

The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 PM CDT, Wednesday, June 17, 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8, 2020 (the foregoing and other Emergency Executive Orders of the Governor relating to COVID-19, as may be amended or superseded, collectively, the “Emergency Orders”), members of the Authority participated in and attend the meeting by telephone or other electronic means in accordance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
 Mary Ives
 Mark Misukanis
 Michael Ranum
 Bonnie Anderson Rons
 David Rowland
 Nancy Sampair

Ray Vin Zant
Powait Yang
Paul Cerkvenik, Minnesota Private College Council, ex officio without vote

Absent: None

Public Attendees: None

Also Present: Barry W. Fick (in-person) Executive Director MHEFA
Amanda Lee, Operations Manager, MHEFA (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 May 20, 2020 Board meeting.

The first item on the Agenda is the review and consideration of the minutes of the May 20, 2020 Authority Board meeting. A motion was made by Nancy Sampair to approve the May 20, 2020 minutes. The motion was seconded by Ray Vin Zant. Chair Ranum asked if there were any questions, discussion, or changes to the minutes of the May 20, 2020 Board meeting. Board members suggested some clarifying word changes to the minutes as originally presented. The clarifications were accepted by the makers of the motion to accept the Minutes and no further discussion or questions were raised.

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

Board Members:	Gary Benson	Yes
	Mary Ives	Yes
	Mark Misukanis	Yes
	Michael Ranum	Yes
	David Rowland	Yes
	Bonnie Anderson Rons	Yes
	Nancy Sampair	Yes
	Ray Vin Zant	Yes
	Powait Yang	Yes

There were no votes against the motion and the Minutes of the May 20, 2020 Authority Board meeting were approved.

Agenda Item II – University of St. Thomas Financing Update

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 held a public hearing on the financing at their May 20, 2020 Board meeting. The Executive Director reported that the St. Thomas financing is moving forward and that it is anticipated that there will be a final agreement between St. Thomas and the private placement bank, US Bank by mid-June. Based on an updated schedule of events, the Board will consider the Finance Plan and Series Resolution at the July 15, 2020 Authority Board meeting. The University will then close the financing in late July. Interest rates remain favorable and the University and the bank are near agreement on final terms and conditions of the financing.

Agenda Item III – Review of FY2020 Plan of Action

Chair Ranum called on Executive Director Fick to discuss the FY2020 Plan of Action and status of the Authority completion of the 15 items included in the FY2020 Plan of Action. Mr. Fick reviewed the component items of the FY2020 Plan of Action and outlined the work undertaken by Authority staff to complete the FY2020 Plan of Action items. Mr. Fick noted that the Authority staff was able to successfully complete all 15 of the items included in the FY2020 Plan of Action. The Plan of Action is used by the Board as a benchmark to determine if Authority Staff are eligible for “Achievement Awards” and the Board determines if staff performance merits awarding Achievement Award compensation.

For FY2020, the Minnesota Management and Budget suspended Achievement Awards to state employees. This suspension was ordered to conserve funds and reduce the financial effect of COVID-19 costs on state budgets. The Authority is funded by fees from borrowers. The Authority does not receive any state support nor does the Authority receive any state tax revenue or state grant funds. The Authority is fully self-funded and has operated in that manner since its inception in 1971. Regardless, as a State Agency, the Authority is subject to State rulings and as such, there is no granting of Achievement Awards for FY2020.

Board members discussed staff completion of the FY2020 Plan of Action goals and congratulated Authority staff on meeting or exceeding all of the FY2020 Plan of Action goals.

Agenda Item IV – General Salary Increases for FY 2020 and FY 2021

The Minnesota Management and Budget staff concluded negotiation of compensation adjustments for Fiscal Year 2020 and Fiscal Year 2021 with organized labor in November 2019. The compensation agreed to with organized labor is used to adjust compensation of Management staff as well. Any compensation negotiated by MMB must be affirmed or rejected by the Legislature during the next legislative session. The Minnesota House affirmed the compensation agreement negotiated by MMB. The Minnesota Senate affirmed the compensation agreement negotiated by MMB but imposed a change to the terms of the previously negotiated compensation agreement. The MMB legal analysis indicated the Minnesota Senate did not have authority to impose changes to the terms of the compensation agreement negotiated by MMB and organized labor. MMB implemented both the FY2020 compensation adjustment and FY2021 compensation adjustment for both organized labor and management staff. The Minnesota Senate did not contest the adoption of the agreed upon compensation agreements.

Authority staff recommends that the Board consider the compensation adjustment separately by year. Staff presented two resolutions to the Board. The first Resolution authorized the General Salary Increase under Managerial Plan 2019-2021 for Fiscal Year 2020. The compensation increase for FY2020 is 2.25%. The increase is effective July 1, 2019. If the Board approves the MMB negotiated increase, it would be paid retroactively in late June or early July 2020.

Chairman Ranum asked if there were any questions or discussion of the Resolution Authorizing General Salary Increase Under Managerial Plan 2019-2021 for FY2020. There were no questions or further discussion. A motion to approve the Resolution Authorizing a General Salary Increase for FY2020 was made by Ray Vin Zant. The motion was seconded by David Rowland.

Chair Ranum called for a roll call vote on the Resolution Authorizing General Salary Increase for FY2020 under Managerial Plan 2019-2021. A roll call vote was conducted, and the Board members voted as follows:

Board Members: Gary Benson Yes

Bonnie Anderson Rons	Yes
Mary Ives	Yes
Mark Misukanis	Yes
Michael Ranum	Yes
David Rowland	Yes
Nancy Sampair	Yes
Ray Vin Zant	Yes

There were no votes in opposition to the Motion and the Resolution Authorizing a 2.25% salary increase for FY2020 under Managerial Plan 2019-2021 was approved.

The Board next considered the Resolution Authorizing General Salary Increase Under Managerial Plan 2019-2021 for Fiscal Year 2021. This resolution proposes adopting the MMB negotiated general compensation increase of 2.5% for Fiscal Year 2021, beginning July 1, 2020. This increase negotiated by MMB and deemed applicable to the Management Plan has been affirmed by the Minnesota Legislature. If approved, the adjustment to Authority staff compensation will become effective July 1, 2020.

Chairman Ranum asked if there were any questions or discussion of the Resolution Authorizing General Salary Increase Under Managerial Plan 2019-2021 for FY2021. There were no questions or further discussion. A motion to approve the Resolution Authorizing a General Salary Increase for FY2021 was made by Gary Benson. The motion was seconded by Nancy Sampair.

Chair Ranum called for a roll call vote on the Resolution Authorizing General Salary Increase for FY2021 under Managerial Plan 2019-2021. A roll call vote was conducted, and the Board members voted as follows:

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

There were no votes in opposition to the Motion and the Resolution Authorizing a 2.50% salary increase for FY2021 under Managerial Plan 2019-2021 was approved.

Agenda Item V – Authority Phone System Upgrade Proposal Update

As discussed at the May 20, 2020 Authority Board meeting, the Board recommended that staff obtain additional bids for a new communications system for use by the Authority. The staff reached out to additional qualified communication vendors to obtain bids from the vendor for a communication system including VOIP communication, electronic fax line, conference phone capability, video conference capability and system portability. The staff have received bids from all but one of the vendors. Staff have received presentations from 3 vendors. At this time, staff is working on a comparison evaluation of the proposals and awaiting a proposal from the final vendor.

Staff plans to present a comparison of the proposals and make a recommendation to the Board at the July 2020 Board meeting on a preferred communications system vendor.

Agenda Item VI – Fiscal Year 2021 Administrative Items

Board Chair Ranum reminded the Board that there were two administrative items deferred from the May meeting to the June Authority meeting. Those items are:

Consideration of the FY2021 Plan of Action
Initial discussion of Authority Fee for FY2021

In addition to these items, the FY2021 Administrative items include consideration of the FY2021 Proposed Budget.

Chair Ranum called on Mr. Fick to introduce and discuss the FY2021 Proposed Plan of Action. The FY21 Proposed Plan of Action was distributed to Board members as part of their Board information packet. Mr. Fick noted that the FY21 Plan of Action builds on the FY20 Plan of Action. This continues the multiple value-added services provided by the Authority to College and University borrowers. The FY21 Plan of Action proposes adding additional tasks that are expected to be long-term planning items for the Authority. These long-term planning opportunities include:

- Develop a Succession Plan for Authority Staff
- Develop a plan to identify, cultivate and recruit future Board members

- Monitor and modify as appropriate the expanded Authority Website
- Review Space needs of Authority for both future issuance expansion and future work from home options

These long-term goals are designed to continue the plan of enhancing the value of Authority services to client schools and to enhance the diversity of Authority staff and Board members as the Authority moves forward.

Chair Ranum asked if Board members had comments or questions about the FY2021 Proposed Plan of Action. Board members asked some clarifying questions and asked about timing of some of the components of the FY2021 Proposed Plan of Action. The questions were answered to the satisfaction of the Board members. Chair Ranum then asked for a motion to approve and adopt the FY2021 Proposed Plan of Action was made by Nancy Sampair. The motion was seconded by Bonnie Anderson Rons.

Chair Ranum called for a roll call vote on the approval and adoption of the FY2021 Proposed Plan of Action. A roll call vote was conducted, and the Board members voted as follows:

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

There were no votes in opposition to the Motion and the FY2021 Proposed Plan of Action was approved and adopted.

The next item was introduction of the FY2021 Proposed Budget. The Chair called on Amanda Lee to introduce and discuss the FY21 Budget. Ms. Lee reviewed the projected income and line item expenses projected for FY2021. Projecting income is challenging due to the uncertainty of the economic effect of COVID-19 on college budgets and their capital spending. There are two financing applications that have been submitted to the Authority but are currently in suspension at the request of the submitting school. It is anticipated those will be reviewed later in calendar 2021.

As of the June Authority meeting, staff estimates that 1 financing will be completed in FY21. That is the financing for the University of St. Thomas which is currently in process and expected to be completed in July 2020. Interest income for FY21 is likely to be reduced compared to prior years as reinvestment rates on Certificates of Deposit that will mature in FY21 will be substantially lower than the rates currently in place. This is due to the overall reduction in interest rates.

Expenses have been adjusted for FY21 to reflect reduced travel costs. FY21 is the 50th anniversary of the beginning of the Authority and the budget includes some funding for commemorative items and possible expanded Annual Conference costs. The annual Authority Finance Conference may need to be held in a different location depending on the availability of the Venue space in Cray Plaza. The building was sold during early 2020 and the new owners have announced plans to convert the office space to alternative use. The timing of any changes to the building use is uncertain and likely to be affected by COVID-19 considerations.

The proposed FY21 budget includes a line item for assistance from a legal firm to navigate and assist with the effort to obtain a change to the Authority Authorizing statutes to include issuance of financing for healthcare and senior living facilities. This item would be repaid to the fund balance upon eventual success of the expansion effort. The proposed fee for this effort in FY21 is the same as included in the FY2020 budget.

Based on the FY2021 Proposed Budget, the Authority expects to incur a cash deficit for FY21. The Authority has sufficient liquid assets to absorb the projected deficit.

Chair Ranum asked if the Board had any questions about the FY21 Proposed Budget. Board members asked questions about individual line items and their questions were answered to their satisfaction by Ms. Lee.

Chair Ranum and the Board determined that evaluating the FY2021 Proposed Authority Fee before adopting the FY2021 Proposed Budget would be wise. Chair Ranum asked Operations Manager, Amanda Lee, to continue on to review the next agenda item, the FY2021 Proposed Authority Fee prior to voting on the FY2021 Proposed Budget.

Ms. Lee noted that the Authority may legally charge a maximum fee to borrowers of 1/8 of 1% (0.00125) annually. The Authority has regularly charged less than the maximum fee. The goal of the

Authority for the past few years has been to charge a “breakeven” fee, where the fee will cover the operating and capital expenses of the Authority and not generate either a material surplus or deficit measured on a cash basis. In addition, the Authority tries to keep the fee at a consistent level from year to year. This provides planning consistency for borrowers and allows them to make multi-year budgets for payment of Authority fees.

A chart was provided to Board members showing the historic fee discount. The Authority has been able to gradually reduce the fee charged borrowers and maintain the fee level for the past 11 years. The current fee discount is 65%. That discount rate has been in place since FY2013.

For FY21, the Authority proposes to keep the discount rate at the same 65%. This will represent the longest period that the Authority has been able to maintain a consistent fee level. The Authority prepared a schedule showing what the effect on Authority net operations are projected to be under different discount levels. Based on projected income and expenses, a fee discount of 59% would result in a break-even cash flow for FY21. The Authority proposed fee discount of 65% results in a slight deficit projected for FY21 but maintains the same level of discount for college planning purposes.

Chair Ranum asked if the Board had any questions about the FY21 Proposed Fee Discount. Board members asked a number of questions about the effect of varying discount levels and discussed the rationale for various fee discount structures. Board member Paul Cerkvenik noted that in his capacity as President of the Minnesota Private College Council, their member schools have expressed an appreciation for consistency in Authority fee levels.

After all questions were asked and answered, Chair Ranum then asked for a motion to approve and adopt the FY2021 Proposed Budget. The motion was made by Ray Vin Zant. The motion was seconded by Mary Ives.

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

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

David Rowland	Yes
Nancy Sampair	Yes
Ray Vin Zant	Yes

There were no votes in opposition to the Motion and the FY2021 Proposed Budget was approved and adopted.

Chair Ranum then asked for a motion to approve and adopt the FY2021 Proposed Fee Discount. The motion was made by Nancy Sampair. The motion was seconded by Ray Vin Zant. Chair Ranum called for a roll call vote on the approval and adoption of the FY2021 Proposed Annual Fee Discount. A roll call vote was conducted, and the Board members voted as follows:

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

There were no votes in opposition to the Motion and the FY2021 Proposed Annual Fee Discount was approved and adopted.

Agenda Item VII – Old Business

Chair Ranum asked Mr. Fick to update the Board on any old business. Mr. Fick proceeded to provide an update on the issuance expansion legislation introduced by the Authority in the 2020 Minnesota Legislative Session. Mr. Fick noted that the Authority, with the assistance of our legislative guides had obtained bi-partisan sponsorship from both the Minnesota House and Senate. The Bill was delayed at the beginning of the session as the Revisor of Statutes wanted to make sure the language in the bill related to health care and senior living was consistent with other existing Minnesota language and definitions of healthcare and senior living projects.

Executive Director Fick and Doug Carnival of McGrann Shea met with a number of legislators and the bill was making good progress. The sudden change in legislative plans as a result of the Governor's

Executive Orders that were the result of COVID-19 Pandemic challenges put a halt to all legislative efforts for a period of weeks. Only bills that dealt directly with COVID-19 relief were considered by the legislature. As a result, our initiative has been delayed until the next legislative session. We plan to work closely with our consultant and communicate with legislators during the fall and winter leading up to the 2021 legislative session and move the legislation forward in the next legislative session, depending on how COVID-19 affects the legislature.

Chair Ranum asked Mr. Fick to update the Board on the Financial Advisory Services for the Authority. Mr. Fick noted that the current Municipal Advisor (“MA”) for the Authority, Baker Tilly Municipal Advisors, LLC, is under contract as the MA to the Authority through September 30, 2020. The Authority expects to issue a Request for Proposal (“RFP”) to distribute to MA’s in September 2020. There will be additional information about the form of the RFP at the July 2020 Authority meeting.

There was no other Old Business for discussion.

Agenda Item VIII – New Business

Chair Ranum asked Mr. Fick to discuss the Reinvestment of Authority Funds. Mr. Fick noted that the current interest rate paid by commercial banks on Certificates of Deposit is substantially lower than the rate received in the past two years. It appears that rates on Certificates of Deposit from Credit Unions or other types of Banks are substantially higher than available from Commercial banks. Authority staff is going to explore investment options for Authority funds that will comply with State statutes governing investment of State Agency funds and that provide guarantees safety of principal. Staff will report back to the Board at a future meeting on the result of the analysis. The Authority staff will work with the Attorney General’s staff to ensure compliance with Minnesota law governing investment of funds.

There was no other New Business for Discussion.

Agenda Item IX – Other Business

Chair Ranum called upon Executive Director Fick to discuss Other Business. Mr. Fick presented his Executive Director’s report. It included the following items regarding staff and Authority activity and events and personnel changes at the schools.

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 June 17, 2020 Board Meeting.

We have developed a “COVID-19 Preparedness Plan”, also known generically as a “Return to Work Plan” that we are reviewing for presenting to you in July. The plan is based on a Template from the Minnesota Department of Health and MMB. The plan is not required to be approved by MMB before an Agency returns staff to the office, but MMB must be informed of the existence of a Plan. We continue to work from home for the foreseeable future as requested by MMB, so we do not need to finalize the plan at this time.

There continues to be changes to management at a number of schools, including:

- Macalester’s new President, Dr. Suzanne Rivera started in May 2020
- Bethel’s new President, Ross Allen starts July 1, 2020
- St. Benedict’s interim President, Laurie Hamen, J.D. begins July 1, 2020
- St. Scholastica has a new Director of Finance, Jill Larson began in May 2020
- Carleton has a new CFO, Eric Runestad who begins July 1, 2020

The recommendation to reappoint the incumbent Board members to their positions was submitted to the Governor’s office in March. The schedule provided to us by the Governor’s office showed that our Board positions are scheduled to be considered by the Governor in May. I received a call from the Governor’s staff person in charge of appointment and she told me that the Governor has agreed with our recommendation and he has reappointed Mary Ives and Ray Vin Zant to the Board. Additional administrative items include updates to our 2020-2022 Affirmative Action Plan, to be presented to the Board at the July meeting. We are updating the Internal Controls Report as well.

The FY2020 audit is scheduled for August 24-25. It is likely to be a virtual audit, facilitated by our transition to Quick Books, which allows the audit team from BerganKDV to download files and accounting records remotely. They will need original documents for their audit, but many of those are in electronic form at MHEFA computers, making providing those documents easier for audit purposes.

We have a number of Moody’s calls with schools over the next two weeks to go along with the Moody’s calls that have already taken place. In addition, Moody’s continues to monitor the financial compliance of a couple of schools with financial covenants.

At the conclusion of the Executive Directors report, Chair Ranum entertained a motion to adjourn the general meeting before opening an Executive Session of the Authority Board. A motion to adjourn as made by Nancy Sampair and seconded by Ray Vin Zant. The Board then voted by voice vote to adjourn at 3:37 pm, CDT.

Members of the public (of which there were none) were asked to drop off the call. The purpose of the Executive Session is for the Board to conduct a performance review of the Executive Director and to review the updated Executive Director's Job Description. Prior to discussing Executive Session topics, the Board excused both the Executive Director and Operations Manager from the meeting.

The Board undertook an independent review of the job performance of the Executive for the Fiscal Year 2020. The Board reviewed the self-assessment Annual Employee Performance Review prepared by the Executive Director.


At the conclusion of the Board's discussion of the Executive Director's job performance for Fiscal Year 2020, the Chair asked for motion to approve the Annual Employee Performance Review of the Executive Director. A motion was made by Gary Benson to approve and agree with the self-assessment of the Executive Director for Fiscal Year 2020. The motion was seconded by Nancy Sampair. The Board voted on the motion by voice vote. All members voted in favor of the motion.

The Board also reviewed the updated job description for the Executive Director. After discussing the updates, the Board agreed with the updated job description and had no additional changes to the job description.

At the conclusion of the Board's discussion, Executive Director Fick and Operations Manager Lee were invited to rejoin the meeting. The Board Chair informed the Executive Director of the result of the Board's review of the Executive Director's job performance and the updated Executive Director's job description.

The Board unanimously approved adjourning the Executive Session at 4:30 pm.

Respectfully submitted,


Barry Wick (Jul 16, 2020 15:22 CDT)
Assistant Secretary






8- Minutes for 17 Jun 2020 FINAL

Final Audit Report

2020-07-16

Created:	2020-07-16
By:	Amanda Lee (agl@mnhefa.org)
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