


Listing of Mailout Material




June 19, 2024


**MEETING RESCHEDULED TO
JUNE 26, 2024**

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

- I. Review and approve minutes of the meeting of May 15, 2024*
 -  **Minutes of May 15, 2024**



- II. Summary of Performance Review of Barry Fick*

- III. FY2025 Administrative Items*
 -  **FY2025 Resolution Authorizing General Salary Increase Under Managerial Plan 2023-2025**
 -  **FY2025 Proposed Budget**
 -  **FY2025 Annual Fee Analysis**

- IV. Proposed Policy Additions*
 -  **Social Media Policy**

- V. Old Business*

- VI. New Business*

- VII. Other Business*
 -  **“Meet the woman working to create a Rondo renaissance in St. Paul” (Star Tribune)**
 -  **Budget vs Actual (May 2024)**

MEMORANDUM



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

Date: June 12, 2024

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: June 19, 2024, Authority Board Meeting Preview

There is a lot to cover at the June 2024 Minnesota Higher Education Facilities Authority Board meeting. This is the final meeting of Fiscal Year 2024. There are a number of “must do” items for consideration at this meeting.

We will get ready for FY2025 by:

- Adopting a FY25 Budget
- Adopting a FY2025 Authority Fee & Discount
- Elect FY25 Board Officers
- Consider any Policy updates or revisions.

We will have a brief celebration to recognize the passage of our capacity increase by the Legislature. The amount of outstanding debt the Authority may have has increased by 54%, from \$1.3 billion to \$2.0 billion. This provides the Authority with significant additional issuance power to assist our borrowers.

The meeting will be held at the Authority’s Eagan office. Information on the meeting location, parking and other logistics included with your meeting information packet. The meeting may be attended in person, by video link, or teleconference.

MEMORANDUM



This is an in-person meeting, but if you are not able to attend in person, we will use our video link system for this meeting. Instructions for accessing the video link are available in Board packet material included with this email. In addition, telephone access is available.

We look forward to your participation in-person, or by video conferencing, or telephone at the meeting.

Board Meeting Agenda

Wednesday, June 19, 2024

2:00 PM

Location: MHEFA Office

**MEETING
RESCHEDULED TO
JUNE 26, 2024**

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 15, 2024
- II. Summary of Performance Review of Barry Fick
- III. FY2025 Administrative Items
 - FY2025 MHEFA Staff General Salary Adjustment
 - FY2025 Proposed Budget
 - FY2025 Annual Fee Analysis
 - FY2025 Board Officer Elections
- IV. Proposed Policy Additions
 - Social Media Policy
- V. Old Business
- VI. New Business
- VII. Other Business
 - Executive Director's Report

*General Public may attend in-person at the address below,
via call-in number: 1-877-978-6969 Access Code: 458-195-480#
or through this link: <https://www.gomeet.com/458-195-480>*



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a Board meeting at 2:03 pm Central Standard Time, Wednesday, May 15, 2024.

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 lower-level conference room of Grand Oak I, 860 Blue Gentian Road, Eagan, MN 55121. Executive Director, Barry Fick, and Operations Manager, Amanda Lee, were physically present. Also present were Nancy Sampair, Vice-Chair, Paul Cerkvenik and Gary Benson, Board Members. The location and time of the meeting was duly published and posted on the Authority website and at the entrance to the Authority office, located at 860 Blue Gentian Road, Suite 145, Eagan, MN 55121.

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.

Executive Summary – Minnesota Higher Education Facilities Authority

Meeting on May 15, 2024 Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of February 21, 2024	Passed	Unanimous
Approval of Adjusted FY2024 Budget	Passed	Unanimous
Approval of FY2025 Meeting Schedule	Passed	Unanimous

Resolutions	Result:	Vote:
Resolution to Approve Achievement Awards for FY2024	Passed	Unanimous

The official meeting began with a roll call to establish a quorum. The following board members or their designees were participating and attending in-person (IP), by video link (“V”) or telephone (“T”):

Board Members: Bonnie Anderson Rons -V
 Nancy Sampair - IP
 Gary Benson - IP
 Mary Thao – V
 Mary Ives – V
 Poawit Yang – V
 Paul Cerkenik - IP

Absent: Mikeya Griffin
 Ray VinZant
 David Rowland

Other Attendees: None

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

Nancy Sampair, Vice-Chair, called the meeting order at 2:03 pm CST. Executive Director Fick confirmed that a quorum was present.

Poawit Lee excused himself from the meeting at 2:05 pm to deal with an urgent matter at the Office of Higher Education.

Agenda Item I – Minutes of the February 21, 2024, Board meeting

The first item on the agenda was the review and consideration of the minutes of the most recent Authority Board meeting.

Vice-Chair Sampair asked if there were any changes or edits to the minutes of the February 21, 2024 MHEFA Board meeting. Vice-Chair Sampair stated that she will provide staff with some grammatical and other non-substantive edits to be included in the final minutes.

Vice-Chair Sampair asked for a motion to accept and approve the February 21, 2024 Minutes. A motion was made by Gary Benson to approve the February 21, 2024 minutes. The motion was seconded by Bonnie Anderson Rons. Vice-Chair Sampair asked if there were any questions, discussion, or changes to the minutes of the most recent prior Board meeting.

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

Vice-Chair Sampair 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:	Bonnie Anderson Rons	Yes
	Nancy Sampair	Yes
	Gary Benson	Yes
	Mary Thao	Yes
	Mary Ives	Yes

There were no votes against the motion and the Minutes of the February 21, 2024, MHEFA Board meetings were approved.

Agenda Item II – Paul Cerkvenik, President Minnesota Private College Council Enrollment Update

Vice Chair Sampair called on Paul Cerkvenik to present an outline of student enrollment at MPCC schools and discuss trends affecting enrollment in higher education in Minnesota, the upper Midwest and nationally. He presented information on demographic trends and how they affect higher education enrollment. Minnesota exceptionalism was discussed. He presented information on additional factors that affect enrollment. Some factors are not fully understood and are outside the control of schools.

Board members asked questions which were answered to their satisfaction. Board members thanked Paul for his presentation.

Agenda Item III – Administrative Items

FY2024 Budget Adjustment

Vice Chair Sampair called on Operations Manager Lee to discuss operating results for FY2024 year to date with the FY2024 budget and consider adjusting the FY2024 budget to match FY2024 results. It was noted that the adopted FY24 budget projected a deficit of \$74k. Actual FY24 results now project a surplus of \$100K. This change resulted from a number of factors, both in the revenue and expense areas.

Revenues exceeded budget due to larger bond applications and improved investment earnings. Expenses were lower than budgeted due to prudent management and cost control. Board members had some questions regarding the proposed changes to expenses, which were answered by MHEFA staff.

MHEFA staff proposed to adjust the FY2024 Budget to reflect actual results through April 30, 2024 and projected results for the balance of FY2024.

Vice Chair Sampair asked for a motion and second to approve and adopt the FY2024 Adjusted Budget. A motion was made by Bonnie Anderson Rons. The motion was seconded by Mary Ives.

Ms. Sampair called on the Executive Director to conduct a roll call vote on the Motion. A roll call vote was conducted, and the Board members voted as follows:

Bonnie Anderson Rons	Yes
Nancy Sampair	Yes
Gary Benson	Yes
Mary Thao	Yes
Mary Ives	Yes

There were no abstentions or votes against the Motion and the Motion to approve and adopt the FY2024 Adjusted Budget was approved.

Fiscal Year 2024 Plan of Action Results

Vice Chair Sampair called on the Executive Director to present and review the FY2024 Plan of Action Results. Executive Director Fick noted that there are 16 program goals or criteria included in the FY2024 Plan of Action. Executive Director Fick reviewed a number of the goals, outlining the actions taken by

Authority staff to comply with or exceed the goals. Operations Manager Lee provided additional information on how staff met the program criteria for FY2024.

Vice Chair Sampair asked if there were questions from the Board about the goals or meeting the goals. There were no questions from the Board. The review of the FY2024 Plan of Action is an information item only. No action by the Board needs to be taken related to the report on the FY2024 Plan of Action.

Fiscal Year 2024 Achievement Award

Vice Chair Sampair called on the Executive Director and Operations Manager to present the FY2024 Achievement Award Resolution. Executive Director Fick reviewed the purpose of the Achievement Award and noted that there have been changes to the program for FY2024. The Achievement Awards for FY2024 are recommended to be \$2,500 for the Executive Director and \$2,500 for the Operations Manager. The Board may authorize Achievement Awards to Authority staff if in the opinion of the Board, the staff have met the criteria for being granted the Achievement Award. The Criteria to be met are set out in the Plan of Action. Operations Manager Lee provided additional information for the Boards consideration.

Vice-Chair Sampair asked for a motion and second to approve a Resolution granting the requested Achievement Award to the Executive Director and the Operations Manager. A motion to approve the Resolution was made by Gary Benson. The motion was seconded by Bonnie Anderson Rons.

Ms. Sampair called on the Executive Director to conduct a roll call vote on the FY2024 Achievement Award Resolution. A roll call vote was conducted, and the Board members voted as follows:

Bonnie Anderson Rons	Yes
Nancy Sampair	Yes
Gary Benson	Yes
Mary Thao	Yes
Mary Ives	Yes

There were no abstentions or votes against the Motion and the FY2024 Achievement Award Resolution was approved.

Agenda Item IV – Fiscal Year 2025 Administrative Items

FY2025 Plan of Action Presentation

Vice-Chair Sampair called on Executive Director Fick to present the FY2025 Plan of Action. Executive Director Fick noted that the FY2025 Plan of Action continues the positive work of the Authority. For FY2025, Authority staff has included 18 items in the Plan of Action. New components include exploration of additional outreach options to Members, including webinars on relevant topics and to work with MPCC to coordinate additional in-person meeting options for borrower finance staff.

Vice Chair Sampair asked if there were questions from the Board about the goals or meeting the goals. There were no questions from the Board. The presentation of the FY2025 Plan of Action is an information item only. No action by the Board needs to be taken related to the report on the FY2025 Plan of Action.

FY2025 Board Meeting Schedule

Vice-Chair Sampair called on Operations Manager Lee to present the FY2025 Board Meeting Schedule. Operations Manager Lee noted that the FY2025 meeting schedule for Board meetings continues to propose meeting on the 3rd Wednesday of the month. A review of the proposed meeting schedule shows that there are no conflicts with holidays. Authority staff recommends adoption of the Proposed FY2025 Board Meeting Schedule.

Vice Chair Sampair asked if there were questions from the Board about the proposed FY2025 Board meeting schedule. There were no questions from the Board. Vice-Chair Sampair asked for a motion and second for the Resolution to Adopt the FY2025 Board Meeting Schedule. A motion to approve the Resolution was made by Gary Benson. The motion was seconded by Mary Ives.

Ms. Sampair called on the Executive Director to conduct a roll call vote on the Resolution. A roll call vote was conducted, and the Board members voted as follows:

Bonnie Anderson Rons	Yes
Nancy Sampair	Yes
Gary Benson	Yes
Mary Thao	Yes
Mary Ives	Yes

There were no abstentions or votes against the Motion and the FY2025 Board Meeting Schedule was approved.

Agenda Item V -- Old Business

Vice-Chair Sampair 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 VI – New Business

Vice-Chair Sampair asked if there were any New Business items from Board members for discussion.

Board member Bonnie Anderson Rons asked for an outline of the results of the Series 2024A-C Bonds for the University of St. Thomas, employee layoffs at the University and the effect of administrative and legal challenges to the projects. Executive Director Fick provided a summary of the sale process, the initial marketing and the results of the sale. The post-sale events related to the construction of the project were also recapped for the Board.

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

Agenda Item VII – Other Business

Vice-Chair Sampair called upon Executive Director Fick to discuss Other Business and present the Executive Directors Report.

Legislation

We are working with the Minnesota legislature to increase our bonds' outstanding capacity from \$1.3 billion to \$2.0 billion. This increase is vital, as we currently have \$1.281 billion of bonds outstanding.

There is a House-Senate Conference Committee scheduled for Thursday, May 16 to complete the bill. Executive Director Fick plans to attend the Hearing.

Rating Agency

Very successful site visits in April. Met with 5 schools. The Executive Director has been asked to visit Moody's HQ to speak with Moody's staff later in 2024.

Staffing

New Presidents at Hamline (March), St. Catherine (Fall '24). Gustavus President Bergman announced her retirement in summer 2025.

New CFOs at Hamline (Susan Kerry) and St. Mary's University (Fernando Bucaro) are on staff. Executive Director Fick will be meeting with both of them in June.

St. Scholastica has a search underway for a VP of Strategic Planning and CFO. The current Executive Director of Finance will remain at CSS, reporting to the new VP/CFO.

Outreach Engagements

Executive Director Fick will teach a ½ day class on Debt Sale Process at the National GFOA Conference.

Executive Director Fick plans to work with NAHEFFA and GFOA to go to Washington DC to meet with Senate and House legislative staff re: tax-exemption preservation and tax legislation issues as part of the NAHEFFA Advocacy committee. Rep. Sewell of Georgia introduced a Bill on May 15th to restore Advance Refundings, Change BQ to borrower level measurement and Increase amount allowed. It is unlikely to pass this session but will be further considered in the next Congress, commencing in January 2025.

Vice-Chair Sampair asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider, and Vice-Chair Sampair asked for a motion to adjourn the regular Board Meeting and move to Executive Session.

The Board voted by voice vote to adjourn the regular Board meeting at 3:28 pm and enter into Executive Session. The purpose of the Executive Session is to conduct a performance review of the Executive Director.

The Board returned from Executive Session at 3:50 pm. Vice-Chair Sampair called for a voice vote regarding the adjournment of the meeting. A Voice vote was conducted, and the Board members voted to adjourn the meeting at 3:50 pm.

Respectfully submitted,

Assistant Secretary

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION AUTHORIZING GENERAL SALARY INCREASE UNDER MANAGERIAL PLAN
2023-2025

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, 2023 and will end on June 30, 2025.

WHEREAS, the Managerial Plan grants a general salary increase of 4.5% for the fiscal year that will begin July 1, 2024.

WHEREAS, on May 15, 2024, 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 4.5% general salary increase granted under the Managerial Plan for the fiscal year that begins July 1, 2024
2. Amanda G. Lee is eligible for a 4.5% general salary increase granted under the Managerial Plan for the fiscal year that begins July 1, 2024

Adopted: June 19, 2024

MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

By _____

David Rowland, Chair

By _____

Bonnie Anderson Rons, Secretary

	FY24 May Adjusted Budget	FY25 Proposed Budget	Difference
Income			
4010 Annual Fee Income	562,366.38	572,352.30	9,985.92
4020 Application Fee Income	2,000.00	1,000.00	(1,000.00)
4000 Interest Income	73,000.00	60,000.00	(13,000.00)
Total Income	637,366.38	633,352.30	(4,014.08)
<i>Asset Acquisitions (over \$2k threshold)</i>			
Office Furniture/Equipment (Capitalized)	-	6,000.00	6,000.00
			-
			-
Expenses			
6000 Stipends	2,640.00	2,640.00	-
6001 Board Travel	2,100.00	4,000.00	1,900.00
6002 Communications			-
6002.01 Communications - Phones	3,600.00	5,000.00	1,400.00
6002.02 Communications - Internet	2,090.00	2,500.00	410.00
6002.03 Communications - Software	600.19	1,000.00	399.81
6002.04 Communications - Website	4,800.00	20,000.00	15,200.00
6002.05 Communications - Misc	535.35	750.00	214.65
Total 6002 Communications	11,625.54	29,250.00	17,624.46
6003 Staff Travel	20,000.00	25,000.00	5,000.00
6004 Office Rent	48,958.49	52,500.00	3,541.51
6005 Office Supplies	250.00	1,000.00	750.00
6006 Repairs	-	1,500.00	1,500.00
6007 Printing Expense	1,750.00	1,000.00	(750.00)
6008 Periodicals/Memberships	9,000.00	10,000.00	1,000.00
6009 Fiscal Consultant Fees	1,725.00	5,000.00	3,275.00
6010 Audit Fees	20,550.00	20,950.00	400.00
6012 Legal Fees	25,300.00	27,000.00	1,700.00
6013 Insurance Expense	1,913.34	2,400.00	486.66
6015 Miscellaneous Expense	4,325.00	6,000.00	1,675.00
6016 Bank Service Charges	1,400.00	2,000.00	600.00
6017 Conference Expenses	13,225.00	16,000.00	2,775.00
6018 Professional Development-Board	-	3,000.00	3,000.00
6020 Professional Development-STAFF	1,445.00	5,000.00	3,555.00
6021 IT			-
6021.01 IT - Managed IT Services	6,949.57	8,000.00	1,050.43
6021.02 IT - Software	2,000.00	2,500.00	500.00
6021.03 IT - Consulting and Training	-	5,000.00	5,000.00
6021.04 IT - Misc	-	750.00	750.00
Total 6021 IT	8,949.57	16,250.00	7,300.43
6023 Postage/Delivery Expense	264.05	400.00	135.95
6100 Salaries	242,000.00	253,000.00	11,000.00
6101 Fringe Benefits	86,000.00	89,000.00	3,000.00
6104 Worker's Compensation	170.00	170.00	-
6107 Office Contract Work	-	1,000.00	1,000.00
6200 Equipment Leases			-
6200.01 Equipment Lease - Copier	1,280.29	-	(1,280.29)
6200.02 Equipment Lease - Postage Machine	236.13	-	(236.13)
6200.03 Equipment Lease - Aquos Board	2,800.00	500.00	(2,300.00)
Total 6200 Equipment Leases	4,316.42	500.00	(3,816.42)
Total Expenses	507,907.41	580,560.00	72,652.59
Net Operating Income	129,458.97	52,792.30	(76,666.67)
Total Expenses Without Capitalized Items	507,907.41	574,560.00	66,652.59
Net Operating Income Without Capitalized Items	129,458.97	58,792.30	(70,666.67)



To: Authority Board Members

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

Date: June 19, 2024

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 2025.

<i>Estimated Net Position as of 6/30/2024:</i>	\$2,261,745
Plus: Projected Fee Revenue for FY 2025	1,635,292
Plus: Projected investment income for FY 2025 <i>(Includes unrealized gain/loss)</i>	<u>61,000</u>
	\$3,958,037
Less: <i>Projected annual operating expense for FY 2025</i>	597,060
Less: <i>Target Net Position (current)</i>	<u>2,261,745</u>
Total	1,099,232
Divided by: Fee Revenue	<u>\$1,635,292</u>
Calculated fee adjustment for fiscal year 2025	67.22%

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 - 2024	65%	8

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 2024 (estimated) and 2025 (projected). There are several alternative discount amounts presented for fiscal year 2025 to show the effect on Net Position.

Assumptions for Projections

1. Fiscal year 2025 total revenues are based on the assumption that the Authority will issue the following bonds and notes in FY2025:
 - i. School 1: \$50,000,000
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 10 securities in the portfolio ranging in par value from \$100,000 to \$200,000, having maturities ranging from July 2024 to March 2026 with an average interest rate of 4.945% percent.
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 2024 and 2025 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. The CD's the Authority currently holds in its portfolio currently have market values close to their par values since interest rates have stabilized and been fairly consistent during FY24. Therefore, we expect FY24 to be the last year of catch up of market to par values, and we expect FY25 values to have a smaller spread between par and market values. We do not anticipate seeing the large swings in market values as we saw in prior years when interest rates dropped dramatically.
4. The projected expenses are based on known expenses for office space lease, other contractual obligations, and anticipated increases from the expenses for the previous year. Fiscal year 2025 predicted expenses include an April 2025 conference, website updates, assistance with creation of a database as a step in succession planning, as well as estimates for typical annual expenses.

Due to lease accounting rule changes in FY2023, depreciation is now factored into the estimate as of FY2025, which includes rent and an estimate of depreciated assets. The Authority purchased new office furniture and capitalized assets in FY2024 and the depreciation of those assets will be realized as an expense over several years. The Authority will use straight-line depreciation of office improvements for seven years (the term of the current lease), and straight-line depreciation of office furniture for ten years. Other noncash, year-end adjustments, such as the increase or decrease in earned vacation and severance liability, and pension liability are included in the Net Position for prior years (2018-2023) but are not estimated in the 2024 estimate or 2025 prediction due to volatility. The largest non-cash expense besides depreciation is usually pension liability, which is calculated at the state from data two years in the past.

Conclusion

The calculation demonstrates that a fee discount of approximately **67.22 percent** would allow the Authority to keep the Net Position near its current level. Based on the Fee Analysis, staff recommend the discount be set at **65 percent** for fiscal year 2025.

If the staff recommendation is adopted by the Board, this will represent the ninth 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 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	2021	2022	2023	2024	FY 2025 ALTERNATIVES				
					2025	2025	2025	2025	2025
Annual Admin Fees @ 0.125% (Existing Issues)	1,264,629	1,383,610	1,361,164	1,612,475	1,572,792	1,572,792	1,572,792	1,572,792	1,572,792
Annual Fees @ 0.125% (Future Issues - 1st year)					62,500	62,500	62,500	62,500	62,500
Fee Credits	(822,009)	(899,347)	(884,756)	(1,048,109)	(899,411)	(981,175)	(1,062,940)	(1,144,705)	(1,099,232)
Investment Earnings	29,285	17,053	46,751	73,000	60,000	60,000	60,000	60,000	60,000
Unrealized Gain/(Loss)	(27,000)	(38,016)	8,626	7,500	1,000	1,000	1,000	1,000	1,000
Total Revenues	444,905	463,301	531,784	644,866	796,882	715,117	633,352	551,588	597,060
EXPENSES									
Payroll, taxes & benefits	276,347	238,589	286,023	328,000	343,170	343,170	343,170	343,170	343,170
Rent, Depreciation and Interest Expense*	48,481	50,237	66,154	67,136	75,000	75,000	75,000	75,000	75,000
Legal, audit & fiscal consulting	81,385	70,264	44,994	47,575	52,950	52,950	52,950	52,950	52,950
Other	61,269	63,133	102,611	83,374	125,940	125,940	125,940	125,940	125,940
Total Expenses	467,482	422,223	499,782	526,085	597,060	597,060	597,060	597,060	597,060
Increase/(Decrease) in Total Assets:	(22,577)	41,078	32,002	118,781	199,822	118,057	36,292	(45,472)	0
Beginning Total Asset Balance:	2,092,460	2,069,883	2,110,961	2,142,963	2,261,745	2,261,745	2,261,745	2,261,745	2,261,745
Ending Total Asset Balance:	2,069,883	2,110,961	2,142,963	2,261,745	2,461,566	2,379,802	2,298,037	2,216,272	2,261,745
% Fee Reduction:	65%	65%	65%	65%	55%	60%	65%	70%	67.22%
% Fee Assessment - Actual '20 - '22; Est '23; Proj '24	0.0438%	0.0438%	0.0438%	0.0438%	0.0563%	0.0500%	0.0438%	0.0375%	0.0410%

*Change in accounting principal in FY2022

Color Code:	Actual
	Estimated
	Projected
	Recommended
	Target if zero increase

Policy Regarding Authority Social Media

Purpose: The Authority maintains a LinkedIn profile designed to share news items, events, and other information pertinent to Authority borrowers, industry partners, investors, and the general public. The LinkedIn site is not a replacement for the Authority's website (mnhefa.org) but is meant to compliment the website, allowing people to follow the Authority and receive notifications when items are shared.

Who: This policy applies to all Authority staff managing or posting on the Authority's LinkedIn page.

Guidelines:

- 1- Authority posts should preferably be proofed by two staff members to minimize any errors, such as spelling or grammar, or misstatements.
- 2- Authority posts should remain relevant to Authority topics.
- 3- Authority posts shall be respectful, and not slanderous or defamatory.
- 4- The Authority reserves the right to turn off comments on a post. If comments made by others are disrespectful, the Authority may delete those comments.
- 5- The Authority shall inform conference or other event attendees that photographs may be taken that could be used on social media.
- 6- The Authority will seek to obtain individual permission from anyone full frame in a photo used on social media prior to posting.
- 7- The Authority will not post sensitive or private information on social media.
- 8- Authority staff will not use the Authority's social media accounts to harass others by sending them offensive content, messages, or spam.

LOCAL

Meet the woman working to create a Rondo renaissance in St. Paul

The head of Rondo Community Land Trust sees Selby Avenue becoming a Black economic and cultural corridor.

By James Walsh (<https://www.startribune.com/james-walsh/6370562/>) Star Tribune |

JUNE 11, 2024 — 5:30AM

Mikeya Griffin is a child of Rondo, with a great aunt and uncle migrating to St. Paul from Mississippi 80 years ago. They first settled in Highland Park, but were promptly "directed" to Rondo, the city's traditional Black neighborhood.

Streams of relatives followed, looking to carve a better life.

Makes perfect sense, then, that Griffin's work now as executive director of the 30-year-old Rondo Community Land Trust is to make housing and commercial properties attainable for low-to-moderate-income families. The land trust buys the land and offers grants to home and business buyers. It holds rights to the land on behalf of the community — greatly reducing costs to subsequent home or business owners.

Eye On St. Paul recently met with Griffin at the land trust's headquarters at Selby Avenue and Oxford Street to talk about her work. This story was edited for length and clarity.

Q: How did you come to this job?

A: My husband told me about it. He said, "Hey, when you get home tonight from work, I left you something to read. I want you to read it with an open mind and then let's talk about it." And it was the executive director position for Rondo Community Land Trust, and I was like, "Well, I have a job." I started thinking about it, and then I talked to the previous executive director and a couple of board members. Driving around the neighborhood, I really didn't realize how gentrified it was becoming ... and I felt like it was time to come back.

We have the privilege of doing affordable homeownership opportunities across Ramsey County. And that is something I'm also passionate about. But I have the weight and responsibility to ensure that the legacy of Rondo isn't just the name.



Mikeya Griffin, executive director of Rondo Community Land Trust.

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Q: What is the vision?

A: Looking for ways to maintain a level of control from gentrification and displacement and a way to really be the stewards around community development. For Rondo specifically, we are really looking at lifting up our reparative economic development framework. The community had everyone from day laborers to doctors, lawyers. And it was a really rich and interdependent and wonderful place to live that was very cooperative with each other and really took care of each other. And can we get back to some of that?

One of the things that we're doing right now is recreating an African American arts and cultural corridor, which is one of the reasons why [we purchased Golden Thyme](https://www.startribune.com/golden-thyme-owners-stepping-down-after-leading-selby-rebirth-in-st-paul/600303152/). (<https://www.startribune.com/golden-thyme-owners-stepping-down-after-leading-selby-rebirth-in-st-paul/600303152/>) We want to be able to activate the corridor, to bring those kinds of things here that people want to come to.

Q: How do you draw the professionals who have moved to the suburbs?

A: When people are connected to their culture, they are going to want to live where they can shop and be with and participate in their culture. Where they feel like it's home. And we want to have different types of housing stock that are available for young professionals. And jobs that are attractive to professionals and new folks starting out.

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Q: Where do things stand now?

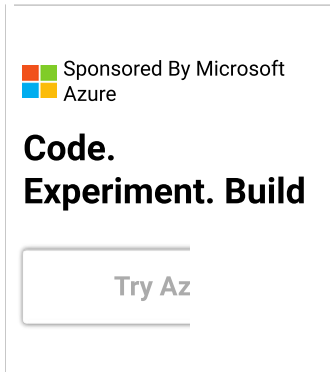
A: We've spent the last few years building our infrastructure. We're developers and we see ourselves as a community anchor. The Community Land Trust movement was born out of the Black experience of the Civil Rights Movement when sharecroppers and people were getting kicked off their land because you know, God forbid, the audacity of us wanting to have the right to vote. And at the time in 1968, they created the model which a lot of us use today.

We've been building our own internal capacity. We went from, like, 1.5 employees when I started to nine now. A \$300,000 a year budget to \$2.5 million a year. We're on track to have 600 people in homeownership by the end of the year. And the goal is over 300 businesses. We have townhouses going up on the corner of Oxford and Marshall.

Q: Let's go back to Golden Thyme. You bought that to be a restaurant incubator, but now [Justin Sutherland and his father are developing a restaurant](https://www.startribune.com/justin-sutherland-chef-new-restaurant-st-paul-rondo-neighborhood-northern-soul/600370882/) (<https://www.startribune.com/justin-sutherland-chef-new-restaurant-st-paul-rondo-neighborhood-northern-soul/600370882/>). What happened?

A: We're going to keep doing that, supporting restaurant entrepreneurs here in the community, and it's going to look different, maybe in a different location.

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We also said Golden Thyme can be a platform for something else — and it aligned with Justin. He's committed to St. Paul. He always says that he's a St. Paul guy and wanted to lock arms with us and bring a concept here. And what that does for us, again, is it brings something that the community wants around a place to go eat and enjoy.

The concept that Justin is developing will actually be the main flagship location. But there also will also be a continuation of that concept farther down the street at what we're calling Golden Thyme Express. That is in one of our other buildings, at Selby and Victoria.

The second location will be mostly specialty coffees and sandwiches. That, along with a few retailers sharing that space. A platform for entrepreneurs to sell their products to gain a client base. These are going to be very micro, smaller spaces.

Q: What is your broader vision for this corridor — Lexington to Dale?

A: You're going to experience African American History and culture. Beautiful murals. There will be jazz, maybe a fancy cigar bar, maybe there's a microbrewery. The first black-owned, women-owned brewery will be located here. We'll have artists' crawls and festivals and those kinds of things to attract attention here.

MN Higher Education Facilities Authority

Budget vs. Actuals: FY2024 Adjusted Budget (May 2024) - FY24 P&L

July 2023 - June 2024

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
4010 Annual Fee Income	959,118.79	562,366.38	396,752.41	170.55 %
4020 Application Fee Income	2,000.00	2,000.00	0.00	100.00 %
Discounts given	-552,609.60		-552,609.60	
Total Income	\$408,509.19	\$564,366.38	\$ -155,857.19	72.38 %
GROSS PROFIT	\$408,509.19	\$564,366.38	\$ -155,857.19	72.38 %
Expenses				
6000 Stipends	2,035.00	2,640.00	-605.00	77.08 %
6001 Board Travel	1,519.78	2,100.00	-580.22	72.37 %
6002 Communications				
6002.01 Communications - Phones	3,221.15	3,600.00	-378.85	89.48 %
6002.02 Communications - Internet	1,727.50	2,090.00	-362.50	82.66 %
6002.03 Communications - Software	584.19	600.19	-16.00	97.33 %
6002.04 Communications - Website	4,748.31	4,800.00	-51.69	98.92 %
6002.05 Communications - Misc	520.35	535.35	-15.00	97.20 %
Total 6002 Communications	10,801.50	11,625.54	-824.04	92.91 %
6003 Staff Travel	15,820.34	20,000.00	-4,179.66	79.10 %
6004 Office Rent	44,894.31	48,958.49	-4,064.18	91.70 %
6005 Office Supplies	168.53	250.00	-81.47	67.41 %
6006 Repairs		0.00	0.00	
6007 Printing Expense	752.31	1,750.00	-997.69	42.99 %
6008 Periodicals/Memberships	7,200.00	9,000.00	-1,800.00	80.00 %
6009 Fiscal Consultant Fees	1,725.00	1,725.00	0.00	100.00 %
6010 Audit Fees	20,550.00	20,550.00	0.00	100.00 %
6012 Legal Fees	12,581.50	25,300.00	-12,718.50	49.73 %
6013 Insurance Expense		1,913.34	-1,913.34	
6015 Miscellaneous Expense	4,539.21	4,325.00	214.21	104.95 %
6016 Bank Service Charges	928.55	1,400.00	-471.45	66.33 %
6017 Conference Expenses	13,174.69	13,225.00	-50.31	99.62 %
6018 Professional Development-Board		0.00	0.00	
6020 Professional Development-STAFF	1,055.00	1,445.00	-390.00	73.01 %
6021 IT	8,192.06	8,949.57	-757.51	91.54 %
6023 Postage/Delivery Expense	182.69	264.05	-81.36	69.19 %
6100 Salaries	215,067.48	242,000.00	-26,932.52	88.87 %
6101 Fringe Benefits	75,208.71	86,000.00	-10,791.29	87.45 %
6104 Worker's Compensation	170.00	170.00	0.00	100.00 %
6107 Office Contract Work		0.00	0.00	
6200 Equipment Leases	4,078.99	4,316.42	-237.43	94.50 %
Total Expenses	\$440,645.65	\$507,907.41	\$ -67,261.76	86.76 %
NET OPERATING INCOME	\$ -32,136.46	\$56,458.97	\$ -88,595.43	-56.92 %
Other Income				
4000 Interest Income	83,314.34	73,000.00	10,314.34	114.13 %

MN Higher Education Facilities Authority

Budget vs. Actuals: FY2024 Adjusted Budget (May 2024) - FY24 P&L

July 2023 - June 2024

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
4050 Unrealized Gain/Loss Adjustment on Sale	9,692.23		9,692.23	
Total Other Income	\$93,006.57	\$73,000.00	\$20,006.57	127.41 %
NET OTHER INCOME	\$93,006.57	\$73,000.00	\$20,006.57	127.41 %
NET INCOME	\$60,870.11	\$129,458.97	\$ -68,588.86	47.02 %