

The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 PM CDT, Wednesday, May 20, 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8, 2020 (the foregoing and other Emergency Executive Orders of the Governor relating to COVID-19, as may be amended or superseded, collectively, the “Emergency Orders”), members of the Authority participated in and attend the meeting by telephone or other electronic means in accordance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 (toll free) 888-742-5095; 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
 Mark Misukanis
 Michael Ranum
 Bonnie Anderson Rons
 David Rowland
 Nancy Sampair
 Powait Yang

Paul Cerkvenik, Minnesota Private College Council, ex officio without vote

Absent: Mary Ives
Ray VinZant

Public Attendees: Mark LeMay (by telephone)
Scott Graham, Wilmington Trust (by telephone)

Also present: Barry W. Fick (in-person) Executive Director MHEFA
Amanda Lee, Operations Manager, MHEFA (by telephone)
Carol Peterfeso, University of St. Thomas (by telephone)
Zachary Smith, University of St. Thomas (by telephone)
Elizabeth Bergman, Baker Tilly Municipal Advisors (by 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 – Minutes of the April 15, 2020 Board meeting.

The first item on the Agenda is the review and consideration of the minutes of the April 15, 2020 Authority Board meeting. A motion was made by Nancy Sampair to approve the April 15, 2020 minutes. The motion was seconded by Gary Benson. Chair Ranum asked if there were any questions, discussion or changes to the minutes of the April 15, 2020 Board meeting.

Chair Ranum called for a voice vote regarding the approval of the minutes. A voice vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Mark Misukanis	Yes
	Michael Ranum	Yes
	Bonnie Anderson Rons	Yes
	Nancy Sampair	Yes
	Powait Yang	Yes

There were no votes against the motion and the Minutes of the April 15, 2020 Authority Board meeting were approved.

The next item on the Agenda is the review and consideration of the minutes of the April 16, 2020 Special Authority Board meeting. A motion was made by Nancy Sampair to approve the April 16, 2020 minutes. The motion was seconded by Bonnie Anderson Rons. Chair Ranum asked if there were any questions, discussion or changes to the minutes of the April 16, 2020 Special Board meeting.

Chair Ranum called for a voice vote regarding the approval of the minutes. A voice vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Mark Misukanis	Yes
	Michael Ranum	Yes
	Bonnie Anderson Rons	Yes
	Nancy Sampair	Yes
	Powait Yang	Yes

Agenda Item II – University of St. Thomas Public Hearing

St. Thomas University has applied to the Authority for assistance in financing a number of projects to be constructed on the campus of the University, as well as to reimburse the University for qualified expenses on projects which qualify for reimbursement. The Authority published a Notice of Public Hearing for the purpose of conducting a Tax Equity and Fiscal Responsibility Act (“TEFRA”) hearing as required by Internal Revenue Service (“IRS”) regulations for the issue of tax-exempt bonds. The Public Hearing Notice was timely published in the State Register and on the Website of the Authority.

Chair Ranum opened the Public Hearing and introduced the representatives from St. Thomas University. Mr. Zachary Smith and Ms. Carol Peterfeso of St. Thomas University (“St. Thomas” or “University”) were present by telephone to present information regarding the financing request by St. Thomas.

Mr. Smith walked Board members through a PowerPoint presentation that provided information showing the progress of new construction on the St. Paul campus of the University for projects funded with 2 series of Bonds issued in 2019 by the Authority for the University. The presentation

also provided details of the projects to be funded or reimbursed with funds from the requested Series 2020 financing.

In addition to new projects, the University's financing application includes funding to refund certain outstanding debt of the University for the purpose of fixing the interest rate on the debt and reducing interest costs.

After the presentation Board members asked questions related to the use of the newly renovated Wellness Center and if it would be available for the public and if it would be a resource for COVID-19 issues. Carol Peterfeso from St. Thomas noted that no persons from outside the University community could use the Wellness facility, as it is dedicated to student and staff use. Ms. Peterfeso also noted that the Wellness Center will provide COVID-19 testing.

Chairman Ranum asked Ms. Peterfeso to expand on the University's planning for COVID-19 and how both the academic year just concluding has been affected and what planning and options for the campus community the University is looking at for Fall 2020.

Ms. Peterfeso noted that the University anticipates an \$8 million loss this spring, primarily due to residence hall refunds and conference cancellations. UST has mitigated about \$6 million of the \$8 million loss. St. Thomas will receive \$5 million in CARES Act funding, which consists of \$2.5 million to mitigate/reimburse St. Thomas for lost revenue and \$2.5 million in assistance to students. In addition, St. Thomas has implemented a 10% salary reduction, removal of 9.4% retirement contribution (currently through 12/31), eliminated travel and will spend less on supplies and food. St. Thomas will need to spend about net \$2.5 million in FY20 for COVID-19 losses/expenses.

The plan for FY21 is to hold in-person fall classes. St. Thomas will require facemasks while in classes and some public spaces, will reduce class size and residence hall capacity. Entire floors or even whole residence halls could be dedicated for quarantine.

Confirmed deposits are at 95% of deposits compared to last year. St. Thomas has extended the acceptance confirmation date to June 1 from May 1.

The University is engaged in scenario planning for Fall 2020 and the academic year 20/21. They are focusing on moderate and severe scenarios, with around 20% enrollment reduction for a moderate scenario and fully online for a severe scenario. Under either scenario, the University anticipates net

losses, which would be offset in part by cost and expenditure reductions, additional investment income draws or possibly reserve draws.

The University wants to implement strategies to handle campus outbreaks instead of sending everyone home. The Head of St. Thomas' Center for Well-Being is a nurse on the Governor's COVID19 Taskforce for testing, and the CEO of Allina Health is on St. Thomas' Board. The University feels well-informed having these experts as a resource for planning. 10,000 facemasks with Tommie colors have been ordered and will be handed out to employees and students on campus. The plan is to be able to test ill-feeling students, as they are not sure they have the capacity to test everyone. The University is also looking into hiring contact tracers.

Nancy Sampair asked if in the limited to severe estimates, are legal expenses incorporated? Ms. Peterfeso noted that internal legal counsel is working with state and federal contacts on indemnification language. It is difficult to determine where someone was infected, but internal legal counsel is looking to draft language to reasonably mitigate legal risk and liability to the University.

Board member Sampair asked if virtual classroom instruction would increase. Ms. Peterfeso noted that for undergraduate classes, St. Thomas' preference is still in-person interaction, but they will return to online if necessary. More graduate classes have moved online, which is less of a concern for adult learners at the graduate level. For instance, the Executive MBA program already only meets once per month as part of its instruction model.

Paul Cerkvenik added that our colleges are working with an epidemiologist at the MN Department of Health who was assigned to Higher Education. Testing and contact tracing work group results are expected May 29th. K-12 and Higher Education may be a new priority for testing in the state as we move closer to fall semester and schools reopening.

Upon conclusion of questions from Board members, Chair Ranum closed the public hearing. He then asked Ms. Elizabeth Bergman of Baker Tilly Municipal Advisors LLC to discuss the firms review of the University's Application for Financing.

Ms. Bregman outlined the requested financing assistance by the University. She noted that in the professional opinion of Baker Tilly, a borrowing for the University's purposes in the requested amount can be successfully executed. Ms. Bergman noted that the requested financing includes a conversion of the outstanding Series 2017C Variable Rate Note to a fixed rate note. This reduces

the outstanding variable rate debt component of overall university debt to 2% of total outstanding long-term University debt. This is a credit positive for the University.

The size of the proposed financing is anticipated to be approximately \$18.75 million, which is less than the maximum allowable size of \$22.1 million. The University will not borrow more than is needed to accomplish its plans. The lower issue size will reduce annual debt service when compared to a larger issue. Since the Series 2020 Notes are being structured as private commercial bank placements, no credit rating and no Continuing Disclosure filing will be required, helping keep costs of issue lower. A complete review of the financing for the projects and the refunding will be presented at a future Authority Board meeting, after documentation is prepared by the parties to the financing.

Baker Tilly discussed the possible effects of COVID-19 on the University and noted that as the University itself noted in their discussion of the effect of COVID-19 on the University and its financial situation, there is an element of uncertainty for future debt servicing ability. Regardless, the modest size of the proposed financing should allow the University to fund debt service with little problem.

Board Member Rons asked if the University considered waiting to conclude the financing later, when more information would be known about University finances. Ms. Peterfeso noted that the current financing is for funding current construction, so it can't be deferred. In addition, rates are low and the conversion of a variable rate to a fixed rate for a portion of the financing will reduce financial risk to the University and allow it to take advantage of low current interest rates.

There were no other questions from the Board for Ms. Bergman.

Chair Ranum next called on Peter Cooper, Bond Counsel, to review the legal Memo Related to the Application. Mr. Cooper reviewed the memo, noting that the University will need to supply additional information prior to closing on the Notes, but does not anticipate any issues with obtaining that information. Mr. Cooper outlined the various procedural items that have been and will be undertaken to complete the financing.

Board Member Rons asked about the difference between the expected Note size of \$18.75 million and the maximum size listed in the Memorandum of \$22.1 million. Mr. Cooper noted that the larger number is designed to cover all possible contingencies and is almost always higher than the actual

financing amount. This is done to eliminate the need for a subsequent additional public hearing if the costs exceed the originally stated size of the borrowing.

Chair Ranum next called on Mr. Cooper to review the Resolution Relating to Application for University of St. Thomas. Mr. Cooper reviewed the terms of the Resolution with the Board. He noted that the Resolution documents the actions taken to date for the financing and that the Resolution documents compliance by the University with IRS rules relating to issuing tax-exempt financing. The Resolution authorizes the Executive Director to engage and direct bond counsel and the municipal advisor to prepare and submit documents related to the transaction and submit them to the Board for consideration at a future Authority meeting.

There were no other questions for Mr. Cooper and Chair Ranum directed the Board to consideration of the Resolution Relating to Application of St. Thomas University for Financing.

A motion to approve the Resolution was made by Gary Benson. The motion was seconded by Nancy Sampair. Chair Ranum called for a roll call vote regarding the approval of the Resolution. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Mark Misukanis	Yes
	Michael Ranum	Yes
	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Nancy Sampair	Yes
	Powait Yang	Yes

There were no votes opposed to the Resolution and the Resolution was approved and adopted. The results of the Public Hearing will be sent to the Governor of Minnesota for Approval.

Agenda Item III – Consideration of FY2020 Proposed Budget Adjustments

Chair Ranum called on Executive Director Fick to discuss state agency COVID-19 directives, including working from home (WFH) requirement and the development of a “return to work” plan for the Authority. Mr. Fick noted that the State of Minnesota has required that all state employees who can work from home should work from home. The Authority has undertaken substantial process updates during the past two years, allowing staff to WFH and access Authority files very securely

and effectively. The challenge has been that WFH equipment was not efficient to maximize productivity when WFH. Both Executive Director Fick and Operations Manager Lee have purchased equipment to allow them to efficiently WFH.

The Authority Board was asked to consider a Resolution Related to Employee COVID-19 Related Expenses. This resolution would allow the Authority to reimburse staff for WFH expenses incurred to acquire equipment to facilitate efficient WFH by staff.

A motion to approve the Resolution was made by Nancy Sampair. Powait Yang provided the second to approve the Resolution. The Board discussed the level of reimbursement and who would have ownership of the equipment purchased to facilitate WFH. Board members felt that the Authority should retain ownership of the purchased equipment and allow the equipment to be used at the home office location of staff. The Board also noted that in connection with WFH, it will be incumbent on the staff to examine the need for a Board office and commence a dialogue with the Board in the future on the results of the staff analysis on the need for future office space.

Discussion was concluded and Chair Ranum called for a roll call vote on the Resolution Related to Employee COVID-19 Related Expenses. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Mark Misukanis	Yes
	Michael Ranum	Yes
	Bonnie Anderson Rons	No
	David Rowland	Yes
	Nancy Sampair	Yes
	Powait Yang	Yes

The Resolution was approved and adopted.

The next budget adjustment item was consideration of acquiring a new office communication system, including telephone service, conference phone service, conference and video call service and switching to Voice Over Internet Protocol (VOIP) communications. Staff suggested continuing to work with our computer and office systems vendor, DTS to provide the VOIP equipment.

The Board indicated that it would be preferable to obtain additional bids for the services requested. That would allow a stronger comparison and provide assurance that the Authority fully conducted a solicitation of proposals for communications services. Staff agreed this would be a prudent course of action. Staff will contact additional vendors and request quotes for the requested services. Upon receipt of the additional quotes, Staff will prepare a report for the Authority and present that report at a future meeting.

With that course of action established, consideration of awarding a contract for communication services was tabled and deferred to a future Authority meeting.

The next item was consideration of the updated FY2020 Budget. Chair Ranum called on Operations Manager Lee to outline the proposed changes from the originally adopted budget. Ms. Lee noted that a number of additional budget items have been incurred for FY2020, including Website Development costs and legal costs for issuance expansion for the Authority. Offsetting these are reduced financial advisory service costs, reduced travel costs and reduced conference costs. These items are no longer to be incurred as a result of COVID-19 conference cancellations or postponements.

Authority revenue is expected to be below budget due to fewer bond transactions resulting from financial disruption due to COVID-19 effect on Authority borrowers.

The net result of the changes to revenues and expenses is to show a net deficit for FY2020. The deficit is projected to be modest and can easily be handled by use of Authority reserves.

Board members asked a number of questions about specific budget items which were answered by Ms. Lee. With no other questions from Board members related to the Adjusted 2020 Budget, Chair Ranum asked for consideration of a Motion to Approve the FY2020 Adjusted Budget. A Motion to approve was made by Gary Benson. A second to the Motion was made by David Rowland.

Chair Ranum called for a roll call vote on the Motion to Approve the Adjusted FY2020 Budget. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Mark Misukanis	Yes
	Michael Ranum	Yes
	Bonnie Anderson Rons	Yes

David Rowland	Yes
Nancy Sampair	Yes
Powait Yang	Yes

There were no votes in opposition to the Motion and the Resolution was approved and adopted.

Agenda Item IV – Administrative Items

The first item for consideration under Administrative Items is the Proposed Meeting Schedule for FY2021. The Board has regularly scheduled meetings on the 3rd Wednesday of each month at 2:00 pm Central Time. For FY21 there are no conflicts with observed holidays, so staff proposes to have meetings at the regularly scheduled day and time each month from July 2020 through June 2021.

The Board discussed the schedule and agreed that the schedule looks fine for meetings in the next fiscal year. There is no action to be taken on the proposed schedule. With no opposition or request for changed dates, the proposed meeting schedule is adopted.

The next item for consideration is election of Board officers for FY2021. Board officers have served two terms of one-year. The current officers are:

Michael Ranum, Chair
Gary Benson, Secretary
David Rowland, Vice-Chair

Each of them is completing their first year in their positions. Each of them has agreed to serve for another year in their respective positions, pending approval by the entire Authority Board. Staff recommends continuing with the same officers for FY2021. Discussion by the Board was in favor of electing the officers to another term.

A Motion to approve the election of Authority Board officers was made by Nancy Sampair. A second to the Motion was made by Bonnie Anderson Rons.

Chair Ranum called for a roll call vote on the Election of Board Officers for FY2021. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
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Mark Misukanis	Yes
Michael Ranum	Yes
Bonnie Anderson Rons	Yes
David Rowland	Yes
Nancy Sampair	Yes
Powait Yang	Yes

There were no votes in opposition to the Motion and the election of FY21 Officers was approved.

Board Chair Ranum asked if in the interest of time, some of the items on the May 2020 Authority Board Agenda could be deferred to the June Meeting. Other Board members agreed with that approach. Based on that, the following items were deferred to the June 2020 meeting for consideration:

Consideration of the FY2021 Plan of Action
Executive Director Job Performance Review
Initial discussion of Authority Fee for FY2021

Miscellaneous Administrative items

Amanda Lee reviewed the MHEFA Website Upgrade. The upgraded website went live May 4, 2020 and has received strong positive reviews from users. Staff will continue to monitor and improve the website and use it to provide value added services to Authority Borrowers.

The Minnesota Management and Budget announced that for FY2020, there will be no achievement awards for state employees. This means that there will be no awards for staff for meeting the FY2020 Plan of Action items.

The Minnesota legislature was inconclusive in its consideration and approval of salary increases for State employees. Compensation for State employees was negotiated in November 2019 and was to be considered by the legislature prior to adjournment. There was a legal question about the action of the legislature as it relates to their consideration and approval of compensation. Until there is resolution of the issue, State employee compensation changes is on hold.

Authority Staff briefed Board members on changes to senior leadership at Minnesota colleges and universities. There are a number of pending or completed president changes and a number of

pending and future changes to Chief Financial Officer staff. We will continue to update the Board on future changes.

The Executive Director's report was presented in brief. Even without the challenges presented by COVID-19 Pandemic, it has been a busy month for the Authority. We continue to function in accord with State of Minnesota "if you can work from home you must work from home" mandate. We make separate occasional visits to the office, including for the May 20, Public Hearing.

The Government Finance Officers Association annual conference began on a virtual basis this past Monday. It continues for 4 weeks, with sessions spread out over multiple days. Executive Director Fick will be moderating a panel and presenting at a session on June 3, 2020.

As Ms. Lee noted, the web site is up and running. We have received positive feedback and are looking for continued feedback from all types of users. Our goal is to continuously enhance the website information capacity and expand its use by schools, industry members and the general public.

Executive Director Fick been elected Vice President of National Association of Health and Educational Facilities Finance Authorities (NAHEFFA). This is a 2-year term, followed by a 2-year term as President of the Organization.

The recommendation to reappoint the incumbent Board members to their positions was submitted to the Governor's office in March. The schedule provided to the Authority by the Governor's office showed that our Board positions are scheduled to be considered by the Governor this month (May 2020). Executive Director Fick contacted the Governor's staff person who is in charge of appointments earlier this week to inquire about the status of our reappointment request. She indicated the Governor is on track to have a decision made by the end of May on the two open Board member positions. She gave the Authority no indication that our recommendation would not be approved, and a check of the Application website reveals no additional applicants for the open positions. We will of course let everyone know when we hear from the Governor's office. Also, no legislative hearings for board member reappointment was held this year.

Authority expansion legislation was going very well early in the session. Executive Director Fick met with multiple legislators and received uniformly favorable feedback regarding the legislation. The Authority obtained multiple sponsors in both the Senate and the House, from both parties.

Once the legislature discontinued visits to the House and Senate offices, the Authority continued to have periodic discussions with committee chairs regarding our legislation. Ultimately, the focus by

the legislature on COVID-19 related legislation resulted in consideration of our bill being deferred. We do not anticipate that our legislation will be considered at a legislative special session as that session will focus on a small number of legislative bills.

The Authority's legislative consultant continues to work on passage, but we expect that our legislation will be reintroduced and considered in the 2021 legislative session.

As noted above, the Executive Session of the Board to consider Executive Director Fick's performance Review and update to the Executive Director job description is deferred to the June 2020 Authority Board meeting.

The Chair asked if there was any other business for the Board. Hearing of no other business, the Chair asked for a motion to adjourn.

A motion to adjourn was made by Nancy Sampair, with a second by David Rowland. The Board voted by voice vote to adjourn at 4:50 pm CDT and the meeting was adjourned.

Respectfully submitted,


[Barry Fick \(Jun 18, 2020 09:40 CDT\)](#)

Assistant Secretary






7- Minutes for 20 May 2020 FINAL

Final Audit Report

2020-06-18

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