



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 PM CDT, Wednesday, October 21, 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8, 2020 (the foregoing and other Emergency Executive Orders of the Governor relating to COVID-19, as may be amended or superseded, collectively, the “Emergency Orders”), members of the Authority participated in and attend the meeting by telephone or other electronic means in accordance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, was 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 312-626-6799 Meeting ID: 849 4958 9532 Passcode: 210892

Board members participated in the meeting using a Zoom video link. The meeting link was sent to Board members prior to the meeting. The use of Zoom as an allowable way to hold the Board meeting was confirmed by the State of Minnesota’s Data Practices Office staff prior to the meeting, following Minnesota Statute 13D.021.

Executive Summary – Minnesota Higher Education Facilities Authority

Meeting on October 21, 2020

Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of September 16, 2020	Passed	Unanimous
Acceptance and Approval of FYE June 30, 2020 Audited Financial Statements	Passed	Unanimous

Resolutions	Result:	Vote:
None Considered		

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 Zoom link or telephone:

Board Members: Gary Benson
Mary Ives
Michael Ranum
Bonnie Anderson Rons
David Rowland
Nancy Sampair
Poawit Yang
Stacey Holland, Minnesota Private College Council, ex officio without vote

Absent: Mark Misukanis
Ray Vin Zant

Other Attendees: Matt Mayer, Partner BerganKDV
Mark LeMay, Consultant

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 Zoom video link or 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 September 16, 2020 Board meeting.

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

There were no questions or proposed 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
	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Nancy Sampair	Yes
	Poawit Yang	Yes

There were no votes against the motion and the Minutes of the September 16, 2020 Authority Board meeting were approved.

Agenda Item II – Audit of Authority Fiscal Year 2020 Financial Statements

Chair Ranum called on Matt Mayer, Partner with BerganKDV to discuss the audit of the Fiscal Year 2020 Financial Statements of the Minnesota Higher Education Facilities Authority. Bergan KDV

has audited the Authority Financial Statements for the past few years. Due to the COVID-19 Pandemic and State of MN restrictions, BerganKDV conducted the Audit for FY2020 on a remote basis. This process was made easier by the availability of electronic records kept by the Authority. The logistics of the audit were made by secure transfer of files to a specific website that was accessible only by BerganKDV staff. Mr. Mayer began his presentation by complimenting the Authority for the completeness of recordkeeping and the responsiveness of the Authority to BerganKDV inquiries. Mr. Mayer directed the attention to the Audited Financial Statements. He proceeded to describe the Authority's financial position shown on the balance sheet and the Statement of Operations. Mr. Mayer noted that Revenue for fiscal year 2020 was lower than the prior year due to the outstanding par amount of bonds outstanding decreasing. Non-cash pension obligations can affect the payroll number, so Mr. Mayer noted that payroll did not increase \$75k, but rather, the Authority's share of the State of Minnesota Pension obligation change for FY2020 is reflected in the \$75K.

The increase in general expenses is due to the one-time special project of redesigning the Authority's website. The increase in Legal expenses is due to the expansion effort expenses. The costs associated with the expansion effort will be accumulated and when the expansion is authorized, they will be repaid through a portion of the fee charged to HealthCare or Senior Living borrowers. The Authority was able to absorb the resulting operating loss through investment revenues for a small net gain of \$11,839 for the year.

Mr. Mayer noted that BerganKDV has no concerns about financial health of the Authority. The Authority maintains an appropriate reserve that would cover 4-5 years of operating expenses, ensure cash flow, allow investment in expansion, and/or to be used for a rainy-day contingency fund.

Board Member Mary Ives asked if there was any risk to our reserves because state will be so short on funds due to COVID. Executive Director Fick noted that the Authority has previously performed an analysis of the funds needed to continue operations of the Authority and to respond to possible lawsuits, failure by borrowers to pay required debt service and force majeure. The Authority staff has worked to ensure it has a rational business case for the use of those funds and has earmarked them for different uses, such as litigation protection.

The Authority has fielded inquiries in regards to the reason for its fund balance level in the past, and with the help of the college presidents and MPCC, the Authority demonstrated how the Authority's reserves are separate and distinct from the state of Minnesota's funds. Since all of the Authority funds are paid by borrowers, and the Authority has never received any State of Minnesota funds, any

Authority accumulated funds are not available for use by anyone but the Authority or indirectly the colleges and universities.

A motion was made by Gary Benson to approve and accept the Financial Statements Audit for the Fiscal Year Ended June 30, 2020. The motion was seconded by Mary Ives. Chair Ranum asked if there were any questions, discussion, or changes to the Financial Statements Audit for the Fiscal Year Ended June 30, 2020. There were no other questions for Mr. Mayer or Mr. Fick, or Ms. Lee related to the FY2020 Audited Financial Statements.

Chair Ranum called for a Roll Call vote regarding the approval and acceptance of the Financial Statements Audit for the Fiscal Year Ended June 30, 2020. A Roll Call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Mary Ives	Yes
	Michael Ranum	Yes
	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Nancy Sampair	Yes
	Poawit Yang	Yes

There were no votes against the motion and the Financial Statements Audit for the Fiscal Year Ended June 30, 2020 were approved.

Agenda Item III – Authority Policy Update & Reporting

Authority staff have been working on policy updates for presentation to the Board. One goal of the review is to consolidate duplicative policies, clarify uncertainty and make policy review more efficient. This month, Operations Manager Amanda Lee was asked by Chair Ranum to outline the changes to Section 300 of the Standing Rules of Operation. Revised policy language was discussed, and Ms. Lee noted that updates to the Section 300 were primarily to the format as the current Section 300 largely reflects current operating procedures. Upon completion of the review Ms. Lee and Chair Ranum asked if Board members had questions or comments. Board members had no questions but expressed appreciation for the work on the Standing Rules of Operation and indicated broad agreement with the updated material.

Agenda Item IV – Old Business

There were 3 items of old business to come before the Board:

Municipal Advisor RFP: The Authority's Municipal Advisor RFP sent directly to 18 firms, GovWatch was informed, and it was added to the Authority's website and BondLink website. So far, there have been two declines, and six confirming they will respond. Reviews and interviews are on track to be done in December, with recommendations for selection to be presented at the December Authority Board meeting.

University of St. Thomas Series 2019: Operations Manager, Amanda Lee, showed the board a drone video of the newly constructed residence halls and photos of the exterior and interior. The video and photos are available at: https://news.stthomas.edu/tommie-east-and-tommie-north-receive-finishing-polish/?utm_source=marketing-cloud&utm_medium=email&utm_campaign=alumni-fy21&utm_content=homecoming-events-upper-quad-virtual-tour

Oath of Office: Operations Manager, Amanda Lee, provided an update she has worked with the Director of Boards and Commissions at the Governor's Office and the Secretary of State's Office to obtain the appropriate Oaths depending on which Governor appointed the board member. Four board members will need to sign oaths, and Ms. Lee requested that board members sign the oath if emailed that it is needed. If no email is received, no new Oath of Office form is needed.

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

Agenda Item V – New Business

Chair Ranum asked Mr. Fick to update the Board on any new business. Mr. Fick indicated there were three items under new business that he and Operations Manager Lee wished to update the Board about.

Operations Manager Lee discussed United States Postal Service Delivery Options: Currently Authority mail is being forwarded to Amanda's home address. Operations Manager, Amanda Lee, suggested looking into options for long-term mail delivery. It was decided that as a first step, Authority staff should investigate what others are doing.

Both Operations Manager Lee and Executive Director Fick presented thoughts on how the Authority might hold the 2021 Debt Financing Conference and concurrently celebrate the 50th Anniversary of the Authority. Two keynote speakers have been asked to speak at the conference, and Authority staff will be putting together a history of the Authority, asking previous staff and partners to contribute to an expanded history.

The MPCC CFO meeting does not need to coordinate with the Authority's conference if it will be virtual. Nancy Sampair asked to consider delaying the conference until June or some other time in 2021 if there is a chance that it could be held in person instead. She would prefer not to lock the Authority into an April virtual conference at this point. More discussions will be necessary in coming months as more information is gathered and updates on COVID are available.

Presidents: Executive Director Fick presented the newly appointed college/university presidents of the past year. At a future meeting, Paul Cerkvenik, President of the Minnesota Private College Council will provide a more in-depth outline of the new Presidents.

Chair Ranum asked for an update on how schools are doing. Executive Director Fick said they are doing well so far and many saw record retention of students in many cases. Bethel University had a special circumstance come up that will be discussed in the Executive Director's Report.

Chair 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 VI – 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 October 21, 2020 Board Meeting. This is the second meeting conducted using the Zoom video conferencing, in addition to the regular conference call number. We appreciate your feedback on how the Zoom access works for you and if you have additional thoughts, please share them with us so we can improve future meetings

Executive Director Fick extended an invitation to the Board to review the NAHEFFA Virtual Conference Agenda and to let Authority staff know if they would like to attend. Mr. Fick will be moderating two panels during the Conference and leading the discussion of the Member Roundtable, which is the concluding session of the Conference.

Executive Director Fick presented at a virtual event for NAMA, along with Tracey Gran of St. Catherine University and Jan Hanson from St. Olaf College. There were over 125 registrants and the event offered a great opportunity for the Authority to increase its visibility with the Municipal Analyst community and allow them to gain a stronger understanding of Authority borrowers.

St. Olaf College will be doing a financing for new residence halls in the next few months with a sale anticipated for January. Their financing request will be considered at the November and December Authority meetings

Bethel University contacted the Authority for assistance in determining how to resolve a potential covenant non-compliance issue related to their FY2020 audit. The Authority coordinated efforts with the underwriter, University Counsel, Bond Counsel, and the Trustee to successfully resolve the issue in Bethel's favor, affirming the applicability of Force Majeure language to apply in the determination of covenant compliance.

Bonnie Question – Was the exception for Bethel a one-time exception? Barry – Yes, next year they will need their finances to be in order, or if the pandemic is still on-going, Force Majeure may still apply, but Bethel would still need to show they took all reasonable steps to mitigate.

Mary Ives asked if force majeure language is included on all Authority bond agreements. Executive Director Fick noted it is included on all our outstanding bond issues.

Space Needs: With other agencies thinking similar to the Authority about downsizing office space needs, the state is conducting a survey on space needs. Some of the metro area schools have expressed that they would welcome the Authority's Board meetings periodically throughout the year. The Authority may be able to consider space needs with the idea that board meetings would take place at college/university locations.

Bonnie Anderson Rons commented that she had an opportunity to view the Authority's updated website. She stated her observation that the website looks very well designed. It is clean, easy to use, laid out nicely, and she can see why we have received good reviews.

Executive Director Fick commented that there will be Bond Counsel fees related to Bethel University and recommended that the Board consider an allocation between Bethel and the Authority for payment. This item will be added to a future meeting agenda once the invoice is received.

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

At the conclusion of the Executive Directors report, Chair Ranum entertained a motion to adjourn the general meeting. A motion to adjourn was made by David Rowland and seconded by Bonnie Anderson Rons.

The Board then voted by voice vote to adjourn at 3:16 pm, CDT.

Respectfully submitted,

Assistant Secretary