

May 9, 2023

Minnesota Higher Education Facilities Authority  
Mr. Barry W. Fick, Executive Director  
860 Blue Gentian Road, Suite 145  
Eagan, MN 55121

Dear Mr. Fick & Authority Board Members:

As the independent registered municipal advisor for the Minneapolis College of Art and Design (“MCAD” or the “College”), we are pleased to provide the following summary review of the preliminary plan of finance for the College’s proposed Series 2023A and Series 2023B Revenue Notes (“the 2023 Notes”). Summary information about the financing is shown below, followed by a more detailed review of the full plan of finance.

### Summary of MCAD Series 2023 Financing

Estimated Par Amount (as of 5/9/23)	Series 2023A: \$13,120,000 Series 2023B: \$5,285,000* Total: \$18,405,000*
Anticipated Closing Date	6/1/2023
Financing Purpose	New Money
The Project	Chroma Building Purchase and Transition to MCAD Operations
First Interest Payment Date	October 1, 2023
First Principal Payment Date	October 1, 2025
Series 2023A Mandatory Tender Date	October 1, 2030
Series 2023B Mandatory Tender Date	October 1, 2028
Final Maturity Date*	April 1, 2053
Purchaser	Alerus Financial, N.A.
Bond Counsel	Fryberger Law Firm

*\* Preliminary; subject to change*

Based on our review of the project and final pro forma modeling of the Chroma building purchase incorporating the financial terms from the final term sheet provided by the Purchaser (summarized in further detail on the following pages), Blue Rose is confident that Alerus has proposed a loan has with terms and rates that are manageable for the College, and that MCAD is able to fund the resulting debt service.

Sincerely,

Justin Krieg, Senior Vice President

Max Wilkinson, Vice President



## Preliminary Financing Plan Summary

**\$13,120,000**  
**Revenue Note, Series 2023A**  
**(Minneapolis College of Art and Design)**

**\$5,285,000\***  
**Revenue Note, Series 2023B**  
**(Minneapolis College of Art and Design)**

This preliminary financing plan summary represents Blue Rose Capital Advisors' review of the planned financing structure and is based on the final term sheet provided by Alerus (the "Purchaser") as well as recent discussions with the College, the Purchaser, and the Minnesota Higher Education Facilities Authority (the "Authority") relating to the plan of finance. The College has opted to pursue a direct purchase note with the Purchaser to fund the purchase of the Chroma building and its transition to MCAD operations for student housing and other College uses (the "Project"). The 2023 Notes are expected to amortize over 30 years with a final maturity of April 1, 2053, and will provide for level annual debt service after a two-year interest-only period. Both Notes will be subject to mandatory tender prior to final maturity, as discussed in more detail below. The structure indicated below is preliminary in certain aspects and subject to final revision based on final building appraisal results. The fixed interest rates on each of the 2023 Notes will be locked in on or shortly before the closing date of June 1, 2023.

<b>Issuer:</b>	Minnesota Higher Education Facilities Authority
<b>Borrower:</b>	Minneapolis College of Art and Design
<b>Purpose:</b>	The College will use the proceeds of the 2023 Notes to finance or reimburse itself for a portion of the costs of the following: <ol style="list-style-type: none"><li>1) Finance the acquisition of the Chroma Building to be used for student housing and related operational purposes of the College, and related due diligence costs and expenses; and</li><li>2) Pay certain issuances costs.</li></ol>
<b>Purchaser:</b>	Alerus Financial, N.A.
<b>Type of Sale:</b>	The 2023 Notes will be sold as private direct purchase notes to the Purchaser. The Notes will be issued as federal and State of Minnesota tax-exempt fixed rate notes.
<b>Issue Size:</b>	The estimated total par amount of the 2023 Notes is \$18,405,000*, and will be used to fund the Project, and pay the costs of issuance. The estimated par amount of the 2023 Notes is less than the Authority's not-to-exceed amount of \$18,500,000, and the College has no plans or desire to exceed this borrowing total.

*\*Preliminary; subject to change*



**Costs of Issuance:** Costs of issuance of up to 2% of the par amount of the 2023 Notes may be funded with tax-exempt proceeds. Actual costs of issuance are not expected to exceed 2% of the par amount of the 2023 Notes.

**Note**

**Denominations:** Note denominations will be \$1,000 and increments thereof.

**Closing Date:** June 1, 2023

**Interest Payments:** Semi-annually, beginning October 1, 2023.

**Principal Payments:** Semi-annually beginning on October 1, 2025, with a final maturity of April 1, 2053.

**Amortization:** The 2023 Notes will be structured to generate level annual debt service payments after the interest-only period.

**Interest Rates:** Interest rates for the 2023A and 2023B Notes will be set at closing based on a formula consisting of the Purchaser's tax factor multiplied by the sum of the applicable FHLB agency rate plus a spread of 1.65%. As of May 9, 2023, indicative rates for both the 2023A and 2023B Notes were approximately 4.70%.

**Upfront Fee:** The College will pay an upfront fee of 0.25% of the Series 2023A par amount (\$32,800) to the Purchaser at closing. This fee is expected to be included in the Costs of Issuance financed by the 2023 Notes.

**Redemption**

**Provisions:** Optional Redemption: The College shall have the option to prepay the 2023B Note at any time, in whole or in part, without penalty. The College shall have the option to prepay the 2023A Note at any time, in whole or in part, with a premium as denoted below:

<u>Prepayment Period</u>	<u>Prepayment Premium Percentage</u>
From June 1, 2023 through May 31, 2024	3.00%
From June 1, 2024 through May 31, 2026	2.00%
From June 1, 2026 through May 31, 2028	1.00%
From June 1, 2028 through October 1, 2030	0.00%

Mandatory Redemption: Both the 2023A and 2023B Notes will be subject to mandatory tender for purchase by the College prior to final maturity. At the mandatory tender date for each series, the respective Note shall become due and payable in full by the College unless the College and the Purchaser



agree to extend the bank commitment period. Should either the College or Purchaser elect not to extend the bank commitment period, the College would proceed to refinance or repay the Note in full on or before the mandatory tender date of that series. The mandatory tender date of the Series 2023A Note will be October 1, 2030. The mandatory tender date for the Series 2023B Note will be October 1, 2028.

**Rating:** The 2023 Notes will not carry a credit rating.

**Bank Qualification:** The 2023 Notes will not be designated as “qualified tax-exempt obligations” for tax purposes.

**Security:** The 2023 Notes will be issued by the Authority and secured by loan repayments made by the College pursuant to a Loan and Note Purchase Agreement between the Authority, the College, and the Purchaser. The Notes are general obligations of the College payable from its general funds and any other legally available moneys of MCAD.

Both Notes will also be additionally secured by pledged real estate of the College. The 2023A Note will be secured by a mortgage on the Chroma building. The 2023B Note will be secured by mortgages on the College’s properties at 2450 and 2550 Stevens Avenue. Appraisals on all three properties have been solicited and are currently under final review by the Purchaser.

**Debt Service Reserve Fund:** A debt service reserve fund will not be funded with proceeds from the 2023 Notes. However, the College plans to secure the Notes with a debt service reserve account, which will be funded by directly by the College.

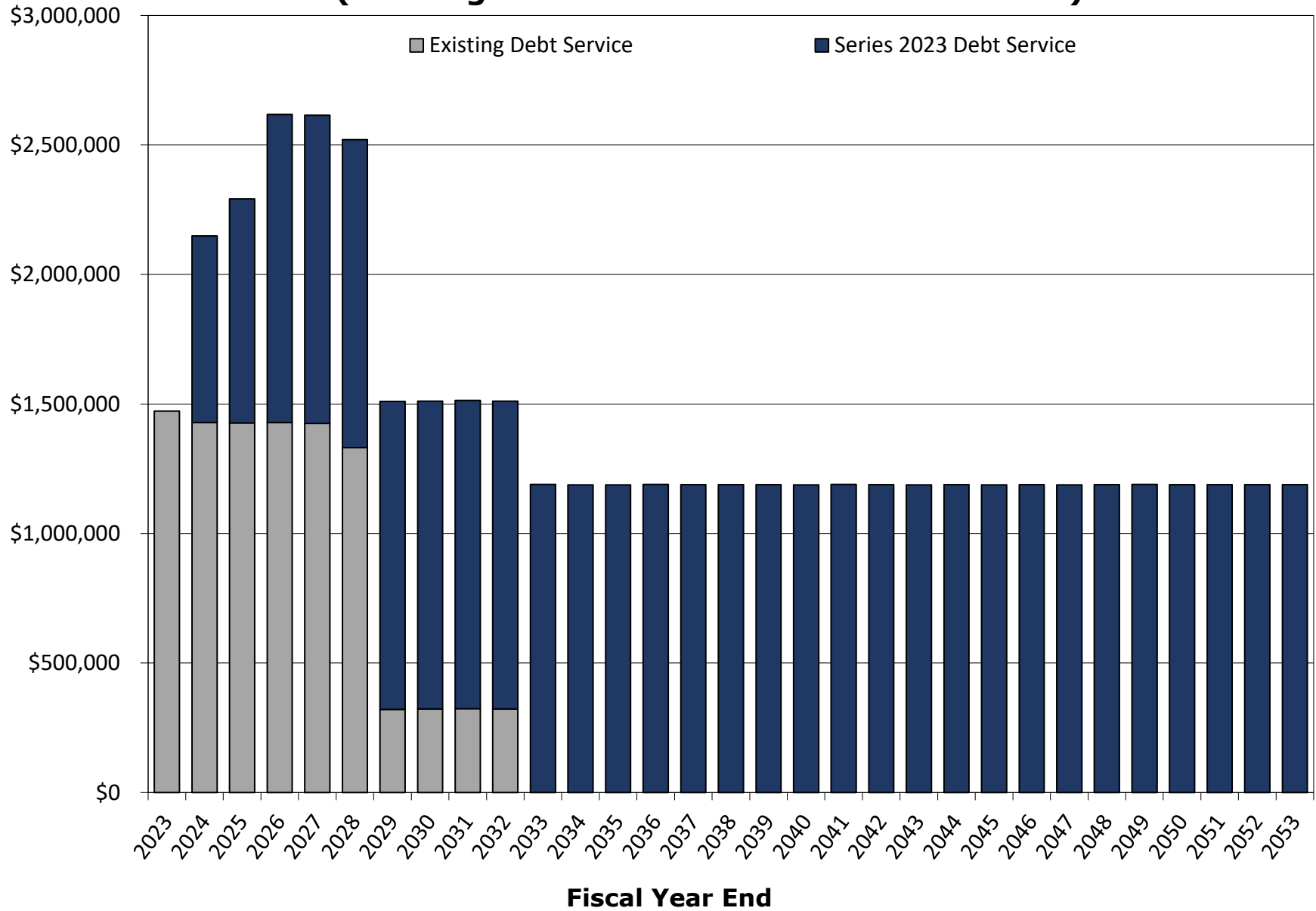
**Financial Covenants:** Financial covenants on the Series 2023 Notes will remain functionally consistent with MCAD’s existing covenants related to its outstanding Series 2018 and 2022 Notes (both of which are also held by the Purchaser). These include a minimum liquidity requirement of the lesser of \$5,000,000 or 50% of the College’s outstanding debt, as well as an additional bonds test which the College would need to meet in order to issue new debt in the future. The only new covenant to the Series 2023 Notes will be a pledged portfolio coverage test (which would allow the Purchaser to request additional pledged collateral or prepayment of debt should the loan to fair market value ratio of the collateral obligations exceed 85%). The exact details of this covenant remain preliminary and under discussion with the Purchaser pending the receipt of final appraisals of the pledged real estate.



**Exhibits:**

A chart showing the College's pro forma debt service requirements (broken out between existing debt service and the Series 2023 Notes) is included as Exhibit A to this document. Debt service estimates for Series 2023 assume the projected rate of 4.70% on both the 2023A and 2023B Notes persists through the final maturity of the Notes. A summary of Blue Rose's pro forma modeling of the projected net revenues of the Chroma building is included as Exhibit B.

## MCAD Pro Forma Annual Debt Service Requirements (Existing Debt Service + Series 2023 Notes)





SERIES RESOLUTION  
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY  
REVENUE NOTES, SERIES 2023  
(MINNEAPOLIS COLLEGE OF ART AND DESIGN)

PRIVATE PLACEMENT PROGRAM

BE IT RESOLVED by the Minnesota Higher Education Facilities Authority, as follows:

1. Authority. This Authority is, by the Constitution and Laws of the State of Minnesota, including Sections 136A.25 to 136A.42, Minnesota Statutes, as amended (the “Act”), authorized to issue and sell its revenue bonds and notes for the purpose of financing the cost of acquisition of authorized projects and to enter into contracts necessary or convenient in the exercise of the powers granted by the Act and to pledge revenues of the project and otherwise secure the bonds and notes.

2. Authorization of Series 2023 Notes. The Authority has determined that it is necessary and expedient to authorize, and the Authority does hereby authorize, the issuance and sale of the Authority’s Revenue Note, Series 2023A (Minneapolis College of Art and Design) (the “Series 2023A Note”) and Revenue Note, Series 2023B (Minneapolis College of Art and Design) (the “Series 2023B Note” and collectively with the Series 2023A Note, the “Series 2023 Notes” or “Notes”) and pursuant to the Act to provide money to be loaned to the Minneapolis College of Art and Design, a Minnesota nonprofit corporation (the “College”) as owner and operator of an institution of higher education (the “Institution”) in the aggregate principal amount not to exceed \$18,500,000 to finance the acquisition costs and related expenses of the property located at 113 26<sup>th</sup> Street E., Minneapolis, Minnesota to be used for student housing and related operational purposes of the College (the “Project”). The Project will be owned and operated by the College and will be incorporated into its main campus of the College located at 2501 Stevens Avenue South, Minneapolis, Minnesota.

3. Finance Plan. The plan of finance for the Series 2023 Notes, in the aggregate principal amount of not to exceed \$18,500,000, is to provide financing for the Project is as follows:

The Series 2023A Note shall be issued as a single promissory note in the approximate principal amount of \$13,120,000 and the Series 2023B Note shall be issued as a single promissory note in the approximate principal amount of \$5,285,000. The Series 2023 Notes shall be dated the Closing Date (as defined in the Agreement hereinafter referred to, estimated to be June 1, 2023), and shall be payable in semiannual installments of interest on April 1 and October 1, commencing on October 1, 2023. Principal payments on the Series 2023A Note shall be payable on each April 1 and October 1 commencing on October 1, 2025 and with a final principal payment on April 1, 2053. Interest on the Series 2023A Note shall be payable at a variable rate, with the initial interest rate at a fixed interest rate not to exceed 6.0% to be established prior to the Closing Date and which shall be effective through October 1, 2030 and thereafter at an interest rate based on a formula set forth in the Agreement. The Series 2023A Note shall be subject to optional prepayment or redemption on any date, with a prepayment

premium set forth in the Agreement. The Series 2023A Note will be subject to a mandatory purchase provisions with the initial tender date on October 1, 2030. Principal payments on the Series 2023B Note shall be payable on each April 1 and October 1 commencing on October 1, 2025 and with a final principal payment on April 1, 2053. Interest on the Series 2023B Note shall be payable at a variable rate, with the initial interest rate at a fixed interest rate to be not to exceed 6.0% established prior to the Closing Date and which shall be effective through October 1, 2028 and thereafter at an interest rate based on a formula set forth in the Agreement. The Series 2023B Note shall be subject to optional prepayment or redemption on any date, without a prepayment premium. The Series 2023B Note will be subject to a mandatory purchase provisions with the initial tender date on October 1, 2028.

In the event of a Determination of Taxability (as defined in the Agreement), the Notes shall bear additional interest at the rate of two percent per annum for an aggregate interest rate two percent above the fixed interest rates from the Date of Taxability (as defined in the Agreement).

The Authority hereby approves the plan of finance.

4. Documents Presented. Forms of the following documents relating to the Notes and the Project have been prepared or reviewed by Fryberger, Buchanan, Smith & Frederick, P.A., as bond counsel, and submitted to the Authority and are now on file in the office of the Authority:

(a) Loan and Note Purchase Agreement (the “Agreement”), to be dated as of the date of issue of the Notes, by and among the Authority, the College and Alerus Financial, N.A. (the “Purchaser”) whereby, among other things, the Authority agrees to sell and the Purchaser agrees to purchase the Notes, the Authority agrees to make a loan to the College of the proceeds of the sale of the Notes, and the College covenants to complete the acquisition of the Project and to pay amounts sufficient to provide for the prompt payment of the principal of and interest on the Notes.

(b) Assignment of Loan Repayments and Rights (the “Assignment”) to be dated as of the date of issue of the Notes, whereby the Authority assigns to the Purchaser all of its interest in the Loan Repayments of the College under the Agreement and all of its interest in the Agreement, for the purpose of securing the Notes, with certain exceptions as set forth therein.

(c) Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents from the College to the Purchaser to secure the Series 2023A Note.

(d) Mortgage, Security Agreement and Fixture Financing Statement from the College to the Purchaser to secure the Series 2023B Note.

(e) Account Security Agreement and the Account Control Agreement between the College and the Purchaser regarding the Debt Service Reserve Fund and related pledged securities.

5. Findings. It is hereby found, determined and declared that:

(a) The Project is an authorized project under the Constitution and laws of the United States of America and the State of Minnesota, including the Act, the Institution is a nonprofit institution of higher education under the Act, and the Authority has authority and the jurisdiction to issue and sell the Series 2023 Notes to finance the Project for the College.

(b) The Authority held a public hearing on April 26, 2023, relating to the Project and the Application filed by the College after due notice of hearing published in accordance with the requirements of Section 147(f) of the Internal Revenue Code, and in the opinion of bond counsel, based on representations of the College, the Series 2023 Notes will be qualified Section 501(c)(3) bonds within the meaning of Section 145 of the Internal Revenue Code, the interest on which will be exempt from Federal income tax.

(c) On May 20, 2009, the Authority adopted the Policy on Private Placement Financing. The proposed Agreement and the issuance and sale of the Series 2023 Notes substantially comply with the general guidelines of the Policy, and the College wishes the Authority to sell the Series 2023 Notes in a private placement as permitted by the Policy.

(d) The Purchaser has presented a proposal to purchase the Series 2023 Notes at a price equal to the principal amount of each of the Notes, on the terms and conditions set forth in the Agreement, this Series Resolution (the “Note Resolution”) and the Series 2023 Notes. The Purchaser will also act as paying agent and registrar (the “Paying Agent and Registrar”) with respect to the Series 2023 Notes.

(e) Under the Agreement and the Purchaser Letter, the Purchaser represents that it has not sold and agrees that it will not sell the Notes except to a “financial institution” and sell or assign an interest in the Notes through a participation agreement in an amount less than \$100,000. The Purchaser has agreed to execute and to cause any purchaser of the Notes to execute a Purchaser Letter substantially in the form of Exhibit B-1 to the Agreement, representing among other things that the Purchaser or holder is purchasing the Notes and not with a view to redistribution thereof and that such purchaser is a financial institution and has received all information deemed by it necessary and relevant to its decision to purchase the Notes. Accordingly, no official statement or offering memorandum is deemed necessary under SEC Rule 15c2-12, and the issuance and sale of the Notes by the Authority pursuant to the Agreement is exempt from the registration requirements of the Minnesota Securities Act, Chapter 80A, Minnesota Statutes.

(f) The Project consists of the acquisition and related expenses of property located at 113 26<sup>th</sup> Street E., Minneapolis, Minnesota, to be used for student housing and related operational purposes for the College. The College has provided to bond counsel evidence of title to the Project and title to the pledged property under the Mortgages.

(g) The representations of the Authority in Section 2.01 of the Agreement are true and correct.

(h) As required by the Act, the officers of the Authority authorized to sign checks or otherwise handle funds of the Authority shall furnish a surety bond, executed by a surety company authorized to transact business in the State of Minnesota as surety and file the same in the office of the Secretary of State of Minnesota, subject to approval of the Attorney General, prior to delivery of the Series 2023 Notes, which officers and the amount of the surety bond shall be as set forth in the separate resolution adopted by the Authority on November 28, 1972.

(i) The Agreement provides for payments by the College to the Purchaser for the account of the Authority of such amounts as will be sufficient to pay the principal of and interest on the Notes when due. A debt service reserve fund is deemed necessary for this purpose. The Agreement obligates the College to provide for the operation and maintenance of the Project Facilities, including adequate insurance, taxes and special assessments. The Agreement further provides for the payment of a fee to the Authority at the Note Closing, and on each anniversary thereof, an amount equal to 1/8 of 1% per annum of the then outstanding amount of the Notes (or such lesser amount as may be billed to the College) and for the College to pay all costs of issuance of the Notes in excess of two percent of the proceeds of the Notes from sources other than proceeds of the Notes.

(j) The College has approved and requested the Authority to accept the proposal of the Purchaser to purchase the Notes on the terms set forth herein and in the Agreement, and the proposal appears feasible and reasonable.

6. Approval and Execution of Documents. The forms of Agreement and the Assignment referred to in paragraph 4 are approved and shall be executed in the name and on behalf of the Authority by the Chair and Secretary, or the officers authorized to act for the foregoing officers, in substantially the form on file, but with all such changes therein, not inconsistent with the Act or other law, as may be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof.

7. Approval of Terms and Sale of Notes. The Authority shall proceed forthwith to issue its Series 2023 Notes, in the amounts, maturing, bearing interest, payable in the installments and otherwise containing the provisions set forth in paragraph 3 hereof and in the form of Notes attached as an exhibit to the Agreement, which terms and provisions are hereby approved and incorporated in this Note Resolution and made a part hereof. The Series 2023 Notes, substantially in the form of Exhibit A-1 and Exhibit A-2 to the Agreement, shall be issued and delivered to the Purchaser, and as authorized by the Act, principal of and interest on the Series 2023 Notes shall be payable at the office of the Paying Agent and Registrar in Minneapolis, Minnesota.

8. Execution, Registration and Delivery of Notes. The Series Notes may be in typewritten or printed form and shall be executed by the facsimile signatures of the Chair and Secretary and the manual signature of the Assistant Secretary or the officers authorized to act for the foregoing officers and the official seal of the Authority shall be affixed thereto. When so prepared and executed, the Notes shall be delivered to the Paying Agent and Registrar for registration and payment of the purchase price, upon satisfaction of the conditions specified in

the Agreement, including receipt of the signed legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., of Duluth, Minnesota, bond counsel.

9. Registration Records. The Paying Agent and Registrar shall keep a register which shall provide for the registration of the Notes and for transfers of the Notes. The principal of and interest on the Notes shall be paid to the Purchaser for the account of the Holders entitled thereto in Federal or other immediately available funds.

10. Mutilated, Lost Stolen or Destroyed Notes. If the Notes are mutilated, lost, stolen or destroyed, the Authority may execute and deliver and the Paying Agent and Registrar may authenticate and deliver to the person in whose name the Notes are registered (the "Holder") a new Note of like amount, date, unpaid principal amount and tenor as that mutilated, lost, stolen or destroyed; provided that, in the case of mutilation, the mutilated Notes shall first be surrendered to the Authority, and in the case of a lost, stolen or destroyed Notes, there shall be first furnished to the Authority, the College and the Purchaser evidence of such loss, theft or destruction satisfactory to them, together with indemnity satisfactory to them. The Authority, the College and the Paying Agent and Registrar may charge the Holder with their reasonable fees and expenses in replacing any mutilated, lost, stolen or destroyed Notes.

11. Transfer of the Notes; Person Treated as Holder. Subject to the restrictions in this Resolution, the Notes shall be transferable by the Holder on the note register maintained by the Registrar, upon presentation of the Notes for notation of such transfer thereon at the office of the Paying Agent and Registrar, accompanied by a written instrument of transfer in form satisfactory to the Paying Agent and Registrar, duly executed by the Holder or its attorney duly authorized in writing. The Notes shall continue to be subject to successive transfers at the option of the Holder of the Notes. No service charge shall be made for any such transfer, but the Paying Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The person in whose name the Notes shall be issued or, if transferred, shall be registered from time to time shall be deemed and regarded as the absolute Holder thereof for all purposes, and payment of or on account of the principal of and interest on the Notes shall be made only to the Holder thereof, or to the Purchaser for the account of the Holder, and neither the Authority, the College nor the Paying Agent and Registrar shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Notes to the extent of the sum or sums so paid. The Notes shall be initially registered in the name of the Purchaser.

12. Amendments, Changes and Modifications to Agreement, Assignment and Note Resolution. Except pursuant to Section 9.05 of the Agreement, the Authority shall not enter into or make any change, modification, alteration or termination of the Agreement, the Assignment or this Note Resolution.

13. Pledge to Holder. Pursuant to the Assignment, the Authority shall pledge and assign to the Purchaser and its successor Holders of the Notes all interest of the Authority in the Agreement, including all Loan Repayments to be made by the College under the Agreement and moneys derived from enforcement of the Agreement other than moneys received by the Authority as fees, indemnity or reimbursement of advances by the Authority. Other than such fees, indemnity and advance reimbursement payments, all collections of moneys by the

Authority in any proceeding for enforcement of the obligations of the College under the Agreement shall be received, held and applied by the Authority for the benefit of the Holders of the Notes.

14. Covenants with Holders; Enforceability. All provisions of the Notes and of this Note Resolution and all representations and undertakings by the Authority in the Agreement are hereby declared to be covenants between the Authority and the Purchaser and its successor Holders of the Notes and shall be enforceable by the Purchaser or any Holder in a proceeding brought for that purpose.

15. Proceeds of the Notes. The proceeds of the Series 2023 Notes shall be advanced to the College for reimbursement of Project Costs, payment of Project Costs or payment of costs of issuance of the Notes, as provided in the Agreement.

16. Prior Action Ratified. The terms and provisions of the Agreement, the Assignment and each resolution of the Authority heretofore adopted by the Authority relating to the Series 2023 Notes or the Project and the application relating thereto are all hereby incorporated by reference and adopted, ratified and confirmed; and the officers of the Authority and Fryberger, Buchanan, Smith & Frederick, P.A. as bond counsel are hereby authorized and directed to execute and deliver all closing documents and do every other thing necessary or convenient to carry out the terms and provisions of the Agreement and each exhibit thereto (including this Note Resolution) to the end that the Series 2023 Notes shall be delivered, secured and serviced and to carry out the purposes and provisions of the Act with respect thereto without further resolution or other action by this Authority.

17. Definitions and Notes Interpretation. Terms not otherwise defined in this Note Resolution but defined in the Agreement shall have the same meanings in this Note Resolution and shall be interpreted herein as provided therein. Notices may be given as provided in Section 9.03 of the Agreement.

18. Certifications. The Chair, Vice Chair, Secretary, Assistant Secretary and Recording Secretary of the Authority are authorized and directed to prepare and furnish to Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel, to the College, to the Purchaser and to counsel for the College and the Purchaser, certified copies of all proceedings and records of the Authority relating to the Project and the Notes, and such other affidavits and certificates as may be required to show the facts appearing from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Authority as to the truth of all statements contained therein.

Adopted: May 17, 2023

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Gary D. Benson, Chair

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David D. Rowland, Secretary

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



	FY23 Approved Budget	FY23 Proposed Adjusted Budget	Difference Between Approved and Adjusted
<b>Income</b>			
4010 Annual Fee Income	526,295.26	483,744.22	(42,551.04)
4020 Application Fee Income	3,000.00	2,000.00	(1,000.00)
4000 Interest Income	6,000.00	18,000.00	12,000.00
<b>Total Income</b>	<b>535,295.26</b>	<b>503,744.22</b>	<b>(31,551.04)</b>
<b>Asset Acquisitions</b>			
Office Furniture/Equipment	25,000.00	13,635.47	(11,364.53)
New Lease Improvements - Balance (Capitalized)	30,000.00	33,424.48	3,424.48
Security Deposit	4,000.00	4,000.00	-
<b>Expenses</b>			
6000 Stipends	3,520.00	2,000.00	(1,520.00)
6001 Board Travel	5,000.00	2,800.00	(2,200.00)
6002 Communications			
6002.01 Communications - Phones	5,750.00	3,900.00	(1,850.00)
6002.02 Communications - Internet	3,750.00	2,000.00	(1,750.00)
6002.03 Communications - Software	800.00	850.00	50.00
6002.04 Communications - Website	7,000.00	3,800.00	(3,200.00)
6002.05 Communications - Misc	750.00	575.00	(175.00)
<b>Total 6002 Communications</b>	<b>18,050.00</b>	<b>11,125.00</b>	<b>(6,925.00)</b>
6003 Staff Travel	20,000.00	17,000.00	(3,000.00)
6004 Office Rent	50,000.00	44,500.00	(5,500.00)
6005 Office Supplies	2,500.00	500.00	(2,000.00)
6005.01 COVID-19 Related Expenses	250.00	-	(250.00)
6006 Repairs	3,000.00	750.00	(2,250.00)
6007 Printing Expense	1,500.00	750.00	(750.00)
6008 Periodicals/Memberships	8,000.00	9,000.00	1,000.00
6009 Fiscal Consultant Fees	5,000.00	-	(5,000.00)
6010 Audit Fees	19,950.00	19,950.00	-
6012 Legal Fees	5,000.00	25,500.00	20,500.00
6013 Insurance Expense	1,849.00	1,849.00	-
6015 Miscellaneous Expense	4,000.00	2,800.00	(1,200.00)
6016 Bank Service Charges	3,500.00	2,350.00	(1,150.00)
6017 Conference Expenses	27,000.00	29,000.00	2,000.00
6018 Professional Development-Board	2,000.00	-	(2,000.00)
6020 Professional Development-STAFF	5,000.00	3,000.00	(2,000.00)
6021 IT			
6021.01 IT - Managed IT Services	10,000.00	8,000.00	(2,000.00)
6021.02 IT - Software	2,100.00	2,000.00	(100.00)
6021.03 IT - Consulting and Training	2,500.00	-	(2,500.00)
6021.04 IT - Misc	5,750.00	5,750.00	-
<b>Total 6021 IT</b>	<b>20,350.00</b>	<b>15,750.00</b>	<b>(4,600.00)</b>
6023 Postage/Delivery Expense	350.00	250.00	(100.00)
6100 Salaries	225,000.00	228,500.00	3,500.00
6101 Fringe Benefits	87,000.00	81,500.00	(5,500.00)
6104 Worker's Compensation	170.00	170.00	-
6107 Office Contract Work	1,000.00	250.00	(750.00)
6200 Equipment Leases			
6200.01 Equipment Lease - Copier	3,600.00	3,550.00	(50.00)
6200.02 Equipment Lease - Postage Machine	750.00	730.28	(19.72)
6200.03 Equipment Lease - Aquos Board	2,820.00	2,800.00	(20.00)
<b>Total 6200 Equipment Leases</b>	<b>7,170.00</b>	<b>7,080.28</b>	<b>(89.72)</b>
<b>Total Expenses</b>	<b>585,159.00</b>	<b>557,434.23</b>	<b>(27,724.77)</b>
<b>Net Operating Income</b>	<b>(49,863.74)</b>	<b>(53,690.01)</b>	<b>(3,826.27)</b>
<b>Total Expenses Without Capitalized Items</b>	<b>530,159.00</b>	<b>506,374.28</b>	<b>(23,784.72)</b>
<b>Net Operating Income Without Capitalized Items</b>	<b>5,136.26</b>	<b>(2,630.06)</b>	<b>(7,766.32)</b>



## Plan of Action Results 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.

This has been successfully achieved, including providing more Continuing Disclosure assistance for more schools, coordinating Moody's rating updates, added new bond counsel firm due to personnel changes, expanded commercial bank and investment bank options for borrowers.

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.

Expanded to have both in-person and video option for each Board meeting in FY23, as well as have campus Board meetings.

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.

Continued to provide this service and coordinate with 3<sup>rd</sup> parties to assist new or inexperienced staff.

4. Arrange for a joint annual financing conference and 50<sup>th</sup> 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.

Planned and hosted two very well-received conferences during FY2023, instead of just one, after the decision to adjust back to the usual April date of the conference for calendar year 2023. The August 2022 Conference and 50<sup>th</sup> Anniversary Celebration included extras to commemorate the Authority's 50 years of service to borrowers. Both conferences were able to be held predominantly in-person, but with the option of remote viewing through Zoom. Despite the surprise of two conferences in one fiscal year, Authority staff was able to keep the overall conference expense close to the original budget for one.

5. Prepare and disseminate the annual report of the Authority, including the audited financial statements.

The Authority's Annual Report was delivered in electronic and paper form to the State of Minnesota on time. The Annual Report was designed in-house to keep expenses low. MHEFA staff were commended by BerganKDV once again for our well-kept accounting records and practices. The FY2022 audit included accounting changes on leases, which were successfully implemented and are reflected in the audited financial statements and Annual Report.

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.

Continued with 2<sup>nd</sup> Term on GFOA Debt Management Committee. Re-elected as NAHEFFA President, and worked with SEC and MSRB directly, enhancing industry knowledge and contacts for the benefit our Borrowers.

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.

Doing this for GFOA, NAHEFFA, SEC, MSRB, Moody's, and other groups.

9. Update MHEFA staff job descriptions consistent with Minnesota Management and Budget guidelines (every three years).

Due for Amanda in FY24, due for Barry in FY24. Both are pending legislative approval of expansion of issuance authority.

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.

The Operations Manager has begun sitting in on more of the finance planning meetings with the schools ahead of the final closing calls to learn more about the process and cross-train.

11. Continue development of a Succession Plan for Authority staff.

Moving forward will depend on issuance authority expansion.

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.

Progress on enhancing DEI on Board and progress on reaching out to organizations for future Board candidates is moving forward and will continue to be an area of emphasis.

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.

The MHEFA website was awarded BondLink’s Investor Relations Digital Transformation Award for 2022. Institutional investors are beginning to notice and use MHEFA’s website as their first stop for information.

14. Annual Fee updates & changes, coordinate with annual Operating Budget update and monitoring.

The budget was tightly monitored for FY2023 with a number of expenses/changes becoming known after the budget was created, such as the delay of Carleton and St. Thomas’ financings into FY2024.

15. Continue to assess status of record retention and disposal of official records and access for business continuity purposes.

Use of electronic record retention and storage continues to increase. New office space is designed to support electronic record retention rather than paper files.

16. Continue to review and bring forward recommended revisions to the Board of the Authority’s Standing Rules of Operation as processes change.

Staff continue to bring forward suggested changes and additions to the Standing Rules of Operations.

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.

The Eagan office has been well received and has proven to be a good fit with the Authority’s needs and staff.

Resolution No. 05-2023-02

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY  
RESOLUTION UNDER MANAGERIAL PLAN 2021-2023  
FOR ACHIEVEMENT AWARDS 2022-2023

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, on June 20, 2012, the Authority adopted the Policy on Achievement Awards, which has been periodically updated consistent with MMB guidelines.

WHEREAS, on May 17, 2023, the Authority reviewed the overall performance of Barry W. Fick, Executive Director and his review of Amanda Lee, Operations Manager, based upon their work to maintain the Authority’s level of service and progress on the Authority’s Plan of Action for the fiscal year ending June 30, 2023.

WHEREAS, the Authority has determined that each Manager has contributed to progress of the Plan of Action in his or her capacity as Executive Director or Operations Manager.

WHEREAS, the Authority has determined that each Manager has consistently excelled in the performance of his or her respective job duties and the overall evaluation of the performance review of each Manager is “outstanding” as contemplated by the Policy.

BE IS RESOLVED as follows:

1. Barry Fick is eligible for the achievement award and is granted a lump sum award of \$1,300 for the fiscal year ending June 30, 2023.
2. Amanda Lee is eligible for the achievement award and is granted a lump sum award of \$1,300 for the fiscal year ending June 30, 2023.

Adopted: May 17, 2023

MINNESOTA HIGHER EDUCATION  
FACILITIES AUTHORITY

By \_\_\_\_\_  
Gary Benson, Chair

By \_\_\_\_\_  
David Rowland, Secretary

## Plan of Action for Fiscal Year Ending June 30, 2024

### 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 an annual financing conference 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.
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.

**MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY**  
**FY 2024 TENTATIVE MEETING SCHEDULE**  
**THIRD WEDNESDAY OF EACH MONTH AT 2:00 PM**

	July 19, 2023
	August 16, 2023
	September 20, 2023
Board Meeting Dinner	October 18, 2023
	November 15, 2023
	December 20, 2023
	January 17, 2024
	February 21, 2024
	March 20, 2024
Annual Conference	April 17, 2024
	May 15, 2024
	June 19, 2024

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# Minnesota lawmakers reach deal for free college tuition

## ASSOCIATED PRESS

ST. PAUL, Minn. — Tuition at Minnesota's public colleges would be free to residents whose families earn less than \$80,000 annually, starting in the 2024-2025 academic year, under an agreement reached by legislative negotiators.

If the full House and Senate accept the language, which would be part of a broader higher education budget bill, qualifying Minnesotans would no longer have to take on debt to get a public college degree, the Star Tribune of Minneapolis reported Monday.

The "North Star Promise" free tuition program would

cost about \$117 million in the fiscal year that begins July 1, including startup costs. After that, it would cost about \$49.5 million annually, according to the agreement reached Monday night.

"We've been seeing declining enrollment on all campuses," said Senate Higher Education Committee Chair Omar Fateh, a Minneapolis Democrat. "If we don't do something quick, we're at risk of shutting down some campuses. ... I see this bill as an enrollment driver."

But Rep. Marion O'Neill, of Maple Lake, the only Republican on the conference committee that crafted the agreement, said she was

"completely frozen out of all discussions."

Qualifying students would have to attend a two- or four-year school in either the University of Minnesota or Minnesota State systems, or a tribal college. Private college tuition would not be covered.

Eligible students would have to be Minnesota residents with an adjusted gross family income below \$80,000, be enrolled in at least one credit per semester, be in good academic standing, not have already earned a bachelor's degree, and complete the Free Application for Federal Student Aid, which determines their state and federal grant eligibility.

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## POLITICS

# Minnesota Legislature passes higher ed bill that includes free college tuition program

Minnesota students from families making under \$80,000 annually would qualify for the new free tuition program.

By Ryan Faircloth (<https://www.startribune.com/ryan-faircloth/6370411/>) and Liz Navratil (<https://www.startribune.com/liz-navratil/6370437/>) Star Tribune

MAY 10, 2023 — 2:49PM

Minnesota students whose families make less than \$80,000 annually would no longer have to take on debt to cover public college tuition under a higher education spending bill passed by the Minnesota Legislature.

The House passed the final higher education budget on Tuesday and the Senate signed off on it Wednesday afternoon, sending it to Gov. Tim Walz's desk. The [free college tuition program \(https://www.startribune.com/higher-ed-spending-deal-includes-free-college-for-minnesota-families-who-make-under-80k/600273361/\)](https://www.startribune.com/higher-ed-spending-deal-includes-free-college-for-minnesota-families-who-make-under-80k/600273361/) included in the broader bill is now just a signature away from reality.

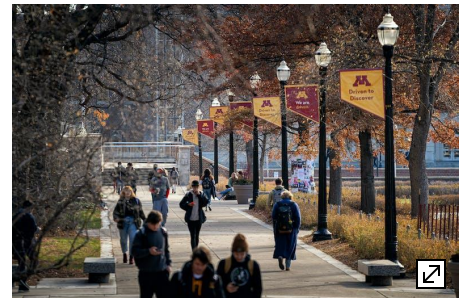
Sen. Omar Fateh, DFL-Minneapolis, who pushed for the program's creation, described the bill as a crucial first step in a much larger effort to try to make college more accessible, especially for people of color and working families.

"I am more than happy to work with you to make it universal," Fateh told his Senate colleagues, explaining his desire to eventually do away with the program's strict income cutoff.

Families making exactly \$80,000 or more would not qualify for the new "North Star Promise" tuition program.

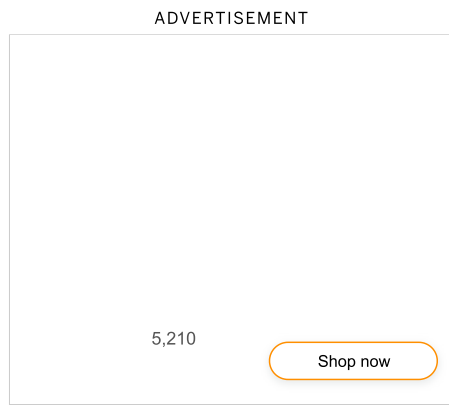
Sen. Robert Farnsworth, R-Hibbing, said during the floor debate that he believed lawmakers should continue working on the bill because he feared some parents who are juggling two or three jobs to make ends meet might not qualify for the free tuition program.

"It seems to me that with that arbitrary \$80,000 threshold, we are punishing that person who is working two or three jobs to try and create a better life for their family," Farnsworth said.



GLEN STUBBE, STAR TRIBUNE FILE

The new state program would cover public college tuition costs for students from families making under \$80,000 a year.



Minnesota is poised to spend about \$117 million in fiscal year 2025 to get the tuition assistance program started, according to the [bill](https://www.house.mn.gov/comm/docs/jit2uZihS0WYvJkxvp-alA.pdf) (<https://www.house.mn.gov/comm/docs/jit2uZihS0WYvJkxvp-alA.pdf>). After that, the state would spend \$49.5 million annually on the program.

The new state initiative would be a last-dollar scholarship program, meaning it would cover any tuition costs that are left over after state and federal grants and institutional scholarships have been applied.

To qualify, students must be state residents, meet the family income threshold, be enrolled in at least one credit per semester, be in good academic standing and complete the Free Application for Federal Student Aid (FAFSA), which determines their state and federal grant eligibility.

They must attend a public college or university in Minnesota, or a tribal college. The program will not cover private college tuition.

The higher education spending package also includes money to freeze tuition at the Minnesota State system of colleges and universities for the next two school years, and a funding boost for the [University of Minnesota](https://www.startribune.com/university-of-minnesota-seeking-97-5-million-more-from-state-for-tuition-shortfall-proposed-freeze/600257934/) (<https://www.startribune.com/university-of-minnesota-seeking-97-5-million-more-from-state-for-tuition-shortfall-proposed-freeze/600257934/>), where officials are discussing the possibility of a 3.5% increase in tuition for many students.

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Additionally, the higher education budget includes funding to cover tuition and fees for eligible American Indian students seeking an undergraduate degree at public colleges or universities in the state.

"There are pieces of this bill that are gamechangers and remind us that when we decide to do it, we can do big things, great things. Things that will put us out on the vanguard, things that will lead our nation," said Sen. Jennifer McEwen, DFL-Duluth.

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**Ryan Faircloth** covers Minnesota politics and government for the Star Tribune.

✉ [ryan.faircloth@startribune.com](mailto:ryan.faircloth@startribune.com)   [ryanfaircloth](#)

**Liz Navratil** covers higher education for the Star Tribune. She spent the previous three years covering Minneapolis City Hall as leaders responded to the coronavirus pandemic and George Floyd's murder.

✉ [liz.navratil@startribune.com](mailto:liz.navratil@startribune.com)   [612-673-4994](#)   [liznavratil](#)

# MN Higher Education Facilities Authority

## Budget vs. Actuals: FY2023 Original Budget - FY23 P&L

July 2022 - June 2023

	TOTAL					
	ACTUAL	BUDGET	OVER BUDGET	REMAINING	% OF BUDGET	% REMAINING
Income						
4010 Annual Fee Income	900,449.48	1,503,695.00	-603,245.52	603,245.52	59.88 %	40.12 %
4020 Application Fee Income	1,000.00	3,000.00	-2,000.00	2,000.00	33.33 %	66.67 %
Discounts given	-585,292.18	-977,400.00	392,107.82	-392,107.82	59.88 %	40.12 %
<b>Total Income</b>	<b>\$316,157.30</b>	<b>\$529,295.00</b>	<b>\$ -213,137.70</b>	<b>\$213,137.70</b>	<b>59.73 %</b>	<b>40.27 %</b>
GROSS PROFIT	<b>\$316,157.30</b>	<b>\$529,295.00</b>	<b>\$ -213,137.70</b>	<b>\$213,137.70</b>	<b>59.73 %</b>	<b>40.27 %</b>
Expenses						
6000 Stipends	774.91	3,520.00	-2,745.09	2,745.09	22.01 %	77.99 %
6001 Board Travel	1,492.12	5,000.00	-3,507.88	3,507.88	29.84 %	70.16 %
6002 Communications	<b>9,408.86</b>	<b>18,050.00</b>	<b>-8,641.14</b>	<b>8,641.14</b>	<b>52.13 %</b>	<b>47.87 %</b>
6003 Staff Travel	<b>9,939.02</b>	<b>20,000.00</b>	<b>-10,060.98</b>	<b>10,060.98</b>	<b>49.70 %</b>	<b>50.30 %</b>
6004 Office Rent	35,995.64	50,000.00	-14,004.36	14,004.36	71.99 %	28.01 %
6005 Office Supplies	<b>344.54</b>	<b>2,750.00</b>	<b>-2,405.46</b>	<b>2,405.46</b>	<b>12.53 %</b>	<b>87.47 %</b>
6006 Repairs	742.63	3,000.00	-2,257.37	2,257.37	24.75 %	75.25 %
6007 Printing Expense	745.24	1,500.00	-754.76	754.76	49.68 %	50.32 %
6008 Periodicals/Memberships	6,499.52	8,000.00	-1,500.48	1,500.48	81.24 %	18.76 %
6009 Fiscal Consultant Fees		5,000.00	-5,000.00	5,000.00		100.00 %
6010 Audit Fees	19,950.00	19,950.00	0.00	0.00	100.00 %	0.00 %
6012 Legal Fees	12,544.40	5,000.00	7,544.40	-7,544.40	250.89 %	-150.89 %
6013 Insurance Expense		1,849.00	-1,849.00	1,849.00		100.00 %
6015 Miscellaneous Expense	2,745.11	4,000.00	-1,254.89	1,254.89	68.63 %	31.37 %
6016 Bank Service Charges	1,798.62	3,500.00	-1,701.38	1,701.38	51.39 %	48.61 %
6017 Conference Expenses	27,982.45	27,000.00	982.45	-982.45	103.64 %	-3.64 %
6018 Professional Development-Board		2,000.00	-2,000.00	2,000.00		100.00 %
6020 Professional Development-STAFF	2,785.00	5,000.00	-2,215.00	2,215.00	55.70 %	44.30 %
6021 IT	<b>13,617.42</b>	<b>20,350.00</b>	<b>-6,732.58</b>	<b>6,732.58</b>	<b>66.92 %</b>	<b>33.08 %</b>
6023 Postage/Delivery Expense	89.16	350.00	-260.84	260.84	25.47 %	74.53 %
6100 Salaries	176,634.04	225,000.00	-48,365.96	48,365.96	78.50 %	21.50 %
6101 Fringe Benefits	63,218.05	87,000.00	-23,781.95	23,781.95	72.66 %	27.34 %
6104 Worker's Compensation	170.00	170.00	0.00	0.00	100.00 %	0.00 %
6107 Office Contract Work	90.00	1,000.00	-910.00	910.00	9.00 %	91.00 %
6200 Equipment Leases	<b>6,017.83</b>	<b>7,170.00</b>	<b>-1,152.17</b>	<b>1,152.17</b>	<b>83.93 %</b>	<b>16.07 %</b>
<b>Total Expenses</b>	<b>\$393,584.56</b>	<b>\$526,159.00</b>	<b>\$ -132,574.44</b>	<b>\$132,574.44</b>	<b>74.80 %</b>	<b>25.20 %</b>
NET OPERATING INCOME	<b>\$ - 77,427.26</b>	<b>\$3,136.00</b>	<b>\$ -80,563.26</b>	<b>\$80,563.26</b>	<b>-2,468.98 %</b>	<b>2,568.98 %</b>
Other Income						
4000 Interest Income	16,360.30	6,000.00	10,360.30	-10,360.30	272.67 %	-172.67 %
4050 Unrealized Gain/Loss Adjustment on Sale	1,585.76		1,585.76	-1,585.76		
<b>Total Other Income</b>	<b>\$17,946.06</b>	<b>\$6,000.00</b>	<b>\$11,946.06</b>	<b>\$ - 11,946.06</b>	<b>299.10 %</b>	<b>-199.10 %</b>
Other Expenses						

# MN Higher Education Facilities Authority

## Budget vs. Actuals: FY2023 Original Budget - FY23 P&L

July 2022 - June 2023

	TOTAL					
	ACTUAL	BUDGET	OVER BUDGET	REMAINING	% OF BUDGET	% REMAINING
Other Miscellaneous Expense		59,000.00	-59,000.00	59,000.00		100.00 %
<b>Total Other Expenses</b>	<b>\$0.00</b>	<b>\$59,000.00</b>	<b>\$ -59,000.00</b>	<b>\$59,000.00</b>	<b>0.00%</b>	<b>100.00 %</b>
NET OTHER INCOME	\$17,946.06	\$ -53,000.00	\$70,946.06	\$ - 70,946.06	-33.86 %	133.86 %
NET INCOME	\$ - 59,481.20	\$ -49,864.00	\$ -9,617.20	\$9,617.20	119.29 %	-19.29 %