

The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 PM CDT, Thursday, April 16, 2020, in the Authority’s Conference Room, 380 Jackson Street, Suite 450, Saint Paul, Minnesota.

Following Emergency Executive Order 20-01, dated March 13, 2020, Declaration of Peacetime Emergency by Governor Walz; Emergency Executive Order 20-20, dated March 25, 2020; and Emergency Executive Order 20-33, dated April 8, 2020 (the foregoing and other Emergency Executive Orders of the Governor relating to COVID-19, as may be amended or superseded, collectively, the “Emergency Orders”), members of the Authority participated in and attend the meeting by telephone or other electronic means in accordance with Minnesota Statutes, Section 13D.021.

Authority Chair Ranum determined that an in-person meeting at the regular meeting location for the Authority, 380 Jackson Street, Suite 450, Saint Paul, Minnesota 55101, is not practical or prudent because of the health pandemic declared under the Emergency Orders and according to current guidance from the Minnesota Department of Health, the Centers for Disease Control and Prevention, and the U.S. Department of Homeland Security.

The chief administrative officer of the Authority, Executive Director Barry W. Fick, was physically present at the Authority’s offices, 380 Jackson Street, Suite 450, Saint Paul, Minnesota 55101.

Members of the public who plan to be present at the public hearing at the Authority’s offices in person will be required to observe social distancing and comply with other measures imposed by the Emergency Orders.

The public were able to monitor the meeting by calling 888-742-50956; Pass Code: 582 273 6685#.

A roll call was taken and the following board members or their designees were present and attending by telephone:

Board Members:	Gary Benson Michael Ranum Bonnie Anderson Rons David Rowland Nancy Sampair Powait Yang Paul Cerkvenik, Minnesota Private College Council, ex officio without vote
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Absent:	Mary Ives Mark Misukanis Raymond Vin Zant
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Public Attendees:	None
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Also present: Barry W. Fick (in-person) Executive Director MHEFQA; Amanda Lee, Operations Manager, MHEFA (by telephone), Peter Cooper, McGrann Shea, Bond Counsel (by telephone), Rebecca John, Vice President and Chief Operating Officer, Augsburg University (joined at 2:25 pm via telephone)

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

Agenda Item I – Consideration of Resolution for Extension of Letter of Credit – Augsburg University

Augsburg University has a Letter of Credit through BMO Harris Bank (Chicago) that supports the Series Eight-E Note. The Series Eight-E Note is a private placement with BMO Harris (Chicago). The Series Eight-E Note has a mandatory Tender on May 1, 2020. The University has worked with BMO Harris to extend the term of the Series Eight-E Note and renew the Letter of Credit with BMO Harris.

The University has requested the Authority take appropriate action(s) to allow the extension of the Series Eight-E Letter of Credit. The documentation for the extension is not complete as of the date of the Regular Authority meeting. Bond Counsel has determined that appropriate public Notice must be provided for the Authority to consider the request of the University.

Bond Counsel has recommended that a Special Meeting be held on Thursday, April 16, 2020 to consider the action(s) necessary to allow the extension to be completed.

In addition to the extension of the Mandatory Tender date for Series Eight-E, the University and BMO Harris have requested a modification to the interest rate on the Series 2019 Note between the Authority, Augsburg University and BMO Harris.

Consideration of these two requests was conducted at the Special Meeting of the Authority, held at 2:00 PM CDT on Thursday, April 16, 2020.

Appropriate Notice of a Special meeting of the Minnesota Higher Education Facilities Authority has been appropriately published and the Notice of the Special meeting of the Authority was posted at the Office of the Authority, 380 Jackson Street, Suite 450, Saint Paul, MN 55101.

Copies of the Resolutions to be considered by the Authority Board for the Series Eight-E Note and the Series 2019 Note were distributed prior to the Special Meeting of the Authority.

Supplemental Note Resolution Revenue Note, Series Eight-E (Augsburg College)

The Supplemental Note Resolution recites the terms agreed to between Augsburg University and BMO Harris Bank for adjusted terms to the Series Eight-E Note, including:

- Extension of the Initial Tender Date from May 1, 2020 to May 1, 2022
- Add principal payment schedule for FY2021 and FY 2022
- Revised interest rate
- Revised tax-exempt credit spread
- Waiver of the debt service coverage ratio for FY2020 only
- Addition of a covenant for FY2020 only whereby Income Available for Debt Service (IADS) to be equal to or greater than \$3.4 million

The calculation of IADS is the same as the calculation used in the Debt Service Coverage Calculation. The difference is that for FY2020, the covenant will be tested using a fixed \$ amount, rather than a %.

The Supplemental Note Resolution for Series Eight-E approves, ratifies and confirms the original documentation and the amendments agreed to between Augsburg University and BMO Harris.

The Supplemental Note Resolution for Series Eight-E authorizes the execution and delivery of the documents related to the amendment of the Series Eight-E terms. The Supplemental Note Resolution further authorizes Authority Officers to execute documents necessary to complete the amendment of the Series Eight-E Note.

The Chair introduced Bond Counsel Peter Cooper from the McGrann Shea law firm. They were Bond Counsel on the original Series Eight-E Note financing. Mr. Cooper provided additional detail about the transaction and gave an update on the status of documentation for the updated agreement. He noted that the documents are in near final form and will be finalized prior to May 1, 2020. He also noted that there will be a number of documents to be signed by Authority Officers. He expects to close on PDF signatures and obtain actual signatures to use in preparing transcripts for the financing.

The Chair asked if there were any questions for Mr. Cooper. There were none.

The Chair asked if there were questions from Board members related to the Resolution. Board Member Bonnie Anderson Rons asked when the DSR test would resume. Executive Fick clarified that the DSR test is in place for FY2021 and is only suspended for FY2020.

The Chair asked if there were any further questions from the Board. There were none.

Mr. Peter Cooper of McGrann Shea deemed it appropriate to present the second resolution prior to voting on both resolutions.

Note Resolution Revenue Note, Series 2019 (Augsburg University)

The Note Resolution recites the terms agreed to between Augsburg University and BMO Harris Bank for adjusted terms to the Series 2019 Note, including:

- Revised interest rate
- Waiver of the debt service coverage ratio for FY2020 only
- Addition of a covenant for FY2020 only whereby Income Available for Debt Service (IADS) to be equal to or greater than \$3.4 million

The calculation of IADS is the same as the calculation used in the Debt Service Coverage Calculation. The difference is that for FY2020, the covenant will be tested using a fixed \$ amount, rather than a %.

The Note Resolution for Series 2019 approves, ratifies and confirms the original documentation and the amendments agreed to between Augsburg University and BMO Harris.

The Note Resolution for Series 2019 authorizes the execution and delivery of the documents related to the amendment of the Series 2019 terms. The Note Resolution further authorizes Authority Officers to execute documents necessary to complete the amendment of the Series 2019 Note.

The Chair introduced Bond Counsel Peter Cooper from the McGrann Shea law firm. They were Bond Counsel on the original Series Eight-E Note financing. Mr. Cooper provided additional detail about the transaction and gave an update on the status of documentation for the updated agreement. He noted that the documents are in near final form and will be finalized prior to May 1, 2020. He also noted that there will be a number of documents to be signed by Authority Officers. He expects to close on PDF signatures and obtain actual signatures to use in preparing transcripts for the financing.

The Chair asked if there were any questions for Mr. Cooper. There were none.

The Chair asked if there were questions from Board members related to the Resolution. Board Member Nancy Sampair recalled that at the time of Augsburg's Series 2019 financing, the school was using BlueRose as a Financial Advisor, as they did not have a dedicated CFO, and asked who they were using now for assistance with BMO Harris. Executive Director Fick noted that BlueRose has been serving as their Financial Advisor and continues to do so, but also noted that the Authority and Bond Counsel have stepped in now as well. Augsburg University's search for a CFO is currently suspended until they have a better handle on the outcome of COVID19 and the fall semester.

Chair Ranum asked if other schools are doing layoffs. Executive Director Fick responded that as of right now, most schools seem to be reducing programs and may drop some athletics programs, but layoffs are certainly on the table, especially as other changes are implemented.

Rebecca John, Vice President and Chief Operating Officer of Augsburg University joined the meeting via telephone at 2:25 pm. Chair Ranum asked Rebecca John of Augsburg to provide an update on how Augsburg is doing currently.

Ms. John is Chair of the COVID-19 task group, so she is very close to the situation. Ms. John noted that Augsburg has the advantage that they were further along in their semester than many other schools, so when Augsburg cancelled classes the week after spring break, there were only 5 weeks remaining in the semester once students returned to classes online. This also means less room and board refunds to students since there was less of the semester remaining. Augsburg is assisting students' needs by things like providing safe housing for students (such as international students without other living arrangements), laptops to students without technology access, and addressing students' number one concern: peer help.

Ms. John noted that Augsburg also had the advantage of being able to react quickly because a severance plan was already in place for the next fiscal year, so they were able to roll it out early with everything already decided. A large number were not layoffs but were instead open positions they have now pulled and will not fill at this time.

Ms. John noted that Fall 2019 was Augsburg University's largest class ever with 636 students vs. the previous enrollment record of 480. Augsburg is currently on track with last year for deposits and other indicators, however the school recognizes there will be some melt in those numbers, so the budget will not reflect that large of an incoming class.

Board Member Sampair asked if there was a communication plan to students for fall. Ms. John noted that the continuity of enrollment is a subgroup of their COVID-19 task force, and Augsburg is currently rethinking how to run orientation and other typical events as the environment changes.

Chair Ranum asked if there were any other questions. Hearing none, the Board turned to the Resolution for Revenue Note Series Eight-E (Augsburg College).

Board member Gary Benson moved approval of the Supplemental Note Resolution for the Revenue Note Series Eight-E (Augsburg College). David Rowland seconded the Resolution.

Chair Ranum called for a roll call vote regarding the approval of the Supplemental Note Resolution. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Michael Ranum	Yes
	David Rowland	Yes
	Nancy Sampair	Yes
	Powait Yang	Yes

It was noted that Bonnie Anderson Rons had to disconnect from the call during the meeting, but a quorum was still met by non-voting member, Paul Cerkvenik, being present.

There were no votes against the Resolution as moved and the Resolution was approved.

Board member Nancy Sampair moved approval of the Note Resolution for the Revenue Note Series 2019 (Augsburg University). Gary Benson seconded the Resolution.

Chair Ranum called for a roll call vote regarding the approval of the Note Resolution for Series 2019. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Michael Ranum	Yes
	David Rowland	Yes
	Nancy Sampair	Yes
	Powait Yang	Yes

There were no votes against the Resolution as moved and the Resolution was approved.

The Chair asked if there were any questions from Board members for Executive Director Fick. There were no questions for Executive Director Fick.

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 and a second provided by David Rowland. The motion to adjourn was considered by a voice vote and approved. The meeting adjourned at 2:39 PM CDT.

Respectfully submitted,

Barry Fick

Assistant Secretary

6b - Minutes for Special Meeting April 16 2020 FINAL

Final Audit Report

2020-05-20

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