

CONTINUING COVENANT AGREEMENT
QUARTERLY COMPLIANCE CERTIFICATE

Financial Statement Date: **September 30, 2023**

To: US Bank, N.A.

Ladies and Gentlemen:

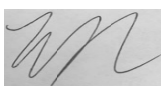
Reference is made to those certain Continuing Covenant Agreements, dated as of July 18, 2017 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the “Agreement”), between the Minnesota Office of Higher Education (the “Issuer”) and US Bank, N.A. (the “Purchaser”). Any term capitalized but not defined herein shall have the meaning ascribed thereto under the Agreement.

The undersigned hereby certifies as of the date hereof that he/she is the chief financial officer of the Issuer, and that, as such, he/she is authorized to execute and deliver this Certificate to the Purchaser on the behalf of Issuer, and that:

1. Attached hereto are the unaudited financial statements required by Section 6.01(e)(ii) of the Agreements for the fiscal quarter of the Issuer ended as of the above date.
2. The undersigned has reviewed and is familiar with the terms of the Agreements and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and conditions (financial or otherwise) of Issuer during the accounting period covered by the attached financial statements.
3. A review of the activities of Issuer during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period, the Issuer performed and observed all its Obligations under the Agreements and the Related Documents, and to the best knowledge of the undersigned during such fiscal period, the Issuer performed and observed each covenant and condition of the Agreements and Related Documents applicable to it, and no Default or Event of Default has occurred and is continuing.
4. The representations and warranties of Issuer contained in Section 5 of the Agreements are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date.
5. The reports and information attached hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of **October 25, 2023**, 2023.

MINNESOTA OFFICE OF HIGHER EDUCATION

By: 
Name: Will Randow
Title: Financial Services Manager

MINNESOTA OFFICE OF HIGHER EDUCATION
LOAN CAPITAL FUND
STATEMENT OF REVENUE & EXPENSES
Unaudited

	FY 2024 QTR 1	FY 2023 QTR 1
<i>Revenue</i>		
Interest Income SELF II	\$ 0.00	\$ 0.00
Interest Income SELF III	\$ 208.90	\$ 204.36
Interest Income SELF IV	\$ 350,145.06	\$ 307,310.05
Interest Income SELF V	\$ 5,178,049.31	\$ 4,788,936.18
Interest Income SELF VI	\$ 995,284.42	\$ 9,738.37
Interest Income SELF Refi	\$ 130,003.68	\$ 130,378.38
	<u>\$6,653,691.37</u>	<u>\$5,236,567.34</u>
Investment Income	\$ 5,579,543.66	\$ 2,107,131.02
	<u>\$5,579,543.66</u>	<u>\$2,107,131.02</u>
Gains/Losses on Investments/Bonds	\$ 0.00	\$ 0.00
	<u>\$0.00</u>	<u>\$0.00</u>
Total Revenue	<u>\$12,233,235.03</u>	<u>\$7,343,698.36</u>
<i>Expenses</i>		
Admin Expense SELF	\$ 1,181,500.95	\$ 1,368,386.65
Loan Servicer Expense	\$ 362,736.01	\$ 360,200.37
	<u>\$1,544,236.96</u>	<u>\$1,728,587.02</u>
Amortization of bond discount	\$ 32,017.17	\$ 7,628.82
Amortization of bond premium	\$ (199,820.73)	\$ (134,069.07)
Bond Administration Expense	\$ 236,390.59	\$ 128,145.70
Bond Interest Expense	\$ 2,855,771.19	\$ 2,588,696.85
Depreciation Expense	\$ 476.70	\$ 476.70
	<u>\$2,924,834.92</u>	<u>\$2,590,879.00</u>
Defaulted Loans/Bad Debt Reserve	\$ 504,113.45	\$ 944,952.63
Defaulted Grip Recoveries	\$ (3,000.00)	\$ (392.00)
Defaulted SELF Recoveries	\$ (960,135.55)	\$ (988,943.41)
	<u>(\$459,022.10)</u>	<u>(\$44,382.78)</u>
Total Expenses	<u>\$4,010,049.78</u>	<u>\$4,275,083.24</u>
Change in Net Position	<u>\$8,223,185.25</u>	<u>\$3,068,615.12</u>
Net position, Beginning of Period (as restated for pension liability)	\$565,243,619.67	\$543,445,018.45
Net Position, End of Period	<u>\$573,466,804.92</u>	<u>\$ 546,513,633.57</u>

MINNESOTA OFFICE OF HIGHER EDUCATION
LOAN CAPITAL FUND
STATEMENT OF FINANCIAL POSITION
Unaudited

ASSETS

FY 2024 QTR 1

FY 2023 QTR 1

Liquid Assets

Cash	\$251,574,008.59	\$233,033,985.67
Cash Equivalents	\$0.00	\$0.00
Interest Income Receivable	\$1,839,273.87	\$578,631.02
Investments	\$0.00	\$8,000,000.00
	<u>\$253,413,282.46</u>	<u>\$241,612,616.69</u>

Loans Receivable

Allowance for Bad Debt	(\$6,835,544.00)	(\$6,927,876.00)
SELF II Loans	\$0.00	\$0.00
SELF III Loans	\$8,564.81	\$18,891.03
SELF IV Loans	\$18,706,476.04	\$29,072,551.60
SELF Refi Loans	\$8,028,679.60	\$10,193,609.42
SELF V Loans	\$325,822,565.49	\$374,689,865.28
SELF VI Loans	\$76,113,393.98	\$19,809,214.50
	<u>\$421,844,135.92</u>	<u>\$426,856,255.83</u>

Loan Interest Receivable

SELF II Interest	\$0.00	\$0.00
SELF III Interest	\$26.62	\$54.76
SELF IV Interest	\$64,336.06	\$58,470.61
SELF Refi Loans	\$26,581.02	\$26,740.33
SELF V Interest	\$1,424,334.50	\$1,678,410.40
SELF VI Interest	\$1,719,181.47	\$65,322.36
	<u>\$3,234,459.67</u>	<u>\$1,828,998.46</u>

Restricted Assets

Bad Debt Reserve	\$6,835,544.00	\$6,927,876.00
Cash	\$208,667,366.89	\$311,896,188.68
Funds Owed to LCF for Pledging	\$375,419.00	\$375,419.00
	<u>\$215,878,329.89</u>	<u>\$319,199,483.68</u>

Accounts Receivable

Accounts Receivable	\$0.00	\$0.00
	<u>\$0.00</u>	<u>\$0.00</u>

Deferred Pension Costs

Deferred Outflow - OPEB Costs	\$27,000.00	\$18,500.00
Deferred Outflow - Pensions Costs	\$474,904.56	\$537,890.58
	<u>\$501,904.56</u>	<u>\$556,390.58</u>

Depreciable Assets

Depreciable Assets	\$19,543.95	\$21,450.75
	<u>\$19,543.95</u>	<u>\$21,450.75</u>

TOTAL ASSETS

\$894,891,656.45

\$990,075,195.99

LIABILITIES

Accounts Payable

Accounts Payable	\$630,158.59	\$689,252.48
Bond Interest Payable	\$4,321,540.19	\$3,558,845.35
Excess Yield Liability	\$0.00	\$0.00
Funds Owed to LCF for Pledging	\$375,419.00	\$375,419.00
	<u>\$5,327,117.78</u>	<u>\$4,623,516.83</u>

Bonds Payable

Bond Premium	\$3,174,229.91	\$1,784,805.07
Bonds Payable	\$313,800,000.00	\$436,415,000.00
Discount on Bonds	(\$1,786,496.58)	(\$462,814.63)
	<u>\$315,187,733.33</u>	<u>\$437,736,990.44</u>

Pension Liability

Deferred Inflow OPEB Contributions	\$23,250.00	\$14,750.00
Deferred Inflow Pension Contributions	\$197,603.39	\$1,019,345.40
OPEB Liability	\$142,250.00	\$120,750.00
Pension Liability	\$546,897.03	\$46,209.75
	<u>\$910,000.42</u>	<u>\$1,201,055.15</u>

TOTAL LIABILITIES

\$321,424,851.53

\$443,561,562.42

NET POSITION

Restricted

Restricted For Debt Service	\$371,969,295.68	\$355,405,049.77
Trust Net Assets	\$201,497,509.24	\$191,108,583.80
	<u>\$573,466,804.92</u>	<u>\$546,513,633.57</u>

TOTAL NET POSITION

\$573,466,804.92

\$546,513,633.57