

The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 PM CDT, Wednesday, July 15, 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8, 2020 (the foregoing and other Emergency Executive Orders of the Governor relating to COVID-19, as may be amended or superseded, collectively, the “Emergency Orders”), members of the Authority participated in and attend the meeting by telephone or other electronic means in accordance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#.

## Executive Summary – Minnesota Higher Education Facilities Authority

Meeting on July 15, 2020

Board Actions Taken:

<b>Motions:</b>	<b>Result:</b>	<b>Vote:</b>
Approval of Meeting Minutes of June 17, 2020	Passed	Unanimous
Acceptance of Loffler Proposal for Telecommunications Services	Passed	Unanimous

<b>Resolutions</b>	<b>Result:</b>	<b>Vote:</b>
07-2020-01 Resolution Relating to Financing Terms (University of St. Thomas Series 2020AB)	Passed	Unanimous
07-2020-02 Series Resolution (University of St. Thomas Series 2020AB)	Passed	Unanimous

The official meeting began with a roll call to determine who was attending the meeting. The following board members or their designees were participating and attending by telephone:

Board Members: Gary Benson  
Mary Ives  
Mark Misukanis  
Michael Ranum  
Bonnie Anderson Rons - Joined at 2:23 pm CDT  
David Rowland  
Ray Vin Zant  
Poawit Yang  
Paul Cerkenik, Minnesota Private College Council, ex officio without vote

Absent: Nancy Sampair

Other Attendees: Peter Cooper, McGrann Shea, Bond Counsel  
Elizabeth Bergman, Baker Tilly Municipal Advisors  
Mark LeMay, Member of the Public

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

All participants except Executive Director Fick attended the meeting 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 June 17, 2020 Board meeting.**

The first item on the Agenda is the review and consideration of the minutes of the June 17, 2020 Authority Board meeting. A motion was made by Mary Ives to approve the June 17, 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 June 17, 2020 Board meeting. There were no questions or changes to the minutes from the Board members.

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
	Michael Ranum	Yes
	David Rowland	Yes
	Ray Vin Zant	Yes
	Poawit Yang	Yes

There were no votes against the motion and the Minutes of the June 17, 2020 Authority Board meeting were approved.

### **Agenda Item II – University of St. Thomas Financing**

The next item for consideration was the University of St. Thomas financing plan. Chair Ranum called on Ms. Elizabeth Bergman of Baker Tilly Municipal Advisors to review the Preliminary Financing

Plan for the Board. Ms. Bergman reviewed the Preliminary Financing Plan for the Revenue Refunding Note, Series 2020A and the Revenue Note, Series 2020B, which will be issued by the Authority on behalf of the University of St. Thomas. Proceeds of Series 2020A will be used to refund the outstanding principal of the Series 2017C Notes, issued by the Authority for the benefit of the University. Proceeds of the Series 2020B Note will be used to fund a portion of the improvement, renovation and upgrades to Ireland Hall and the Child Development Center/Center for Well-Being, both located on the St. Paul campus of the University.

The Notes will be purchased by US Bank N.A. as a tax-exempt private placement. Both Series of Notes will have a fixed interest rate. Interest will be paid monthly, and principal will be paid annually. The University will have a limited ability to pre-pay principal annually. Both Notes have a mandatory tender date in 2027, when the University and the bank may agree to continue the Note with an updated market rate or the University may pay the bank and redeem the outstanding principal balance in full using University funds or funds from another financing.

The repayment term of Series 2020A matches that of Series 2017C, with a final principal payment due October 1, 2032. The repayment term for Series 2020B is October 1, 2030.

Both Series 2020A and 2020B include financial covenants including a minimum liquidity covenant of 1.00:1, which may be 1.10:1 if the University has a Debt to Net Asset ratio of 0.45:1. In addition, the minimum Debt to Net Assets ratio may not exceed 0.85:1 on any measuring date.

The Authority plans to close the sale of the Notes on July 17, 2020 and the Bank will deposit Note proceeds in an account for the benefit of the University on that same day.

The proceeds of the Series 2020A Note will redeem the Series 2017C Note, which will then be extinguished. The University will use a portion of the Series 2020B Note to reimburse itself for allowable Project expenses. Additional Series 2020B Note proceeds will be used to pay costs of issue for the Notes and the remaining balance of Series 2020B Note proceeds will be drawn by the University in the near future to pay for project costs.

Ms. Bergman asked if there were any questions from Authority Board members about the Preliminary Finance Plan. There were no questions and Mr. Ranum next requested Mr. Peter Cooper to review the Resolution Relating to Finance Terms.

Mr. Cooper reviewed the 11 paragraphs of the Resolution Relating to Finance Terms for University of St. Thomas. The Resolution outlined the purpose of the Series 2020A and 2020B Notes, affirmed that the University has assured the Authority that all conditions related to issue of the Notes have been or will be met by the day of closing and that there have not been any adverse changes in the financial condition of the University that would affect the financing.

The Resolution affirms that Baker Tilly Municipal Advisors has reviewed the financial terms of the Notes and has recommended the use of US Bank N.A. as the purchaser of the Series 2020A/B Notes.

The Resolution authorizes the Executive Director to execute and deliver documents necessary to complete the financing and requires the Executive Director to direct bond counsel to prepare all legal documents needed to complete the proposed transaction. It notes that no official statement needs to be prepared for the Series 2020A/B Notes and finally authorizes issuance of the Series 2020A/B Notes after the Authority Board approves and adopts a Series Resolution with respect to the Series 2020A/B Notes.

Bond Counsel Cooper asked if there were any questions from Board members related to the Financing Terms Resolution. There were no questions from Board members related to the Financing Terms Resolution.

A motion to approve the Resolution Relating to Financing Terms for University of St. Thomas was made by Ray Vin Zant. The motion was seconded by Gary Benson.

Chair Ranum called for a roll call vote on the Resolution Relating to Financing Terms for University of St. Thomas. 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
	Ray Vin Zant	Yes
	Poawit Yang	Yes

There were no votes in opposition to the Resolution and the Resolution Relating to Financing Terms for University of St. Thomas was approved.

Board Chair Ranum asked Mr. Cooper to review the Series Resolution. Mr. Cooper explained that the purpose of the Series Resolution is to affirm all prior actions taken relating to a financing, to review the terms of the financing and to recite the actions taken by the Authority and Authority agents on behalf of the Authority to prepare appropriate documentation for an Authority financing.

Mr. Cooper reviewed the 14 paragraphs of the Series Resolution of the Minnesota Higher Education Facilities Authority Revenue Refunding Note, Series 2020 (University of St. Thomas) and Revenue Note Series 2020B (University of St. Thomas). The Series Resolution noted that the Authority has properly noticed and conducted a public hearing related to the 2020A/B Notes, the size of the Series 2020A/B Notes is within the not to exceed size and the documents related to the Series 2020A/B Notes have been prepared by Bond Counsel and reviewed by the parties to the financing, including the Authority.

The Series Resolution outlines the terms of the Series 2020A/B Notes and verifies the legal authority of the Authority to issue the Notes on behalf of the University. The Series Resolution affirms the selection of US Bank N.A. as the Purchaser of the Notes. The Series Resolution also outlines the terms of the Notes and the related loss of the Notes by a holder, the transfer of a Note by the holder to another holder and affirms and ratifies all actions taken by the Authority has undertaken related to the Notes. The Series Resolution further ratifies actions taken by Bond Counsel and Municipal Advisor and authorizes the parties to execute and deliver closing documents and undertake the actions required to deliver the Notes and complete the financing.

Bond Counsel Cooper asked if there were any questions from Board members related to the Series Resolution. There were no questions from Board members related to the Series Resolution.

A motion to approve the Series Resolution was made by Mary Ives. The motion was seconded by Ray Vin Zandt.

Chair Ranum called for a roll call vote on the Series Resolution. 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
Ray Vin Zant	Yes
Poawit Yang	Yes

There were no votes in opposition to the Resolution and the Resolution Relating to Financing Terms for University of St. Thomas was approved.

Elizabeth Bergman, Peter Cooper and Mark LeMay excused themselves from the call. Board Member Bonnie Anderson Rons joined the call.

### **Agenda Item III – Review of Phone System Upgrade Proposals**

The Authority plans to update its telephone and communication systems to enhance reliability, capability, and flexibility. The upgrade will include business telephone service, conference call service, facsimile service, and video call service. The Authority initially consulted with the current IT services provider for phone service options. The Board suggested that a wider search of qualified providers be conducted to enhance the ability of the Authority to obtain quality systems, hardware, and service. The Authority prepared a scope of the project and invited 5 firms to respond to the request for proposal. The five firms are:

- DTS
- Loffler
- Compudyne
- MNIT (State of Minnesota)
- Ring Central

Upon receipt of the proposals, the authority reviewed each proposal and engaged in follow-up discussions with representatives from each proposer. The Authority then prepared a comparison matrix to show how each proposal responded to the request of the Authority for Communication Services. The matrix was distributed to board members for review. Each proposal contained proprietary information and trade secrets making the proposals exempt from public data disclosure requirements.

After Board review of the VOIP Phone Solution Proposal Comparison Matrix, the Board discussed with Authority staff the specifics of each proposal. Based on the discussion, a review of the Comparison Matrix and reading the proposals, the Board and the Authority agreed that the Proposals were all substantially responsive to the request for proposal. Based on the features of each proposal, the cost for hardware and ongoing cost, the flexibility and expandability of the systems suggested by the proposers, the Board and the Authority Staff agree that the proposal most responsive to the Authority's need was submitted by Loffler.

Chair Ranum asked for a motion to select Loffler to provide telecommunication services to the Authority. The Chair asked if there were any questions from Board members related to the motion. There were no questions.

A motion to Select Loffler to provide Telecommunications Services was made by Michael Ranum. The motion was seconded by Ray Vin Zandt.

Chair Ranum called for a roll call vote on the motion. 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
	Michael Ranum	Yes
	David Rowland	Yes
	Ray Vin Zant	Yes
	Poawit Yang	Yes

There were no votes in opposition to the motion to select Loffler as the Authority's Telecommunications Services Provider and the motion was approved.

#### **Agenda Item IV – Municipal Advisor Request for Proposal**

The Authority has engaged the Municipal Advisory firm of Baker Tilly Municipal Advisors LLC ("BTMA") as Municipal Advisor. The current engagement has been in effect since 2014, beginning with Springsted Incorporated and was continued with BTMA upon the acquisition of Springsted by



BTMA. The current engagement expires September 30, 2020. The Authority believes it would be prudent to conduct a Request for Proposal process to expand the Authority's Municipal Advisor representation to include a number of firms. This would follow the current system of Bond Counsel by the Authority. Having a roster of firms to use as the Authority's Municipal Advisor would reduce the possibility of a conflict of interest by an advisor and provide additional options for both the Authority and the advisors on the roster.

A DRAFT Municipal Advisor Request for Proposal (RFP) was distributed by a separate email to Board members prior to the meeting. Authority staff encouraged the Board members to read the DRAFT RFP and submit suggestions for edits to the RFP to staff at their convenience. The RFP form will be finalized and presented for consideration by the Board at the September 16, 2020 meeting. The RFP will be distributed widely, including publication in a national RFP database (no cost to post).

A full review of the RFP Draft will be outlined for the Board in September 2020. The Authority plans to select the Municipal Advisor team by the end of 2020.

### **Agenda Item V – Authority Policy Update & Reporting**

Authority staff have been working on policy updates and annual reporting of internal controls as required by Minnesota Management & Budget. We have completed and submitted the following policies to the appropriate State of Minnesota Agencies:

- Affirmative Action Plan
- Return to Work Policy

We are also nearly complete on preparing the FY2020 Internal Control assessment for the MMB. This document is prepared each year by all state of Minnesota agencies. The Authority has been complimented by MMB staff for the thorough work on preparing the assessment. MMB has indicated that they use MHEFA's preparation as a sort of benchmark to show other small agencies how to appropriately complete the internal control assessment. The format of the FY2020 Internal Control Assessment reporting document has been changed from prior years. The Authority has nearly completed the form and will be submitting it prior to the July 31, 2020 submission date. As in prior years, we expect that MMB Internal Audit and Control Staff will meet with Authority staff and Board Chair Ranum in the fall to review the submitted Internal Control Assessment document.

### **Agenda Item VI – Old Business**

Chair Ranum asked if there was any Old Business for consideration by the Board. Mr. Fick noted that as was discussed at the June 2020 meeting, 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 continues working with the staff at the Attorney General's office to determine if the Authority may invest in Certificate of Deposits with Credit Unions.

There were no other old business items from staff or Board members.

### **Agenda Item VII – New Business**

Chair Ranum asked Mr. Fick to update the Board on any new business. Mr. Fick indicated there was no new business from the perspective of Authority Staff.

Mr. Ranum asked if there were any New Business items from Board members for discussion. There were no New Business items from Board members for discussion.

### **Agenda Item VIII – 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.

Mr. Fick noted that the COVID-19 Pandemic has placed significant planning challenges before Minnesota private (and public) higher education. Revenue streams for FY2020 were disrupted due to early closing of in-person classes in March 2020 and the subsequent switch to distance learning for the Spring 2020 Semester. Enrollment for Fall 2020 is uncertain, as is the type of instruction that will be offered. The situation is very fluid and college plans change almost daily. As a result, most schools have put any capital improvement plans on hold pending some financial clarity for operations. For the Authority, this means that projects planned by St. John's and St. Olaf are on hold.

With the conclusion of the St. Thomas private placement financing in late July, the Authority will have no active higher education financing application in progress. There is still substantial ongoing work with borrowers. Moody's discussions and updates on credit opinions continue, with Moody's having spoken with nearly 1/2 of all Minnesota private higher education institutions through August 2020.

Mr. Fick's work on national higher education organizations continues to pay dividends for the Authority and borrower schools. Mr. Fick recently participated in a phone call with Minneapolis Federal Reserve President and senior staff on how to make federal aid programs more helpful to non-profit borrowers.

Mr. Fick also continues to work with the GFOA Debt Committee and the MSRB Compliance Advisory Group on disclosure matters and relationships between issuers, borrowers, and underwriters. Both the GFOA and MSRB have expressed appreciation for the perspective we bring to their discussions.

Mr. Fick presented to the GFOA 2020 National conference, which was held virtually. The Session at which Mr. Fick presented had over 950 unique listeners.

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 and July 2020 Board Meetings.

That concluded Mr. Fick's Executive Director's report for July 2020.

At the conclusion of the Executive Directors report, Chair Ranum entertained a motion to adjourn the general meeting. A motion to adjourn as made by Ray Vin Zant and seconded by Bonnie Anderson Rons.

The Board then voted by voice vote to adjourn at 3:35 pm, CDT.

Respectfully submitted,

*Bary W. Fick*

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Assistant Secretary





# 1- Minutes for 15 Jul 2020 FINAL

Final Audit Report

2020-09-17

Created:	2020-09-17
By:	Amanda Lee (agl@mnhefa.org)
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## "1- Minutes for 15 Jul 2020 FINAL" History

-  Document created by Amanda Lee (agl@mnhefa.org)  
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-  Document emailed to Barry Fick (bwf@mnhefa.org) for signature  
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-  Email viewed by Barry Fick (bwf@mnhefa.org)  
2020-09-17 - 8:51:22 PM GMT- IP address: 97.92.92.70
-  Document e-signed by Barry Fick (bwf@mnhefa.org)  
Signature Date: 2020-09-17 - 8:52:44 PM GMT - Time Source: server- IP address: 97.92.92.70
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