

The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board Meeting at 2:00 PM CT, Wednesday, January 15, 2020, in the Conference Room of the Minnesota Higher Education Facility Authority offices, located at 380 Jackson Street, Suite 450, Saint Paul, 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:

Board Members: Gary Benson
Mary Ives
Michael Ranum
David Rowland
Bonnie Anderson Rons (by phone)
Nancy Sampair
Mark Misukanis
Ray Vin Zant (by phone)

Absent: Poawit Yang
Paul Cerkenik (ex officio)

Public Attendees: Mark LeMay

Also present: Barry W. Fick, Executive Director, MHEFA; Amanda Lee, Operations Manager

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

Agenda Item I – Minutes of the November 20, 2019 Authority Board Meeting

The first item on the agenda is the review and approval of the minutes of November 20, 2019. Gary Benson moved for approval of the November 20, 2019 minutes. The motion for approval was seconded by Nancy Sampair. Chair Ranum asked if there were any questions, discussion or changes to the minutes of the November 20, 2019 Board meeting.

Chair Ranum called for a voice vote regarding the approval of the minutes. All members voted in favor of the motion to approve the November 20, 2019 minutes. There were no votes against the motion and the November 20, 2019 minutes as adjusted were approved.

Agenda Item II – Updated Board Member Manual – Prepared by the Office of the Minnesota Attorney General

The Chair called on Amanda Lee, Operations Manager, to introduce and discuss the updated “Board Members’ Legal Handbook of Legal Issues” dated August 2019. Ms. Lee noted that a copy of the Board members’ Manual has been provided to each Board member for their review. Ms. Lee noted that the Manual applies to all Minnesota Boards, not just MHEFA. As such, there are a number of sections in the Manual that are not applicable to MHEFA. The Manual provides information on many State of Minnesota rules that apply to operations of a State of Minnesota Agency, including open meeting rules, rule-making authority, the role of Board members, the rules of the Minnesota Data Practices Act, and other Board related activity.

Ms. Lee noted that if Board members have questions about specific issues included in the Manual, that they contact staff at MHEFA to receive an answer to their question. If MHEFA staff doesn’t have the answer, staff will contact the Attorney General’s office to obtain an answer to the Board members question.

There is no action required to be taken by the Board in reference to the Manual. The Manual is recommended to Board members to consult for reference and to provide guidance on Board matters.

Agenda Item III – Operations Manager Review

The Authority conducts an annual performance review of all staff. The annual performance review is timed to coincide with the anniversary of the hiring of the staff person. The hiring anniversary for Amanda Lee, Office Manager, is late January.

The employee undergoing the performance review completes a State of Minnesota Annual Performance Review form. The same form is independently completed by the employees’ supervisor. Amanda’s supervisor is the Executive Director of the Authority.

Both Ms. Lee and the Executive Director independently completed the Annual Review Form. The results of the independent reviews were compiled on the final Annual Performance Review Form. Ms. Lee and the Executive Director reviewed the form and discussed the results of each independent review. Both parties signed and dated the Annual Review Form.

Based on the Annual Performance Review, it is recommended that the Operations Manager receive the maximum allowable performance-based salary increase of 3.5%.

The results of the Annual Review Form and recommendation for a performance-based salary increase were presented to the Authority Board for their review, questions and action.

Before commencement of their consideration of the Operations Manager Annual Performance Review, the Board excused Ms. Lee from the meeting.

The Board discussed the Annual Performance Review and offered their own independent observations of the performance of the Operations Manager. Board members noted that the Operations Manager has gone “above and beyond” expectations on a number of occasions. Board members noted their appreciation of the work the Operations Manager has done.

The discussion concluded and Chair Ranum introduced a Resolution Authorizing Performance Based Salary Increase Under Managerial Plan 2017-2019. The Resolution grants a 3.5% performance-based salary increase effective, February 1, 2020. The Resolution was moved by Board member Sampair and a second was made by Board member Rowland.

A roll call vote regarding the approval of the Resolution was held. All members voted in favor of the Resolution. There were no votes against the Resolution and the Operations Manager Performance Review and salary increase recommendation was approved.

The Operations Manager rejoined the meeting after completion of the vote on the Resolution.

Agenda Item IV - Old Business

The Chair asked if there was any old business to come before the Board.

Executive Director Fick introduced the memorandum regarding the Authority conducting a search for a Municipal Advisor. Mr. Fick discussed the Municipal Advisor Request for Proposal memorandum dated January 15, 2020 that was provided to the Board members. The Proposal notes that the current municipal advisor engagement will expire on March 31, 2020 and is with Baker Tilly Municipal Advisors LLC. Baker Tilly is the successor to Springsted Incorporated, which has been the Authority's Municipal Advisor since the Authority began operations in 1971.

Staff proposal is to distribute a Request for Proposal to qualified Municipal Advisor firms in the second quarter of 2020. The goal is to establish a roster of MA firms that can assist the Authority. By establishing a roster of firms, the Authority can select different firms to work on different financings. This will enable the Authority to avoid actual or perceived conflicts of interest on borrower financings.

The Authority is introducing legislation to the Minnesota Legislature for consideration of expanding the types of entities the Authority may serve as a conduit issuer of bonds. The goal is to allow the Authority to issue bonds for Health Care entities and Senior Living projects. Since the success of this expanded issue authority will not be known until later in 2020, the issue of the RFP will be undertaken after there is more clarity about the status of the legislative request. If the expansion request is likely to be approved, the RFP would be distributed to a larger group of firms, to include firms that specialize in providing MA service on Health Care financings.

Discussion of the memo by the Board included suggestions to include a draft Engagement Letter with the RFP, request responding firms to outline the services they provide and how they evaluate risk in a proposed financing. Board members expressed interest in participating in MA firm interviews and having the opportunity to ask questions of firms selected for interviews.

Staff and the Board agreed to continue discussion and drafting of an RFP for future Board consideration and approval.

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 January meeting. These included:

- Authority issued Press Release re: Executive Director appointments to GFOA and MSRB Committees
- Article on St. Olaf – Carleton resource sharing article from Star Tribune, Dec 6, 2019
- Executive Director's Report Memo
- July 2019 – December 2019 Budget vs Actual

Executive Director Barry Fick discussed the article and press release provided.

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

- Schools closed from Mid-Dec. through early January (after New Year)
- Meetings with new presenters for April MHEFA Financing Conference
- Statutory issuance authority expansion progressing

Items of Interest

- Web site update – Roll-out on schedule for April 15, 2020
- Moody's Rating Update for Augsburg University concluded

Upcoming Activity

- GFOA Debt Committee meeting in Wash DC

- MSRB Compliance Committee meeting in Wash DC
- Rating agency to review MN school credit assignments in process
- Financing for St. John's deferred due to CFO surgery
- Additional financing applications expected

Other

- Financial Disclosure Filing due by January 27, 2020
- Application for Board Positions
- Cray Plaza sale & new owner communications

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.

Operations Manager Amanda Lee discussed and outlined the additional material included with the January Board material. The July 2019 - December 2019 Budget vs. Actual comparison is presented using the QuickBooks reporting format.

There were no other 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 Gary Benson. The motion to adjourn the meeting was approved by voice vote at 3:45 pm Central Time.

Respectfully submitted,

Barry Fick

Assistant Secretary






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Final Audit Report

2020-04-16

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