

The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board Meeting at 2:00 PM CT, Wednesday, November 20, 2019, on the campus of Augsburg University, in the Oren Gateway Center, Room 103, 610 22<sup>nd</sup> Avenue South, Minneapolis, Minnesota. As authorized by Section 13D.015, Minnesota Statutes, a regular meeting was duly called to be conducted by telephone. Monitoring from a call-in number is available to the public upon request. A roll call was taken, and the following board members or designees were present and attending in person except as noted to be attending by phone:

Gary Benson  
Mary Ives (by phone)  
Michael Ranum  
Bonnie Anderson Rons  
Nancy Sampair (by phone)  
Mark Misukanis

Absent: David Rowland  
Ray Vin Zant  
Poawit Yang  
Paul Cerkvenik

Also present: Barry W. Fick, Executive Director, MHEFA; Amanda Lee, Operations Manager, Rebecca John, Vice President and Chief Operating Officer, Augsburg University.

Mike Ranum, Chair, called the meeting to order at 2:00 pm CDT. Executive Director Fick confirmed that a Quorum was present.

The meeting began with a welcome by Rebecca John, Vice President and Chief Operating Officer of Augsburg University. Ms. John provided a brief introduction to Augsburg and thanked MHEFA and the Board for their support of Augsburg’s educational mission and for providing low cost funding for campus facilities. Ms. John noted that she would be serving as a guide for Authority members who might wish to tour the newest campus building, the Hagfors Center for Science, Business and Religion.

### **Agenda Item I – Minutes of the October 16, 2019 Authority Board Meeting**

The first item on the agenda is the review and approval of the minutes of October 16, 2019. Nancy Sampair moved for approval of the October 16, 2019 minutes. The motion for

approval was seconded by Gary Benson. Chair Ranum asked if there were any questions, discussion or changes to the minutes of the October 16, 2019 Board meeting.

Board member Bonnie Anderson Rons noted that page 7 of the October 16, 2019 MHEFA Board Minutes omitted “Rons” when referring to her second to the motion to recess the October 16, 2019 Board meeting until later that day. Executive Director Fick noted that the October 16, 2019 MHEFA Board minutes will be updated to reflect the addition of “Rons” to remedy the omission. The updated minutes will be placed on the Authority web page and corrected in the official Authority records.

The maker and support of the original motion to approve the October 16, 2019 minutes agreed with the proposed change to the October 16, 2019 minutes and affirmed their making and support of the October 16, 2019 minutes as adjusted.

Chair Ranum called for a voice vote regarding the approval of the Minutes as adjusted. All members voted in favor of the motion to approve the October 16, 2019 minutes as adjusted. There were no votes against the motion and the October 16, 2019 minutes as adjusted were approved.

## **Agenda Item II – Public Hearing for St. John’s University Financing, Series 2020**

Board Chair Ranum opened the Public Hearing for St. John’s University. Executive Director Fick noted that the notice of the Public Hearing was properly and timely published in a St. Cloud area newspaper and the Minnesota State Register.

Mr. Fick noted that St. John’s has requested that the Public Hearing be continued until the December 18, 2019 Authority Board meeting. The continuance is requested so the University may obtain additional cost information for the projects included in the Application and to refine the individual components to be funded with proceeds of the Series 2020 Bonds.

Mr. Fick noted the University has received approval from the Catholic Church in Rome for the financing in an amount of up to \$25 million. The University has passed resolutions authorizing the financing and application to the Authority. The University is planning to adopt a resolution at the upcoming November Board meeting of the University to add

additional capital project components to the Project and wants to be sure to have those included in the authorized Project.

Mr. Fick noted that this can be accomplished by continuing the Public Hearing until the December 2019 Authority Board meeting. Mr. Fick also noted that notice of the continued Public Hearing would be published in a St. Cloud area newspaper and the Minnesota State Register. This additional publication of notice of the Public Hearing will provide the interested public with information about the continuance of the Public Hearing.

Mr. Ranum asked if there were questions from the Board for Mr. Fick. There were a small number of administrative clarification questions asked by Board members which were answered to the satisfaction of the questioner.

The Board Chair then asked for a Board consensus to recess the public hearing until the December 20, 2019 Authority Board. Board members verbally agreed to recess the public hearing and reconvene the Public Hearing at the Authority's December 20, 2019 Board meeting.

### **Agenda Item III – Old Business**

The Chair asked if there was any old business to come before the Board. Authority staff noted that there will be items covered in the Executive Director's Report that could be considered old business, however it was decided to discuss those in the Executive Director's Report as planned.

There was no other Old Business for the Board to discuss or consider.

### **Agenda Item IV – New Business**

The Chair asked if there was any new business to come before the Board. Authority staff noted that there was no new business to come before the Board at this time.

There was no other New Business for Board discussion or consideration.

## Agenda Item V – Other Business

There were a number of handouts included in the Board packet for the November meeting. These included:

- Moody's Investors Service: Tuition revenue growth weakens for public and private universities
- The Net Effect: Sharply Compressed Spreads graph
- The Enrollment Fell Off a Cliff: How Beloit College Is Trying to Regain Students
- 'Each Year Is a Full New Crop': An Iowa College Prepares for Enrollment Change
- Hill Center gives \$1M to St. Catherine University to fund data analysis program
- Executive Director's Report Memo
- October 2019 Budget vs Actual
- Fiscal Year 2019 MHEFA Annual Report

Executive Director Barry Fick discussed the articles provided, which led to the desire of the Board to have Paul Cerkvenik lead a topic discussion on enrollment shortfalls, weakening tuition revenue growth, and other current challenges at a future Board Meeting. It was noted by Mark Misukanis that "The Net Effect: Sharply Compressed Spreads graph" that the graph shows a ten-year snapshot, but may be skewed by the recession at the beginning of the ten-year snapshot, and additional years prior would be valuable. Executive Director Fick will attempt to gather the information for the Board, however it may not be available, as this graph was provided by a third party.

Chair Ranum then asked for information on the due diligence duty of the MHEFA Board is when assessing the schools applying for financings. MHEFA uses a Municipal Advisor and Bond Counsel to provide evaluations and recommendations of the proposed financings. The MHEFA Board's role is to facilitate the financing, but also evaluate and help assure that the financing will be successful over time. It was suggested by Board members that the Board should obtain more information from its advisors about the due diligence conducted by the advisors and receive a verbal report about matters discussed as part of the due diligence and how those items were resolved. The mechanism for the presentation of these items will be discussed at a later date.

It was noted by Executive Director Fick that many of MHEFA's schools do not have plans to issue new debt in the near future, and may rely more heavily on fundraising, internal funds, and other alternatives. A recent gift of \$1 million was given to St. Catherine University by the Hill Center.

The Board Chair next asked Executive Director Fick to present the *Executive Director's Report*. Mr. Fick presented the Executive Director's Report and discussed the following items from the Report.

#### *Past Activity*

- GFOA MiniMuni Conference
  - Meeting with other Debt Management Committee members
- Campus visits completed
  - St. Catherine

#### *Items of Interest*

- Web site update – Meetings scheduled for content planning. Completion by Q1 2020
- Executive Director Fick appointed to Municipal Securities Rulemaking Board (“MSRB”) Compliance Advisory Group (“CAG”) – 1-yr term. CAG helps shape compliance standards for muni issuers, advisors, underwriters, etc.

Annual Report completed - It was noted by Executive Director Fick that Operations Manager Amanda Lee has updated our format to be more in line with state branding, including colors, logo and fonts. The desire is to include photos and additional items in future years. Gary Benson noted that the report is very eye appealing and easy to read in the state adopted font. The Annual Report has been provided to the Minnesota State Historical Society (in hard copy form) and the Minnesota Legislative Research Library.

#### *Upcoming Activity*

- Meetings with Minnesota Legislators re: Issue Authority Expansion being scheduled
- Meeting with AG Board Exec. Dir. scheduled for Dec. 5 – Learn about MHEFA
- Rating agency visit/conf call to review MN school credit assignments in process

There are other financings by Authority borrower schools that are under consideration but are in early stages of preparation. Executive Director Fick will keep the Board updated about any future financings.

The Chair asked if there were any questions from Board members for Executive Director Fick. A number of Board members congratulated Executive Director Fick for his appointments to the GFOA Debt Management Committee and the MSRB Compliance Advisory Group. Board members noted that these appointments raise the national profile of both MHEFA and Minnesota Private Higher Education Institutions. The additional contacts and information that will be gained by Executive Director Fick serving in these positions will benefit both the Authority and Authority Borrower schools.

Gary Benson of the Board led a discussion of options for publicizing these achievements and discussed if a press release should be prepared and distributed to news media to publicize the appointments. Board members expressed agreement with the idea of publicizing the appointments by a press release.

A motion was made by Nancy Sampair to direct the Authority staff to work with Chair Ranum to prepare and distribute a press release to note the appointment of the Executive Director of the Minnesota Higher Education Facilities Authority to the GFOA Debt Management Committee and the MSRB Compliance Advisory Group. The motion was seconded by Bonnie Anderson Rons.

The Chair asked for a voice vote on the Motion to prepare and publish a Press Release and the Board voted unanimously in favor of the Motion.

Operations Manager Amanda Lee discussed and outlined the additional material included with the November Board material. The October 2019 Budget vs. Actual comparison is presented using the QuickBooks reporting format. Operations Manager Amanda Lee noted that the QuickBooks reporting function is straightforward and efficient to use. Executive Director Fick noted that more and more is being done through online banking. Chair Ranum asked if the budget is an annual budget, to which Operations Manager Amanda Lee responded that it is.

After reviewing the Budget vs. Actual report for October 2019, the Chair asked if Authority Staff foresaw any large budget shortfalls or changes. Operations Manager, Amanda Lee,

noted that the Communications budget will definitely need to be adjusted due to website redesign expenses. As MHEFA staff has done in the past, a revised budget will likely be presented to the Board for approval in the second half of the fiscal year. Board members had no further questions and again noted that the QuickBooks format is easy to understand and provides more detail than the prior reports.

There were no questions from Board members related to the additional material.

There were no Other Business items to discuss.

The Chair asked if there was any other business to come before the Board. Hearing none, the Chair asked for a motion to adjourn. A motion to adjourn was made by Nancy Sampair. The motion was seconded by Bonnie Anderson Rons. The motion to adjourn the meeting was approved by voice vote at 3:04 pm Central Time.

Respectfully submitted,

  
Assistant Secretary