

**Listing of Mailout Material  
June 18, 2025**

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-  **Meeting Agenda**

- I. Summary of Performance Review of Barry Fick*
- II. Review and approve minutes of the meeting of May 21, 2025*
  -  **Minutes of May 21, 2025**
- III. FY2026 Administrative Items*
  -  **FY2026 Proposed Budget**
  -  **FY2026 Annual Fee Analysis**
- IV. Old Business*
- V. New Business*
- VI. Other Business*

# MEMORANDUM



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

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Date: June 11, 2025

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: June 18, 2025, Authority Board Meeting Preview

Welcome Board members to the June 2025 MHEFA Board meeting. We have a new Board member joining us at this meeting and we will take time to let him introduce himself before we get to Board business.

We have three action items on the agenda this month:

- Consider the FY26 Budget
- Consider the FY26 Fee schedule
- Elect FY26 Board Officers

In addition, we will provide you with information about our success during the 2025 legislative session.

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.

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 the meeting.



## **Board Meeting Agenda**

**Wednesday, June 18, 2025**

**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. Summary of Performance Review of Barry Fick
- II. Review and approve minutes of the meeting of May 21, 2025
- III. FY2026 Administrative Items
  - FY2026 Proposed Budget
  - FY2026 Annual Fee Analysis
  - FY2026 Board Officer Elections
- IV. Old Business
- V. New Business
- VI. 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: 335-250-229#  
or through this link: <https://www.gomeet.com/335-250-229>*

MHEFA, 860 Blue Gentian Road, Lower-Level Conference Room, Eagan, MN 55121



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a Board meeting at 2:03 pm Central Standard Time, Wednesday, May 21, 2025.

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. 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 21, 2025, Board Actions Taken:

| <b>Motions:</b>                                 | <b>Result:</b> | <b>Vote:</b> |
|-------------------------------------------------|----------------|--------------|
| Approval of Meeting Minutes of January 15, 2025 | Passed         | Unanimous    |
| Approval of Adjusted FY2025 Budget              | Passed         | Unanimous    |
| Approval of FY2026 Meeting Schedule             | Passed         | Unanimous    |

| <b>Resolutions</b>                                  | <b>Result:</b> | <b>Vote:</b> |
|-----------------------------------------------------|----------------|--------------|
| Resolution to Approve Achievement Awards for FY2025 | 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 -IP  
Nancy Sampair - V  
Gary Benson – V  
David Rowland - T  
Mikeya Griffin – V  
Poawit Yang – V  
Stacey Holland - V

Absent: Ken Westphal  
Erich Heppner  
Mary Ives

Other Attendees: Mark LeMay - IP

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

Bonnie Anderson Rons, Vice-Chair, called the meeting order at 2:03 pm CDT. Executive Director Fick confirmed that a quorum was present.

### **Agenda Item I – Minutes of the January 15, 2025, Board meeting**

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

Secretary Anderson Rons asked if there were any changes or edits to the minutes of the January 15, 2025, MHEFA Board meeting. There were no questions or proposed changes to the minutes from Board members.

Secretary Anderson Rons asked for a motion to accept and approve the January 21, 2025, Minutes. A motion was made by Nancy Sampair to approve the January 21, 2025 minutes. The motion was seconded by Gary Benson and David Rowland.

Secretary Anderson Rons 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 | Abstain |
|                | Nancy Sampair        | Yes     |
|                | Gary Benson          | Yes     |
|                | Mikeya Griffin       | Yes     |
|                | David Rowland        | Yes     |
|                | Poawit Yang          | Yes     |

There were no votes against the motion and the Minutes of the January 15, 2025 MHEFA Board meetings were approved.

### **Agenda Item II – Fiscal Year 2025 Administrative Items**

#### *FY2025 Budget Adjustment*

Secretary Anderson Rons called on Operations Manager Lee to discuss operating results for FY2025 to date with the FY2025 budget and determine if there is a need to adjust the FY2025 budget.

The adopted FY25 operating budget projected a net of \$52.8k. Actual FY25 operating results now project a net of \$79.7k. The increase is due to additional investment income from Certificates of Deposit.

The adopted FY25 budget projected investment earnings of \$60k. Actual FY25 investment earnings will be \$98.1k. The positive variance is due to higher earnings on reinvested Certificates of Deposit.

Revenues were lower than budget due to fewer bond applications than projected.

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 FY2025 Budget to reflect actual results through April 30, 2025, and projected results for the balance of FY2025.

Secretary Anderson Rons asked for a motion and a second to approve and adopt the FY2025 Adjusted Budget. The motion was made by Nancy Sampair. The motion was seconded by David Rowland.

Secretary Anderson Rons 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 |
| Mikeya Griffin       | Yes |
| David Rowland        | Yes |
| Poawit Yang          | Yes |

There were no abstentions or votes against the Motion and the Motion to approve and adopt the FY2025 Adjusted Budget was approved.

#### *Fiscal Year 2025 Plan of Action Results*

Secretary Anderson Rons called on the Executive Director to review the FY2025 Plan of Action Results. Executive Director Fick reviewed several of the 18 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 FY2025.

Secretary Anderson Rons 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 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.

*Fiscal Year 2025 Achievement Award*

Secretary Anderson Rons called on the Executive Director and Operations Manager to present the FY2025 Achievement Award Resolution. Executive Director Fick reviewed the purpose of the Achievement Award. The Achievement Awards for FY2025 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.

Secretary Anderson Rons 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 Nancy Sampair.

Secretary Anderson Rons called on the Executive Director to conduct a roll call vote on the FY2025 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 |
| Mikeya Griffin       | Yes |
| Mary Ives            | Yes |
| Poawit Yang          | Yes |

There were no abstentions or votes against the Motion and the FY2025 Achievement Award Resolution was approved.

**Agenda Item III – Fiscal Year 2026 Administrative Items**

*FY2026 Plan of Action Presentation*

Secretary Anderson Rons called on Executive Director Fick to present the FY2026 Plan of Action. Executive Director Fick noted that the FY2026 Plan of Action continues the positive work of the Authority. For FY2026, Authority staff has included 18 items in the Plan of Action, plus an additional 5 items if the bill the Authority currently has in the legislature passes in the 2025 legislative session.

Secretary Anderson Rons 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 FY2026 Plan of Action is an information item only. No action by the Board needs to be taken related to the report on the FY2026 Plan of Action.

#### *FY2026 Board Meeting Schedule*

Secretary Anderson Rons called on Operations Manager Lee to present the FY2026 Board Meeting Schedule. Operations Manager Lee noted that the FY2026 meeting schedule for Board meetings continues to propose meeting on the 3<sup>rd</sup> 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 FY2026 Board Meeting Schedule.

Secretary Anderson Rons asked if there were questions from the Board about the proposed FY2026 Board meeting schedule. There were no questions from the Board. Secretary Anderson Rons asked for a motion and second for the motion to adopt the FY2026 Board Meeting Schedule. A motion to approve the Resolution was made by Nancy Sampair. The motion was seconded by Gary Benson and David Rowland.

Secretary Anderson Rons 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 |
| David Rowland        | Yes |
| Nancy Sampair        | Yes |
| Gary Benson          | Yes |
| Mikeya Griffin       | Yes |
| Poawit Yang          | Yes |

There were no abstentions or votes against the Motion and the FY2026 Board Meeting Schedule was approved.

#### **Agenda Item IV -- Old Business**

Secretary Anderson Rons 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**

Secretary Anderson Rons asked if there were any New Business items from Board members for discussion.

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

### **Agenda Item VII – Other Business**

Secretary Bonnie Anderson Rons called upon Executive Director Fick to discuss Other Business and present the Executive Directors Report.

#### **DebtBook software implementation**

The process of implementing DebtBook is going well. We have had multiple discussions and review sessions on the information that the DebtBook team has added to our account. We are reviewing the data and will begin training on the system next month. DebtBook has answered our questions and has a solid group of people in place to provide ongoing support as we learn the system.

#### **NAHEFFA Conference Spring 2025**

The Spring NAHEFFA Conference was held in Alexandria Virginia. This offered access to congressional staff at the US Capitol on Wednesday. The group heard from parties who work with Congress and gained a stronger understanding of the budget process, in addition to understanding the current challenges to tax-exemption for some or all public finance bond or note issues.

#### **MHEFA Annual Finance Conference**

The 37<sup>th</sup> MNHEFA Finance Conference was held at the St. Paul Union Depot in the Red Cap Room. We had a record attendance, and the speaker lineup was exceptional. Participants were pleased with the location, the networking opportunities and the quality of the speakers.

We had very good site visits with Moody's staff to the twin City campus locations and toured bond financed projects at St. Thomas and other schools.

#### **Legislation**

We are moving forward with our expansion legislation. We have moved through all the necessary Committees on the House and Senate. Our bill is in the Senate Omnibus HHS Bill and has no opposition. We are in the House Health Policy Omnibus bill, which has yet to be brought to the floor.

The legislative session concludes on May 19, and a special session is required to pass multiple omnibus bills, including the omnibus bill with our legislation.

### **Staffing**

A number of Minnesota colleges and universities have recently announced new leaders. New Presidents will take their place at Gustavus Adolphus College, Minneapolis College of Art and Design, and Hamline University this summer.

New finance leadership is in place at St. Mary's of Minnesota, with the promotion of a long-time accounting manager, Dave Ansell, to AVP for Finance. St. Mary's has reorganized the Finance area to report to the newly appointed Chief Operating Officer, Dr. Andy Dirksen.

St. Catherine University has a new CFO, B. J. Miller, who replaces the retired Tracey Gran.

### **Ratings**

Moody's update calls continue to be scheduled, with 2 calls planned for late May and a third in early June.

### **Potential Financing Requests**

We anticipate a refunding for one of our borrowers by late 2025. We are working with another borrower on a new money financing for late this year or early 2026.

### **NAHEFFA Fall 2025 Conference**

The Fall 2025 NAHEFFA Conference will be held at the JW Marriott at the Mall of America in Bloomington from October 5-8. We are working to engage sponsors, speakers, and attendees. Amanda and I will be coordinating with the NAHEFFA Conference and Sponsorship Committees to ensure a strong conference for the attendees. All MHEFA Board members are invited to attend some or all the Conference.

Secretary Anderson Rons asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider. Secretary Anderson Rons asked for a motion to adjourn the regular Board Meeting and move to Executive Session. A motion to adjourn the regular board meeting and move to Executive Session Nancy Sampair. The motion was seconded by Paowit Yang.

The Board voted by voice vote to adjourn the regular Board meeting at 2:47 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 the Executive Session at 3:16 pm. Secretary Anderson Rons 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 3:16 pm CDT.

Respectfully submitted,

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Assistant Secretary

|                                                       | FY25 May Adjusted<br>Approved Budget | FY26 Proposed Budget | Difference          |
|-------------------------------------------------------|--------------------------------------|----------------------|---------------------|
| <b>Income</b>                                         |                                      |                      |                     |
|                                                       |                                      |                      |                     |
| 4010 Annual Fee Income                                | 543,113.93                           | 550,000.00           | 6,886.07            |
| 4020 Application Fee Income                           | 1,000.00                             | 2,000.00             | 1,000.00            |
| 4000 Interest Income                                  | 105,000.00                           | 80,000.00            | (25,000.00)         |
| <b>Total Income</b>                                   | <b>649,113.93</b>                    | <b>632,000.00</b>    | <b>(17,113.93)</b>  |
| <i>Asset Acquisitions (over \$2k threshold)</i>       |                                      |                      |                     |
| Office Furniture/Equipment (Capitalized)              | 3,115.09                             | -                    | (3,115.09)          |
|                                                       |                                      |                      | -                   |
|                                                       |                                      |                      | -                   |
| <b>Expenses</b>                                       |                                      |                      |                     |
| 6000 Stipends                                         | 1,815.00                             | 4,400.00             | 2,585.00            |
| 6001 Board Travel                                     | 3,250.00                             | 5,000.00             | 1,750.00            |
| 6002 Communications                                   |                                      |                      | -                   |
| 6002.01 Communications - Phones                       | 3,000.00                             | 5,000.00             | 2,000.00            |
| 6002.02 Communications - Internet                     | 2,500.00                             | 3,000.00             | 500.00              |
| 6002.03 Communications - Software                     | 1,000.00                             | 1,500.00             | 500.00              |
| 6002.04 Communications - Website                      | 3,500.00                             | 30,000.00            | 26,500.00           |
| 6002.05 Communications - Misc                         | 3,000.00                             | 15,000.00            | 12,000.00           |
| <b>Total 6002 Communications</b>                      | <b>13,000.00</b>                     | <b>54,500.00</b>     | <b>41,500.00</b>    |
| 6003 Staff Travel                                     | 11,000.00                            | 25,000.00            | 14,000.00           |
| 6004 Office Rent                                      | 50,000.00                            | 54,000.00            | 4,000.00            |
| 6005 Office Supplies                                  | 1,000.00                             | 2,000.00             | 1,000.00            |
| 6006 Repairs                                          | -                                    | 2,000.00             | 2,000.00            |
| 6007 Printing Expense                                 | 500.00                               | 25,000.00            | 24,500.00           |
| 6008 Periodicals/Memberships                          | 10,000.00                            | 13,000.00            | 3,000.00            |
| 6009 Fiscal Consultant Fees                           | 5,000.00                             | 25,000.00            | 20,000.00           |
| 6010 Audit Fees                                       | 20,950.00                            | 21,900.00            | 950.00              |
| 6012 Legal and Legislative Fees                       | 55,000.00                            | 20,000.00            | (35,000.00)         |
| 6013 Insurance Expense                                | 2,400.00                             | 2,500.00             | 100.00              |
| 6015 Miscellaneous Expense                            | 1,500.00                             | 5,000.00             | 3,500.00            |
| 6016 Bank Service Charges                             | 1,250.00                             | 2,000.00             | 750.00              |
| 6017 Conference Expenses                              | 16,000.00                            | 40,000.00            | 24,000.00           |
| 6018 Professional Development-Board                   | -                                    | 2,500.00             | 2,500.00            |
| 6020 Professional Development-STAFF                   | 3,500.00                             | 3,500.00             | -                   |
| 6021 IT                                               |                                      |                      | -                   |
| 6021.01 IT - Managed IT Services                      | 9,000.00                             | 9,000.00             | -                   |
| 6021.02 IT - Software                                 | 12,500.00                            | 45,000.00            | 32,500.00           |
| 6021.03 IT - Consulting and Training                  | 5,000.00                             | 5,000.00             | -                   |
| 6021.04 IT - Misc                                     | 750.00                               | 1,000.00             | 250.00              |
| <b>Total 6021 IT</b>                                  | <b>27,250.00</b>                     | <b>60,000.00</b>     | <b>32,750.00</b>    |
| 6023 Postage/Delivery Expense                         | 200.00                               | 200.00               | -                   |
| 6100 Salaries                                         | 253,000.00                           | 275,000.00           | 22,000.00           |
| 6101 Fringe Benefits                                  | 89,000.00                            | 93,000.00            | 4,000.00            |
| 6104 Worker's Compensation                            | 170.00                               | 170.00               | -                   |
| 6107 Office Contract Work                             | -                                    | -                    | -                   |
| <b>Total Expenses</b>                                 | <b>568,900.09</b>                    | <b>735,670.00</b>    | <b>166,769.91</b>   |
| <b>Net Operating Income</b>                           | <b>80,213.84</b>                     | <b>(103,670.00)</b>  | <b>(183,883.84)</b> |
| <b>Total Expenses Without Capitalized Items</b>       | <b>565,785.00</b>                    | <b>735,670.00</b>    | <b>169,885.00</b>   |
| <b>Net Operating Income Without Capitalized Items</b> | <b>83,328.93</b>                     | <b>(103,670.00)</b>  | <b>(186,998.93)</b> |

## MHEFA OPERATING BUDGET

Fiscal Year 2026

July 1, 2025 - June 30, 2026

Line-Item Description

**1502 CURRENT YEAR ASSET ACQUISITION:** This line item contains expected asset purchases during the fiscal year. Assets purchased are planned to be above the Authority's \$2,000 threshold for depreciation. While this is cash spent during the fiscal year, the expenses are realized over 3-10 years through asset depreciation.

For FY2026, the Authority does not anticipate any asset needs as new computers were purchased in FY2025.

**6000 STIPENDS:** Stipend expense for Authority members to attend regular Authority meetings or committee meetings. Eight members are eligible to receive meeting stipends as two members are ex-officio and are not eligible to receive the stipend. Included in the budget is the approved stipend for eight board members for ten meetings during FY2026.

**6001 BOARD TRAVEL AND EXPENSES:** Reimbursement to Authority members for travel expenses in connection with attendance at regular Authority meetings or committee meetings, such as mileage and parking expenses. For FY2026 this amount includes estimates for not only mileage and parking fees, but also potential fees from colleges or other venues to host any in-person board meetings. This line item also includes expenses incurred for the board recognition dinner.

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

**6002.01 Phones:** This includes standard monthly phone charges, etc. and 1-800 number conference line expenses (required by the state of MN for public accessibility to public hearings). This subaccount also contains expenses for Authority cell phones. For FY2026, this line item also includes a budget for the purchase of a new Authority cell phone for the Operations Manager to replace an outdated existing phone that has a minimally functioning battery.

**6002.02 Cable and Internet:** This line item covers monthly internet expenses, currently charged through Comcast.

**6002.03 Software:** This line item covers communication software such as Microsoft Email and Zoom. In FY26, the Authority will likely be switching from GoMeet to Zoom, which will mean upgrading the Authority's Zoom account plan.

**6002.04 Website:** Included in the FY2026 budget is work on the Authority-issued debt page by Voom Creative that is already planned with an agreement in place. This line item also includes work by Voom that will need to be done to update the Authority's website assuming legislation is passed to expand into healthcare. Also included is a \$1,200 maintenance fee from BondLink for the Authority Investment site. This fee covers any updates required to the site throughout the fiscal year. Also included in this line item are small website fees such as domain registration, website host fees, video hosting fees, internal search engine fees, and any other such fees associated with website.

**6002.05 Misc:** This subaccount includes a budget for Shred-It shredding services, and for FY2026, this also includes a budget for redesigning the Authority's logo and a sign with the new logo for the Authority office.

**6003 STAFF TRAVEL:** Local and national travel expenses incurred by the staff for travel relating to Authority business. This budget covers routine local travel, such as visits to colleges in the state for annual visits and rating agency reviews, as well as attendance at meetings, workshops and conferences that are sponsored by the National Association of College and University Business Officers (NACUBO), Central Association of College and University Business Officers (CACUBO), National Association of Health and Educational Facilities Finance Authorities (NAHEFFA), State of Minnesota and others. For FY2026, this also includes an increased budget for local travel to visit healthcare organizations following the passing of the Authority's expansion bill.

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

**6004 OFFICE RENT:** Reflects rent expense for office space. The current Grand Oak lease expires October 31, 2029. This includes an estimate for CAM expenses (common area maintenance fees), which vary each year.

**6005 OFFICE SUPPLIES:** Office supplies used on a daily basis.

**6006 REPAIRS:** For FY2026, this line item includes estimated expenses for repair work to the Operations Manager's window sill not done during original office construction.

**6007 PRINTING:** Expenses for the printing of the Authority's annual report. In FY2026, this includes design work done by Voom Creative to redesign the annual report to also include healthcare information following the passing of the Authority's bill.

**6008 PERIODICALS/MEMBERSHIPS:** Covers membership or license fees for various organizations that provide a benefit to the Authority and staff. (Including, but not limited to: NACUBO, CACUBO, NAHEFFA, GFOA, Newspaper subscriptions, Bond Buyer, CUSIP Global Services (LEI), Chronicle of Higher Education, Bloomberg, etc.)

**6009 FISCAL CONSULTANT FEES:** Mark LeMay, as an Independent Consultant, acts as the Authority's Fiscal Consultant. Mr. LeMay provides services such as work to implement DebtBook and verify the accuracy of information, all debt school calculations, and special projects as assigned by Authority staff.

**6010 AUDIT FEES:** The expenses below reflect a proposal from BerganKDV to continue as auditor for Fiscal Years 2025-2027:

- **Audit for FY 2025 \$21,900**
- **Audit for FY 2026 \$22,900**
- **Audit for FY 2027 \$23,900**

**6012 LEGAL FEES:** This line item includes fees of the Attorney General's Office and special attorneys appointed by the Attorney General. In FY2026, the Authority intends to retain continued legal assistance on legislative matters at a lower rate, as no bill is intended to be introduced in FY2026.

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

- General Liability/Fire Damage Coverage - Property Insurance policy
- Accidental Death and Dismemberment for Business Related Travel for board members and staff
- Commercial Crime (Employee Theft and Computer Crime)

**6015 MISCELLANEOUS EXPENSES:** This covers miscellaneous items, including UCC filing fees for the Authority and Authority borrowers, as well as office items below the \$2,000 threshold for capital purchases. For FY2026, this also includes a budget for swag with the Authority's new logo.

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

**6017 CONFERENCE EXPENSES:** Expenses associated with hosting an annual conference for the finance officers of the Minnesota Private Colleges and Universities and representatives of the banking community. This line item also includes a smaller budget for a secondary CFO Roundtable event. For FY2026, the budget is increased due to the high likelihood that healthcare professionals will also join the conference, expanding the number of attendees, and also increasing the space needed for the event.

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

**6020 PROFESSIONAL DEVELOPMENT- Staff:** This line item represents the registration fees or tuition associated with the various classes, meetings, and conferences for the staff. These sessions are designed to

encourage personal and maintain professional development and qualifications and keep the staff informed of changes in general public finance areas, tax exempt bond financing, higher education, and nonprofit business issues.

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

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

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

**6021.03 Consulting and Training:** In FY2026, the Authority will need to redesign the Authority's chart of accounts and software setup due to the healthcare expansion that may result in the need for QuickBooks training or accounting assistance to ensure setup is accurate.

**6021.04 Misc:** This covers miscellaneous supplies and fees related to IT needs.

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

**6100 SALARIES:** This line item covers the salary expense of the Executive Director and the Operations Manager who are employed in the State of Minnesota's Managerial Plan. This is an estimate, as the Managerial Plan and General Salary Increase information has not yet been released by MMB.

**6101 FRINGE BENEFITS:** Includes the following payments made by the employer on behalf of the employee: FICA taxes, MN State Retirement System contributions, Unclassified Retirement contributions, health, life and disability insurance premiums. This budget line changes with Authority staff insurance coverage options. This is an estimate, as the Managerial Plan and benefit cost information has not yet been released by MMB.

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

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



**To:** Authority Board Members

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

**Date:** June 18, 2025

**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 2026.

|                                                                                         |                        |
|-----------------------------------------------------------------------------------------|------------------------|
| <i>Estimated Net Position as of 6/30/2025:</i>                                          | \$2,385,431            |
| Plus: Projected Fee Revenue for FY 2026                                                 | 1,571,449              |
| Plus: Projected investment income for FY 2026<br><i>(Includes unrealized gain/loss)</i> | <u>81,000</u>          |
|                                                                                         | \$4,037,880            |
| <br>Less: <i>Projected annual operating expense for FY 2026</i>                         | <br>746,670            |
| Less: <i>Target Net Position (current)</i>                                              | <u>2,385,431</u>       |
| <br>Total                                                                               | <br>905,779            |
| <br>Divided by: Fee Revenue                                                             | <br><u>\$1,571,449</u> |
| <br>Calculated fee adjustment for fiscal year 2025                                      | <br>57.64%             |

### **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 - 2025           | 65%             | 9            |

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 2025 (estimated) and 2026 (projected). There are several alternative discount amounts presented for fiscal year 2026 to show the effect on Net Position.

### **Assumptions for Projections**

1. Fiscal year 2026 total revenues are based on the assumption that the Authority will issue the following bonds and notes in FY2026:
  - i. School 1: \$50,000,000
  - ii. School 2: Refunding + Associated Fees (resulting in very minor increase to Authority fees)
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 13 securities in the portfolio ranging in par value from \$100,000 to \$200,000, having maturities ranging from October 2025 to July 2028 with an average interest rate of 4.23% 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 2025 and 2026 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 FY25. Therefore, we expect FY26 values to have a small spread between par and market values.
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 2026 predicted expenses include an April 2026 conference, website updates, healthcare expansion items, 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 FY2026, 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 (2018-2024) but are not estimated in the 2025 estimate or 2026 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 **57.64 percent** would allow the Authority to keep the Net Position near its current level. While the Fee Analysis suggests lowering the discount, staff recommend the discount be set at **65 percent** for fiscal year 2026 due to many of the expenses for FY2026 being one-time expenses or related to the healthcare expansion.

If the staff recommendation is adopted by the Board, this will represent the tenth 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

|                                                        |           |           |             |             | FY 2026 ALTERNATIVES |           |             |             |           |
|--------------------------------------------------------|-----------|-----------|-------------|-------------|----------------------|-----------|-------------|-------------|-----------|
| REVENUES                                               | 2022      | 2023      | 2024        | 2025        | 2026                 | 2026      | 2026        | 2026        | 2026      |
| Annual Admin Fees @ 0.125% (Existing Issues)           | 1,383,610 | 1,361,164 | 1,607,149   | 1,551,754   | 1,502,449            | 1,502,449 | 1,502,449   | 1,502,449   | 1,502,449 |
| Annual Fees @ 0.125% (Future Issues - 1st year)        |           |           |             |             | 69,000               | 69,000    | 69,000      | 69,000      | 69,000    |
| Fee Credits                                            | (899,347) | (884,756) | (1,044,647) | (1,008,640) | (864,297)            | (942,869) | (1,021,442) | (1,100,014) | (905,779) |
| Investment Earnings                                    | 17,053    | 46,751    | 93,653      | 105,000     | 80,000               | 80,000    | 80,000      | 80,000      | 80,000    |
| Unrealized Gain/(Loss)                                 | (38,016)  | 8,626     | 9,330       | 1,000       | 1,000                | 1,000     | 1,000       | 1,000       | 1,000     |
| Total Revenues                                         | 463,301   | 531,784   | 665,485     | 649,114     | 788,152              | 709,580   | 631,007     | 552,435     | 746,670   |
| EXPENSES                                               |           |           |             |             |                      |           |             |             |           |
| Payroll, taxes & benefits                              | 238,589   | 286,023   | 317,154     | 342,170     | 368,170              | 368,170   | 368,170     | 368,170     | 368,170   |
| Rent, Depreciation and Interest Expense*               | 50,237    | 66,154    | 58,153      | 61,000      | 65,000               | 65,000    | 65,000      | 65,000      | 65,000    |
| Legal, audit & fiscal consulting                       | 70,264    | 44,994    | 47,357      | 75,950      | 66,900               | 66,900    | 66,900      | 66,900      | 66,900    |
| Other                                                  | 63,133    | 102,611   | 77,682      | 92,665      | 246,600              | 246,600   | 246,600     | 246,600     | 246,600   |
| Total Expenses                                         | 422,223   | 499,782   | 500,346     | 571,785     | 746,670              | 746,670   | 746,670     | 746,670     | 746,670   |
| Increase/(Decrease) in Total Assets:                   | 41,078    | 32,002    | 165,139     | 77,329      | 41,482               | (37,090)  | (115,663)   | (194,235)   | (0)       |
| Beginning Total Asset Balance:                         | 2,069,883 | 2,110,961 | 2,142,963   | 2,308,102   | 2,385,431            | 2,385,431 | 2,385,431   | 2,385,431   | 2,385,431 |
| Ending Total Asset Balance:                            | 2,110,961 | 2,142,963 | 2,308,102   | 2,385,431   | 2,426,913            | 2,348,341 | 2,269,768   | 2,191,196   | 2,385,431 |
| % Fee Reduction:                                       | 65%       | 65%       | 65%         | 65%         | 55%                  | 60%       | 65%         | 70%         | 57.64%    |
| % Fee Assessment - Actual '22 - '24; Est '25; Proj '26 | 0.0438%   | 0.0438%   | 0.0438%     | 0.0438%     | 0.0563%              | 0.0500%   | 0.0438%     | 0.0375%     | 0.0530%   |

\*Change in accounting principal in FY2022

|             |                         |
|-------------|-------------------------|
| Color Code: | Actual                  |
|             | Estimated               |
|             | Projected               |
|             | Recommended             |
|             | Target if zero increase |