MINNESOTA
HIGHER EDUCATION
FACILITIES AUTHORITY

Listing of Mailout Material
November 18, 2020

- Forwarding Letter
- Meeting Agenda

I. *Review and approve minutes of the meeting of October 21, 2020*

- Minutes of October 21, 2020

II. *St. Olaf College*

- *College Presentation to be sent separately prior to the meeting* Now included in packet
- Application Review – North Slope Capital Advisors
- Application Memorandum - Fryberger
- Resolution Relating to Application - Fryberger

III. *Old Business*

- "Enrollment Surges at Concordia St. Paul for Ninth Consecutive Fall Semester"

IV. *New Business*

- *FY2020 Annual Report to be distributed separately prior to meeting. Annual Report will also be available on the Authority website by meeting day.* Available at mnhefa.org/annual-reports

V. *Other Business*

- Executive Director Report Memo
- Dr. Michael Francis 'Sully' Sullivan Obituary – Star Tribune
- "Please Remember in Your Prayers Professor Emeritus Michael Sullivan" – University of St. Thomas
- October 2020 Budget vs Actual

MEMORANDUM

MINNESOTA
HIGHER EDUCATION
FACILITIES AUTHORITY

380 JACKSON STREET, SUITE 450, ST. PAUL, MN 55101

Main Phone: 651.296.4690 Fax: 651.297.5751

Date: 12 November 2020

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: November 2020 Authority Board Meeting Preview

Greetings to the Minnesota Higher Education Facilities Authority November 18, 2020 video and teleconference Board meeting. The focus of the November 2020 Board meeting will be the Public Hearing for St. Olaf College.

We will be using a new video link system for this meeting. It is a component of our upgraded communications system, which includes phones, conference calling, fax, and video, all integrated into a system that is accessible from anywhere.

We will have an update on the Municipal Advisor Request for Qualifications / Request for Proposal process. Responses are scheduled to be received on November 17, 2020. The selection process continues on track for completion by the end of December 2020.

The Authority Annual Report will be completed prior to the Authority November 18, 2020 meeting. It will be sent to you in electronic form next week prior to the Board meeting.

We continue to work from home according to Executive Order issued by the Governor and endorsed by MMB, with occasional visits to the office.

We look forward to your participation by video conferencing or telephone for the meeting.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Board Meeting Agenda

Wednesday, November 18, 2020

2:00 PM

Meeting to be held via electronic means due to pandemic emergency social distancing.

The public should utilize the call-in information provided below.

Individuals may request reasonable accommodation or modifications in order to participate in Authority programs by contacting the Authority at least 48 hours in advance of the event.

I. Review and approve minutes of the meeting of October 21, 2020

II. St. Olaf College

- Conduct Public Hearing
- Application Review - North Slope Capital Advisors
- Application Memorandum by Bond Counsel – Fryberger
- Resolution Relating to Application - Fryberger

III. Old Business

- Update on status of Municipal Advisor RFP
- College/University Enrollment Update
- Legislative Expansion in 2021 Session

IV. New Business

- FY2020 Annual Report

V. Other Business

- Executive Director's Report

Meeting to be conducted via video conference – Board Members will receive a link to join the meeting

General Public may attend via call-in number: 1-877-978-6969 Access Code: 109-3463#

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 and 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 as 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,

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Assistant Secretary

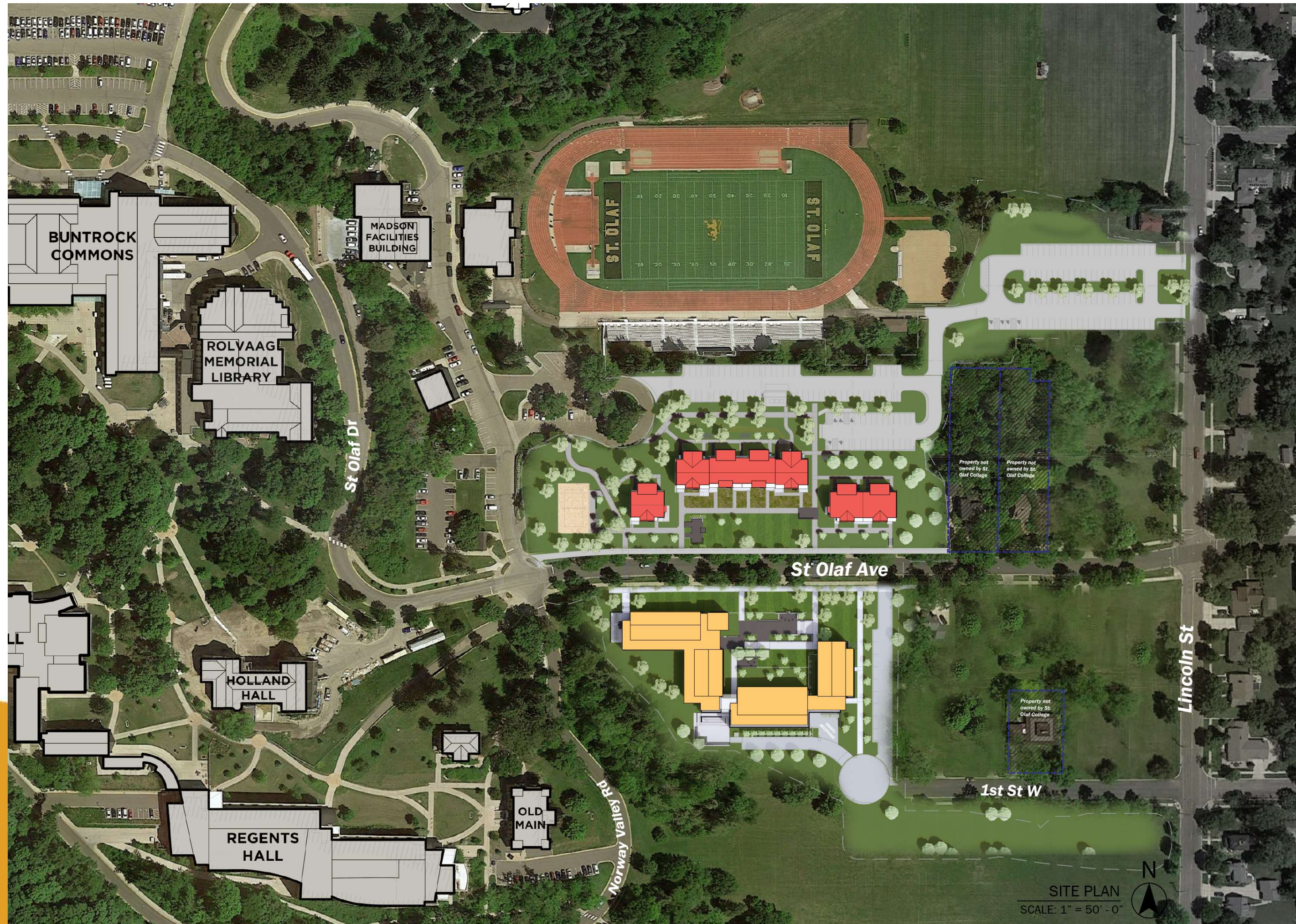
Ole Avenue Housing Project

Minnesota Higher Education Financing Authority

November 18, 2020

Aerial View

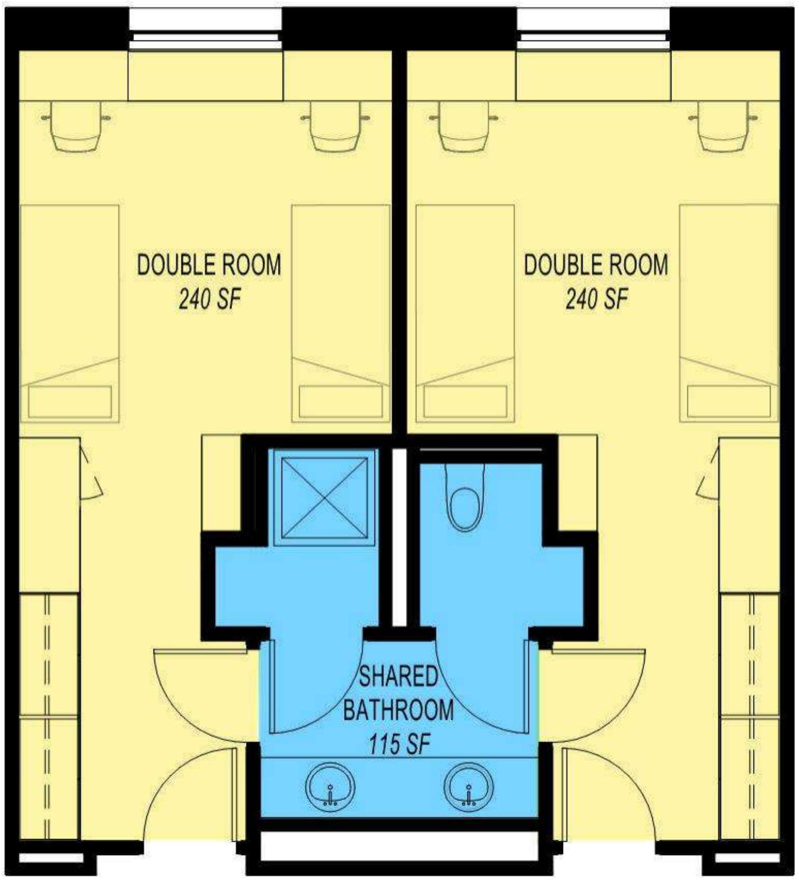
Site Plan


BUNTROCK COMMONS
MADSON FACILITIES BUILDING
ROLVAAG MEMORIAL LIBRARY
St Olaf Dr
ST. OLAF
ST. OLAF
St Olaf Ave
HOLLAND HALL
REGENTS HALL
OLD MAIN
Norway Valley Rd
1st St W
Lincoln St
SITE PLAN
SCALE: 1" = 50' - 0"
N

Residence Hall Courtyard Views

Residence Hall Tower Views

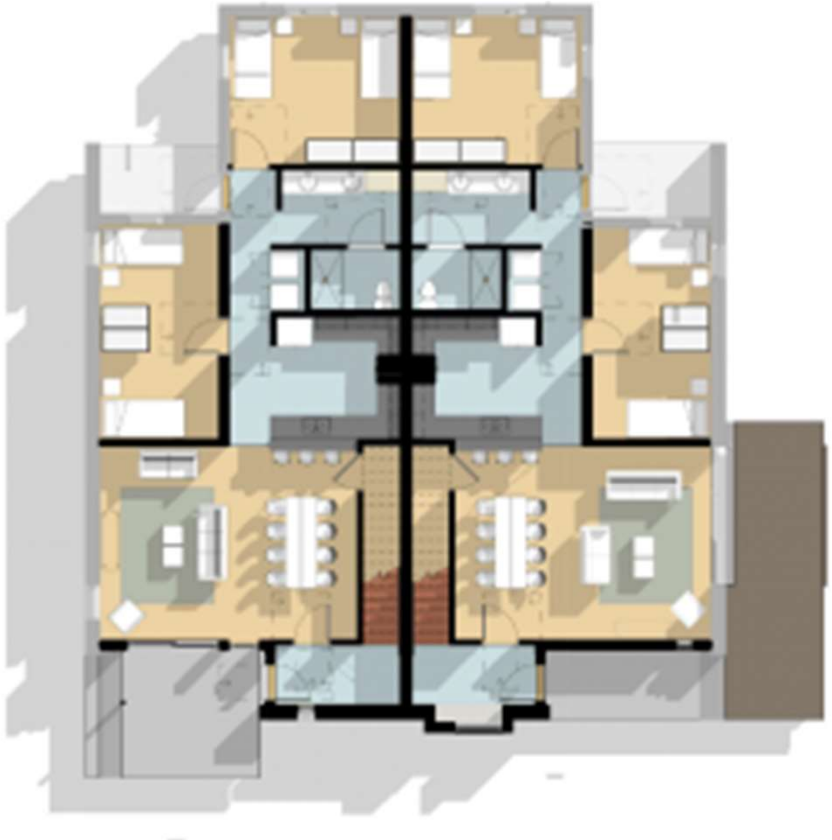
Residence Hall Room Configuration



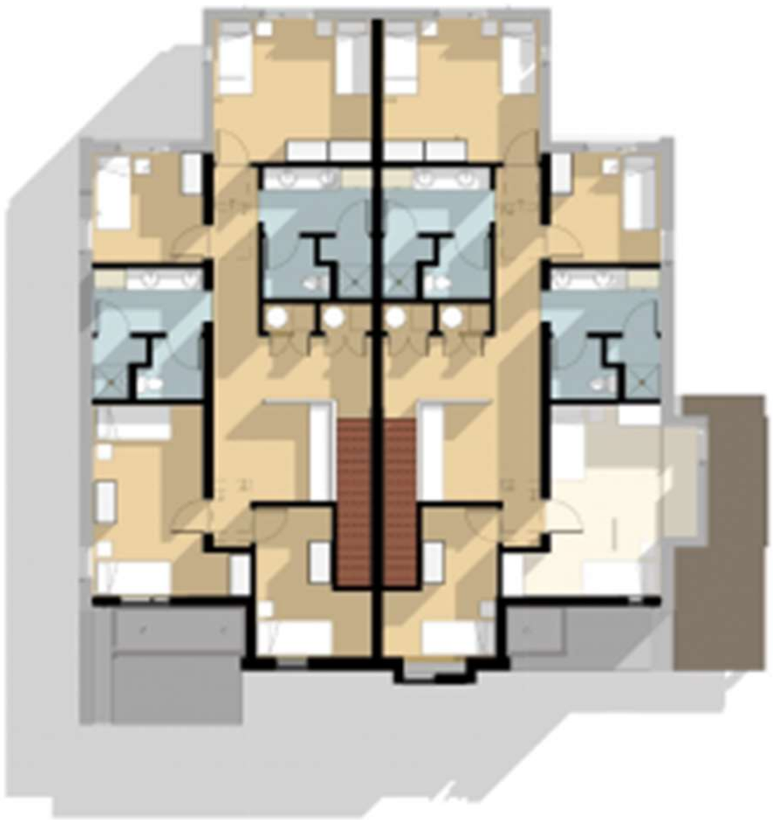
Town House Courtyard View

Duplex Town House Floor Layout

Level 1



Level 2



Project Budget:

	Residence Hall	Townhouses	Total Project
Permits, Rezoning, Abatement, Utility	$ 650,000	$ 350,000	$ 1,000,000
Design Fees/Services	5,676,120	1,083,000	6,759,120
Construction Costs	33,756,275	13,527,715	47,283,990
Furniture, Fixture, Equipment	894,120	476,000	1,370,120
Technology	427,650	7,900	435,550
Site Landscape FFE	350,000	150,000	500,000
Facility Equipment	200,000		200,000
Owner Contingency	1,742,839	708,381	2,451,220
	$ 43,697,004	**$ 16,302,996**	**$ 60,000,000**

Cost Per Bed Comparisons:

Residence Hall:	Per Bed
2 bedroom/4 beds dorm – 270 beds	$73,620
Single bedroom – 30 beds	$134,353
Town Houses:	
Duplex Units – 60 beds	$85,965
Eight-Plex – 80 beds	$76,397

Institution	Year Built	Cost/Bed
University of St. Thomas	2020	$73,225
UI – Champaign*	2018	$73,171
UM – Duluth*	Start 2020	$76,923
Midland University	2020	$105,000
Carthage College*	2019	$142,063
Marquette University	2019	$72,666
IU Bloomington (on hold)	2020	$77,143
UW-Whitewater	2019	$62,195
University of Illinois	2016	$86,280
University of Michigan*	2015	$184,523
Carleton College	2009	$89,673

**Includes non-residential space*

Business Plan:

Setting unrestricted endowments to spend	$2.3M
Utilize a portion of the 2.5% net revenue set aside for capital enhancements	$1.6M
Additional revenue from occupancy, programming, parking	$0.7M
Total Revenue	**$4.6M**

Annual Interest payments through 2036	$2.5M
Annual depreciation expense	$1.6M
Operating expense	$0.5M
Total Expenses	**$4.6M**

Jan. 2019 - Now

- Planning & Design

Fall 2020

- Site Preparation
- Obtain Financing
- Secure Building Permits & Zoning Requirements

Spring & Summer 2021

- Break Ground on Residence Hall
- Break Ground on Town Homes

Fall 2022

- Open Residence Hall and Town Homes

Questions?

North Slope Capital Advisors
1630 Welton Street, Suite 802
Denver, CO 80202
303-953-4101

November 18, 2020

Minnesota Higher Education Facilities Authority
c/o Mr. Michael D. Ranum, Board Chair
and Mr. Barry W. Fick, Executive Director
380 Jackson Street, Suite 450
Saint Paul, MN 55101

Dear Mr. Ranum, Mr. Fick, & Authority Board Members:

As the independent registered municipal advisor for the Authority, we are pleased to provide the following review of the financing application submitted by St. Olaf College (the "College") for assistance from the Minnesota Higher Education Facilities Authority (the "Authority") to issue its Series 2021A Revenue Bonds (the "Bonds") to finance:

(1) the acquisition, construction, equipping and furnishing of a new student housing project, consisting of a 300-bed residence hall and 14 new townhouses, each townhouse containing 10 beds (the "Project"),
(2) capitalized interest through October 1, 2022, and
(3) the costs of issuing the bonds.

Provided below is a summary of the financing followed by a detailed review of the College's credit profile, the Project, and the proposed revenue bond financing.

Financing Summary	
Par Amount (Estimated as of October 20, 2020)	$62,905,000
Financing Type	New Money Only
Project	Residence Hall and Townhouses
Prior MHEFA Bonds Outstanding (as of 11/1/2020)	Series Eight-N (2016) - $22,475,000 Series Eight-G (2015) - $44,685,000
Current Underlying Rating	A1 (Stable) as of 5/31/2019
Underwriter	Piper Sandler
Bond Counsel	Fryberger Law Firm
Issuance Date (Estimated)	March 2021

Based on our review of the material provided by the College, including the debt service pro formas provided by the Underwriter and the additional analysis completed in the following pages, it is North Slope's opinion that a borrowing in the amount required to achieve its purposes is fiscally feasible and that a bond with adequate security can be structured. Accordingly, North Slope will be attending the Authority's meeting on November 18, 2020 to present our review of the College's application and answer any questions on the information contained in this letter.

Respectfully submitted,

NORTH SLOPE CAPITAL ADVISORS by
Steph M. Chichester, President

NORTH SLOPE CAPITAL ADVISORS by
Nick E. Taylor, Managing Director

cc: Ms. Janet K. Hanson, Vice President and Chief Financial Officer
Mr. Mark Gelle, Assistant Vice President & Chief Investment Officer

The College

History

St. Olaf College ("St. Olaf" or the "College") is a private, four-year, co-educational liberal arts college located in Northfield, Minnesota. The College was founded in 1874 by a group of Norwegian-American pioneer pastors, farmers, and businessmen and operated as an academy, St. Olaf's School, until 1886. The purpose of the school was to offer a program of liberal studies to students preparing for careers in business, politics, the clergy, and other professions. In 1889, the name was changed to St. Olaf College and the first college class graduated in 1890. Today, the College offers 44 graduation majors, including 10 teaching certifications, 19 concentrations and 20 pre-professional fields.

Enrollment

The College's full-time and headcount enrollment trends for the last five fall semesters are reflected in the table below.

Fall	2020	2019	2018	2017	2016
Headcount	2,953	3,072	3,048	3,035	3,040
Change (#)	(119)	24	13	(5)	(6)
Change (%)	-4.03%	0.78%	0.43%	-0.16%	-0.20%
FTE	2,916	3,050	3,023	3,003	2,990
Change (#)	(134)	27	20	13	(15)
Change (%)	-4.60%	0.89%	0.66%	0.43%	-0.50%

While enrollment declined from Fall 2019 to Fall 2020 exclusively due to COVID-19, the College has consistently met its objective to maintain full-time, fall semester enrollment between 2,900 to 3,000 over the last decade. Retention and graduation rates have been solid over this same period with close to 90% of students on average returning year-over-year and 80% of students graduating by their fourth year. The College continues to admit qualified men and women from varied geographical, cultural, economic, racial, and religious backgrounds, consisting of students from 50 states and 82 foreign countries with 57% of full-time students from outside Minnesota. Finally, with academic achievement, academic aptitude, and personal qualifications driving the primary considerations for the College for determining acceptance, these are best represented by the median SAT score for the first-year class, which entered in September 2020, of 1,260, a median ACT score of 28, and the median high school rank in the 87th percentile.

Summary of Financial Operations

The College has demonstrated positive operating surpluses and consistent operating margins due to the steady growth of operating revenues and sound expense management over the last several fiscal years. For Fiscal Year 2020, while overall operating revenues decreased approximately 6% year-over-year due to a decrease in enrollment, the College produced a positive operating surplus from the receipt of $2.2 million in funding from the Higher Education Emergency Relief Fund (HEERF), a reduction of operating expenses of over 1.0%, and an increase of net assets released from restrictions of over 12% year-over-year.

Provided in Appendix A is a *Statement of Activities and Change in Net Assets* for the College's two prior fiscal years ending May 31, 2020 and May 31, 2019 which presents information about the College's operating activities derived from the audited financial statements.

Summary of Financial Position

The College has demonstrated solid cash flow margins and strong investment returns over the last several years which has bolstered its financial reserves. As demonstrated below, the College increased its total assets by over 6.0% from Fiscal Year 2016 to Fiscal Year 2020 while reducing its liabilities over 21% during that same period.

ASSETS	2020	2019	2018	2017	2016
Total Assets	$ 812,980,169	$ 843,443,410	$ 848,336,096	$ 805,923,602	$ 764,920,265
LIABILITIES					
Total Liabilities	111,903,576	114,964,036	125,467,283	128,924,309	142,167,324
NET ASSETS					
Without donor restrictions	333,754,638	342,010,101	350,214,057	-	-
With donor restrictions	367,321,955	386,469,273	372,654,756	-	-
Unrestricted	-	-	-	282,661,370	264,095,592
Temporarily restricted	-	-	-	180,998,707	156,381,653
Permanently restricted	-	-	-	213,339,216	202,275,696
Total Net Assets	701,076,593	728,479,374	722,868,813	676,999,293	622,752,941
TOTAL LIABILITIES AND NET ASSETS	$ 812,980,169	$ 843,443,410	$ 848,336,096	$ 805,923,602	$ 764,920,265

In Fiscal Year 2020, the decrease in net assets of over $27 million year-over-year was attributed to a thinner operating surplus, nonoperating activities, including a negative investment return of 2.55% on the endowment and a reduction in capital giving activities due to the conclusion of the successful capital campaign. However, the College maintains a healthy 434 monthly days cash on hand with an operating reserve ratio of over 2.6x (spendable cash and investments to operating expenses) for Fiscal Year 2020.

Provided in Appendix B is *Statements of Financial Position* for the College's prior five fiscal years ending May 31, 2020 thru May 31, 2016 which presents information about the College's assets, liabilities and net assets derived from the audited financial statements.

Summary of Outstanding Debt

As of November 1, 2020, the College had $67,160,000 of outstanding bonds, all in a fixed rate mode, and issued by the Authority for the College's benefit as summarized below.

Outstanding Debt				
Series	*Issue Date*	*Original Principal*	*Outstanding Principal*	*Mode*
Series Eight-G	July 1, 2015	53,745,000	44,685,000	Fixed Rate
Series Eight-N	September 15, 2016	22,845,000	22,475,000	Fixed Rate
		$76,590,000	$67,160,000	

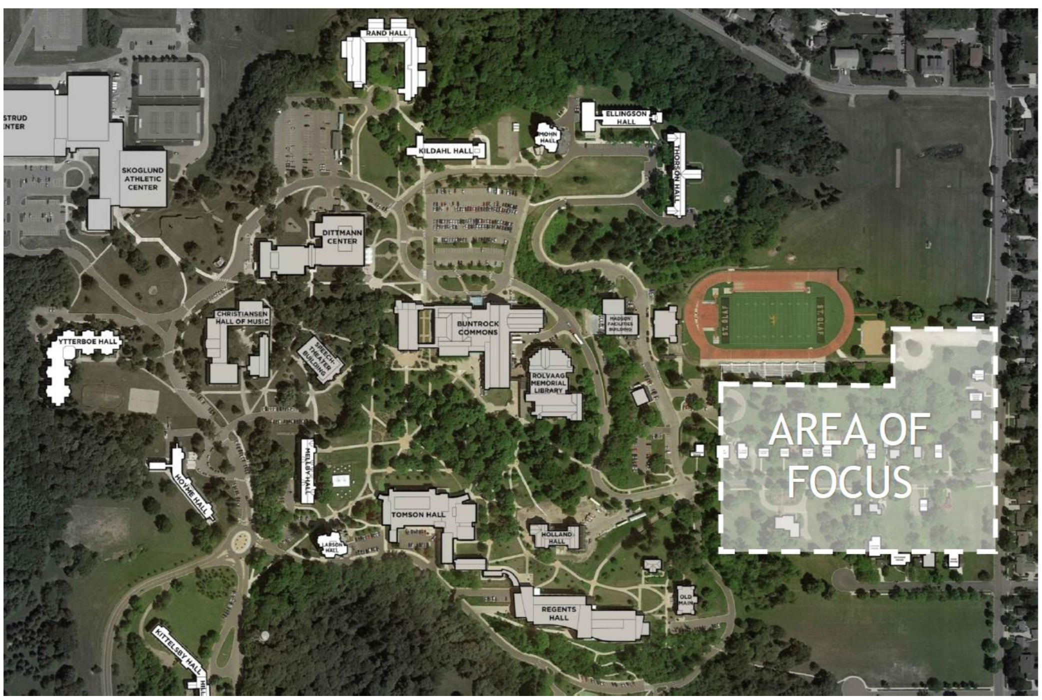
The proposed Series 2021A issuance of approximately $62.905 million in principal amount will represent a 48% increase to the College's outstanding debt; however, the College's liquidity is expected to remain robust with projected spendable cash and investments providing a strong 2.43x coverage of outstanding and proposed debt. The College's operating cash flows provide for solid affordability for the existing and proposed debt service in the near-term; however, projected maximum aggregate annual debt service (~$8.3 million) as a percent of operations would increase to 6.7% based on operating expenses for Fiscal Year 2020 (~$123 million) which is high for the College's rating category.

The Project

In September 2018, the College initiated a *Student Housing Market & Demand Analysis Report* from Scion/Workshop to assess how the College will continue to provide an exceptional on-campus student residential experience through potential new housing and renovations to current residence halls on the College's campus. As an essential first step, the Scion/Workshop Team utilized qualitative and quantitative data with precise analytics to ensure that planning decisions encompass the true demand for future student housing. Furthermore, different renovation scenarios were explored relative to their impact on capital improvements, student experience, cost, and beds count. To complete its analysis, the Scion/Workshop Team's observations were based on the following assumptions:

- The College will require a 4-year live on campus residency (with a maximum of 100 students allowed to live off-campus),
- Existing residence halls will be returned to their original design capacity by converting rooms that had been turned into triples and quads throughout the years, and
- All Honor Houses will be replaced with new buildings that will afford a similar communal experience.

Below is a picture of the "area of focus" for the College's Housing Plan.



Based on these assumptions and the College's ability to regulate the impact of the renovations to the existing buildings, the Scion/Workshop Team established the need for a minimum of 298 additional beds and maximum of 586 beds. Accordingly, as further described below, the College has decided to issue the Series 2021 Bonds to finance the acquisition and construction of a 300-bed residence hall to meet the unmet housing demand as well as accommodate the conversion of certain buildings back to original capacity, and finance the acquisition and construction of 14 townhouses (140 beds) to replace the Honors Houses. In 2019, the College completed its initial concept of the Project and selected Workshop Architects as the architect and Boldt Construction as the general contractor for the Project. The total cost of the Project is approximately $65 million and is expected to be completed in Fall 2022.

The Financing

The College anticipates issuing one series of fixed rate, tax-exempt bonds to finance the Project, including funding capitalized interest through October 1, 2022 and paying costs of issuance. The preliminary structure assumes the pro forma debt service is 'wrapped' around the College's remaining debt service to achieve a level, aggregate annual debt service payment of approximately $8.3 million through fiscal year 2036 which declines but remains level at $5.5 million through final maturity in fiscal year 2051. The estimated par amount of the Bonds is approximately $62,905,000 with the first principal payment estimated to be October 1, 2036 and a final maturity estimated to be October 1, 2050 (30-year bond issue). Provided in Appendix C is a debt service 'skyline' for the College's outstanding and pro forma debt service based on debt service schedules provided by the Underwriter on October 20, 2020.

The College has determined to issue the Bonds as a negotiated sale and has selected Piper Sandler & Co. ("Piper") to act as sole managing underwriter. Piper is experienced in negotiating sales of tax-exempt bonds not only for issuers in Minnesota but also across the country and has direct experience with St. Olaf, acting as sole managing underwriter for the College's Series Five-H Bonds, Series Seven-F Bonds, Series Eight-G Bonds, and Series Eight-N Bonds issued by the Authority for the College's benefit.

Sources and Uses (as of October 20, 2020)
A preliminary estimate of sources and uses for the Bonds is provided below:

Preliminary Sources and Uses	
SOURCES	
Par amount	$62,905,000
Net Original Issue Premium	7,294,747
Total Sources	$70,199,747
USES	
Deposit to Project Fund	$65,000,000
Deposit to Capitalized Interest Fund	4,819,100
Costs of issuance	380,647
Total Uses	$70,199,747

Security for the Bonds
The Bonds will be issued by the Authority and secured by loan repayments made by the College pursuant to a *Loan Agreement* between the Authority and the College, or from other amounts pledged pursuant to a *Trust Indenture*. The Bonds will be payable solely as a general obligation of the College from the general funds or any other moneys legally available to the College. While additional security for the Bonds will continue to be discussed among the Authority, Bond Counsel, the College, Piper, and North Slope, it is anticipated there will not be a mortgage lien nor security interest in any property of the College, no funded debt service reserve fund, a 'negative pledge' on the College's real property subject to permitted encumbrances, and certain financial covenants including annual financial tests and additional bonds tests. At this time, it is anticipated that the Bonds will be issued on parity with the College's outstanding Series Eight-G and Series Eight-N Bonds.

Financial Covenants

The College is subject to two financial covenants contained in the Loan Agreement(s) for the Series Eight-G Bonds and Series Eight-N Bonds issued through the Authority as summarized below:

1. For at least two of the preceding three complete Fiscal Years, the Revenue/Expenditure Test must be met, and
2. For so long as the [Series Eight-G Bonds and Series Eight-N Bonds] remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years unless the average pro forma Debt Service Coverage Ratio for the last two audited Fiscal Years was at least 110%.

For purposes of this Application Review Letter, North Slope has calculated the financial covenants in the table below:

Financial Covenant Calculations		
	Fiscal Year 2020	**Fiscal Year 2019**
1. Revenue/Expenditure Test		
(Calc: Adjusted Increase in Unrestricted Net Assets ≥ 0)	$ 8,323,211	$12,370,917
2. Debt Service Coverage Ratio		
(Calc: Net Income Available for Debt Service ÷ MADS ≥ 110%)		
Net Income Available for Debt Service	$ 8,323,211	$12,370,917
Maximum Annual Debt Service (incl. proposed debt)	$ 8,285,484	$ 8,285,484
Annual Debt Service Coverage Ratio	100%	149%
Debt Service Coverage Ratio (Two-Year Average)	**124.5%**	

As indicated above, while the College meets the Revenue/Expenditure Test, it does not meet the Debt Service Coverage Ratio for Fiscal Year 2020. While the two-year average Debt Service Coverage Ratio of 124.5% allows the College to comply with the Funded Debt Covenant, the College will want to plan to include additional revenues from either the Project and/or operations for calculating Net Income Available for Debt Service which can assist with meeting the 110% Debt Service Coverage Ratio on an annual basis. North Slope will update the Authority and the Board at the December Board meeting on resolution of this issue.

Rating

The College is currently rated "A1" with a stable outlook from Moody's Investors Service ("Moody's") which was affirmed on June 3, 2019 in conjunction with Moody's annual surveillance. While the proposed Project and anticipated borrowing have been referenced in the most recent Credit Opinion from the College, Moody's has not provided a rating on the Bonds as of the date of this Application Review Letter. It is anticipated that the rating conference with the College and Moody's will be scheduled in early 2021 with the rating for the Bonds published before issuing the Bonds in March 2021.

Provided in Appendix D are relevant financial ratios and Moody's Private University Medians[1] designed to provide information about the financial performance of the College compared to similarly rated private universities. A sample of these ratios are included in the current version of Moody's Credit Opinion of the College which has been provided in Appendix E.

[1] *Moody's Investors Service: Medians–Private universities produced steady operating performance in fiscal 2019 (dated June 25, 2020)*

Minnesota Higher Education Facilities Authority
Application Review Letter from North Slope Capital Advisors
for Financing from St. Olaf College (Series 2021A)
Date: November 18, 2020
Appendix A

ST. OLAF COLLEGE
Consolidated Statement of Activities
As of May 31, 2020 thru 2015

	2020 Without Donor Restrictions	2020 With Donor Restrictions	2019 Without Donor Restrictions	2019 With Donor Restrictions
OPERATING REVENUES, GAINS AND OTHER SUPPORT				
Tuition, room and board, net of scholarships	$ 81,011,926	$ -	$ 89,717,102	$ -
Other tuition and fees	2,994,470	-	3,588,148	-
Government grants	4,986,304	-	2,881,839	-
Private gifts and grants	3,018,621	4,436,041	3,155,441	6,042,631
Long-term investment income and gains allocated for operations	6,325,196	14,490,501	6,142,270	13,078,413
Other sources	3,575,625	31,010	3,789,098	53,329
Investment income	250,142	37,230	382,181	47,599
Net losses on investments and capital assets	(20,451)	-	(53,401)	-
Capital gifts allocated	2,209,004	-	2,086,627	-
Auxiliary enterprises - sales and services	1,358,469	-	1,553,497	-
	105,709,306	18,994,782	113,242,802	19,221,972
Net assets released from restrictions (Notes 1 and 3)	20,218,783	(20,218,783)	18,070,474	(18,070,474)
Total Operating Revenues, Gains and Other Support	125,928,089	(1,224,001)	131,313,276	1,151,498
OPERATING EXPENSES				
Program expenses	107,964,438	-	109,259,531	-
Support expenses	15,138,525	-	15,103,564	-
Total Operating Expenses	123,102,963	-	124,363,095	-
Change in Net Assets from Operating Activities	2,825,126	(1,224,001)	6,950,181	1,151,498
NONOPERATING ACTIVITIES				
Long-term investment activities	(4,100,197)	(9,516,660)	(380,225)	959,952
Less: Long-term investment income and gains allocated for operations	(6,325,196)	(14,490,501)	(6,142,270)	(13,078,413)
	(10,425,393)	(24,007,161)	(6,522,495)	(12,118,461)
Student loan income net of expenses	(12)	85,309	(6,539)	69,111
Deferred giving activities - gifts	606	48,300	4,992	30,093
Capital giving activities - gifts and grants	319,515	5,855,008	749,059	15,859,687
Capital related gifts released from restrictions (Notes 1 and 3)	103,210	(103,210)	5,131,990	(5,131,990)
Capital gifts allocated to operations	(2,209,004)	-	(2,086,627)	-
Adjustment to actuarial liability for annuities payable	(42,760)	228,440	(136,336)	1,333,690
Adjustment to prior service cost and actuarial liability for retiree health plan	(115,345)	-	332,708	-
Gain from sale of asset	1,258,591	-	-	-
Change in Net Assets from Nonoperating Activities	(11,110,592)	(17,893,314)	(2,533,248)	42,130
Change in Net Assets before reclassification of net assets	(8,285,466)	(19,117,315)	4,416,933	1,193,628
Reclassification of prior year net assets (per gift matching in 2019 only)	30,003	(30,003)	(12,620,889)	12,620,889
Change in Net Assets	(8,255,463)	(19,147,318)	(8,203,956)	13,814,517
Net Assets - Beginning of Year	342,010,101	386,469,273	350,214,057	372,654,756
NET ASSETS - END OF YEAR	$ 333,754,638	$ 367,321,955	$ 342,010,101	$ 386,469,273

Minnesota Higher Education Facilities Authority
Application Review Letter from North Slope Capital Advisors
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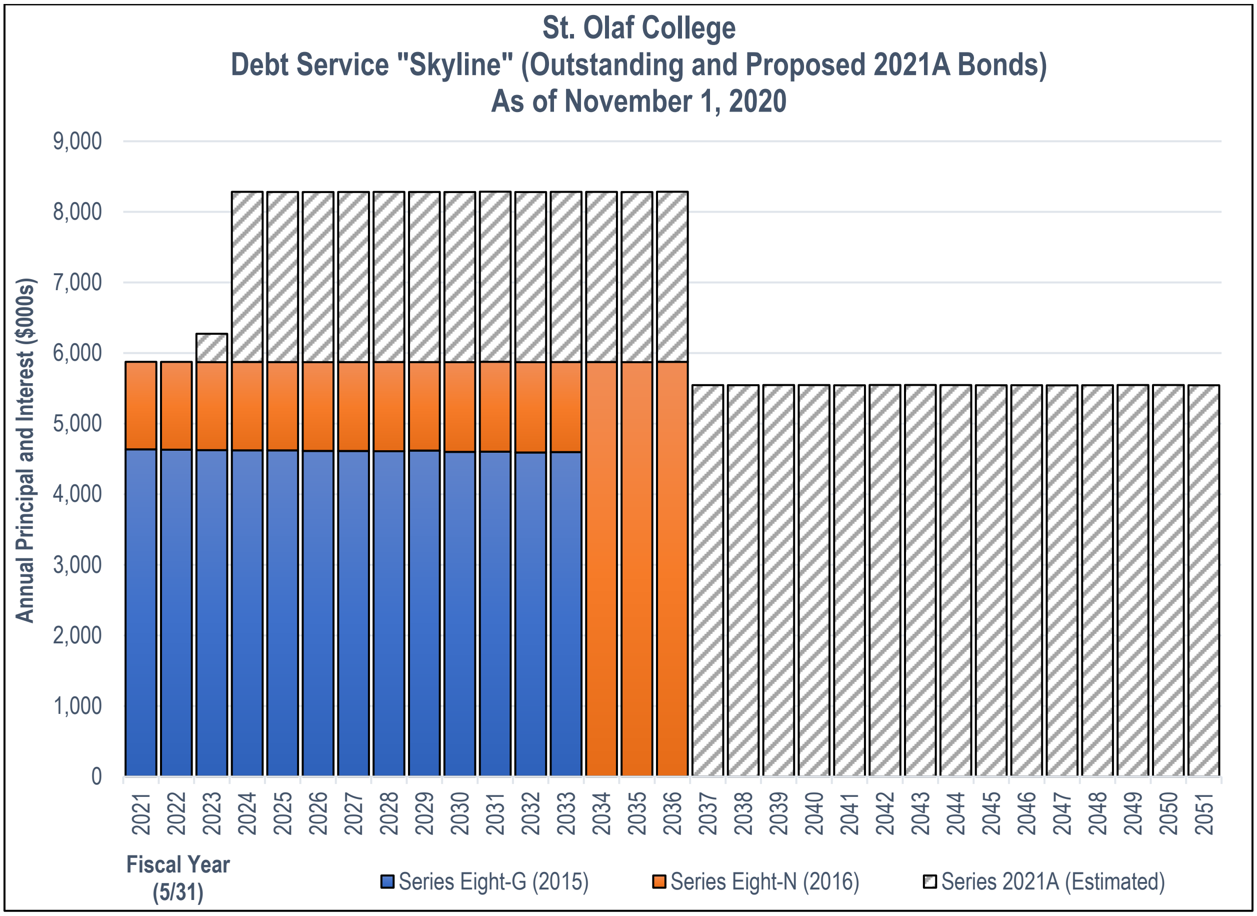
Date: November 18, 2020
Appendix B

ST. OLAF COLLEGE
Statements of Financial Position
As of May 31, 2020 thru 2015

ASSETS	2020	2019	2018	2017	2016
Cash and cash equivalents	$ 14,787,998	$ 15,812,056	$ 18,867,938	$ 16,002,555	$ 14,396,858
Receivables					
Accounts, net	965,774	1,446,436	1,663,058	1,259,942	2,161,211
Contributions, net	9,668,851	13,759,905	7,283,233	7,949,405	8,898,491
Student loans, net	5,142,730	5,912,828	6,673,080	6,792,854	6,451,808
Notes receivable	750,000	901,650	750,000	750,000	
Investments	534,121,613	553,530,710	562,976,629	520,207,245	471,243,321
Other assets	666,364	1,823,418	1,176,052	1,862,793	1,251,908
Deposits held by trustee	1,082,022	1,753,590	1,800,302	1,839,053	23,041,178
Beneficial interest in trusts held by others	1,797,503	1,767,205	1,800,919	1,683,268	1,582,470
Beneficial interest in trusts held by others, held at cost	-	-	491,350	491,350	491,350
Property, plant and equipment, net	243,997,314	246,735,612	244,853,535	247,085,137	235,401,670
Total Assets	$ 812,980,169	$ 843,443,410	$ 848,336,096	$ 805,923,602	$ 764,920,265
LIABILITIES					
Accounts payable	$ 2,723,063	$ 2,268,218	$ 4,667,136	$ 3,650,554	$ 6,660,886
Accrued and other liabilities	14,694,177	14,016,587	15,254,936	15,850,679	15,360,727
Deferred revenue	5,426,522	3,170,180	4,026,795	3,510,633	2,797,048
Annuities payable	10,383,168	11,086,670	12,795,080	13,336,999	13,073,837
Long-term debt	74,567,367	78,608,179	81,980,292	85,252,405	97,084,701
U.S. government grants refundable	3,540,391	4,948,241	4,991,793	5,446,640	5,437,487
Deposits held in trust for others	568,888	865,961	1,751,251	1,876,399	1,752,638
Total Liabilities	111,903,576	114,964,036	125,467,283	128,924,309	142,167,324
NET ASSETS					
Without donor restrictions	333,754,638	342,010,101	350,214,057	-	-
With donor restrictions	367,321,955	386,469,273	372,654,756	-	-
Unrestricted	-	-	-	282,661,370	264,095,592
Temporarily restricted	-	-	-	180,998,707	156,381,653
Permanently restricted	-	-	-	213,339,216	202,275,696
Total Net Assets	701,076,593	728,479,374	722,868,813	676,999,293	622,752,941
TOTAL LIABILITIES AND NET ASSETS	$ 812,980,169	$ 843,443,410	$ 848,336,096	$ 805,923,602	$ 764,920,265

Minnesota Higher Education Facilities Authority
Application Review Letter from North Slope Capital Advisors
for Financing from St. Olaf College (Series 2021A)
Date: November 18, 2020
Appendix C



Minnesota Higher Education Facilities Authority
Application Review Letter from North Slope Capital Advisors
for Financing from St. Olaf College (Series 2021A)
Date: November 18, 2020
Appendix D

Definitions of Moody's Ratios	St. Olaf College (FY 2020 Ratio)	St. Olaf College (FY 2020 Ratio + Additional Debt)	Moody's "A" Rating Median (FY 2019 Report)	Formula
Age of Plant (#, in Years)				
Provides a rough indicator of institutional deferred maintenance as well as the operating efficiency of the existing plant facilities	15.01	n/a	14.47	Accumulated depreciation divided by annual depreciation expense
Maximum Annual Debt Service Coverage (x)				
Measures the ability of a university to make debt service payments from annual operations assuming maximum annual debt service	3.20	2.55	2.93	The sum of annual operating surplus (deficit), annual depreciation expense, interest expense, amortization, and additional, unusually large non-cash expenses, divided by maximum annual debt service
Debt Service to Operating Expenses (%)				
Measures annual debt service burden on the annual operating budget	5.38	5.38	4.99	Annual debt service divided by Operating Expenses
Spendable Cash & Investments to Total Debt (x)				
Measures the university's ability to repay bondholders from wealth that can be accessed over time or for a specific purpose	4.48	2.43	1.93	Spendable Cash & Investments divided by Total Debt
Total Cash & Investments to Total Debt (x)				
Measures coverage of total debt by assets that generate investment return	8.19	4.22	2.77	Total Cash & Investments divided by Total Debt
Total Debt ($)				
Measures direct obligations of a university and its affiliated foundation(s)	67,060,000	129,965,000	150,817,087	The par amount of bonds, notes, commercial paper, capital leases, bank loans, and draws upon lines of credit

Minnesota Higher Education Facilities Authority
Application Review Letter from North Slope Capital Advisors
for Financing from St. Olaf College (Series 2021A)
Date: November 18, 2020
Appendix E

MOODY'S INVESTORS SERVICE

CREDIT OPINION
3 June 2019

Rate this Research

Contacts

Debra Roane +1.212.553.6899
VP-Sr Credit Officer
debra.roane@moodys.com

Dennis M. Gephardt +1.212.553.7209
VP-Sr Credit Officer
dennis.gephardt@moodys.com

Diane F. Viacava +1.212.553.4734
VP-Sr Credit Officer
diane.viacava@moodys.com

St. Olaf College, MN

Update to credit analysis

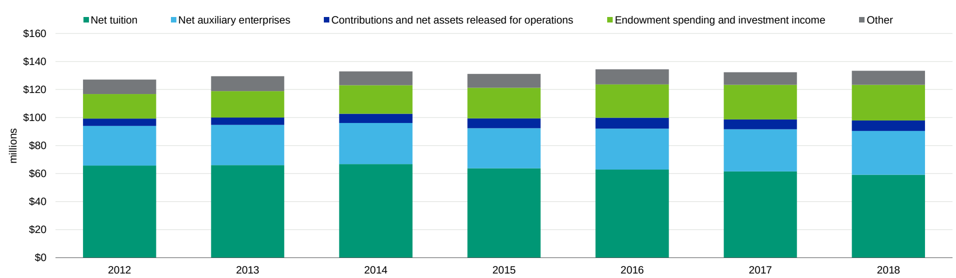
Summary

St. Olaf College's very good credit quality (A1 stable) reflects the college's national brand as a selective liberal arts college with generally stable enrollment. The college's sound fiscal management has underpinned very strong operating surpluses and cash flow, over many consecutive years despite ongoing weakness in net tuition which comprise nearly 70% of its income. Healthy cash flow margins have contributed to growing wealth and liquidity levels. Credit quality is also supported by the college's low leverage, although, it is likely to increase over the next several years with potential borrowing for campus improvements which could include student residences.

Offsetting factors include a highly competitive environment, heavy reliance on student charges, and an elevated tuition discount rate relative to peers, which has severely dampened revenue growth. If sustained, weak revenue growth could impact the college's strategic positioning and operating performance over time.

Exhibit 1

Growth in endowment spending and investment income at St. Olaf has helped mitigate declines in net tuition revenue



Source: Moody's Investors Service

Credit strengths

» Consistently strong operating surpluses with 7.9% three-year average operating margin in fiscal 2016 – 2018 and 20.3% cash flow margin in fiscal 2018

» Excellent 5x cushion of debt from spendable cash and investments

» National market presence, with nearly 60% of students from out of state in fall 2018

» Strong fiscal planning and oversight by experienced management team supports maintenance of strong liquidity

» Loyal donor base with three-year average gift revenue of $22 million per year through fiscal 2018

Credit challenges

» Increasingly competitive environment, reflected in rising tuition discount rate to 56.8% in fiscal 2018

» Decline in net tuition revenue of nearly 11% in over the four years through fiscal 2018

» High reliance on student charges at 68% of operating revenues in fiscal 2018

» Ongoing capital needs, a portion of which will likely be debt financed and increase financial leverage

Rating outlook

The stable outlook reflects expectations of generating good very cash flow and debt service coverage and no material use of reserves.

Factors that could lead to an upgrade

» Substantially stronger balance sheet reserve cushion for debt and operations

» Greater revenue diversification, particularly in fundraising

» Stronger student market reflected in net tuition revenue growth and stabilization of the discount rate

Factors that could lead to a downgrade

» Deterioration in operating performance due to inability to grow net tuition revenue

» Additional material borrowing in the context of a narrowing in cash flows

» Significant decline of unrestricted liquidity

Key indicators

Exhibit 2

ST. OLAF COLLEGE, MN

	2014	2015	2016	2017	2018	Median: A Rated Private Universities
Total FTE Enrollment	3,003	3,016	2,990	3,012	3,031	4,604
Operating Revenue ($000)	132,948	131,175	134,446	132,298	133,326	185,094
Annual Change in Operating Revenue (%)	2.7	-1.3	2.5	-1.6	0.8	2.6
Total Cash & Investments ($000)	488,086	504,498	485,640	536,210	581,845	382,221
Total Debt ($000)	75,860	73,240	89,475	76,560	73,845	144,757
Spendable Cash & Investments to Total Debt (x)	4.2	4.4	3.3	4.3	5.0	1.8
Spendable Cash & Investments to Operating Expenses (x)	2.7	2.8	2.4	2.7	3.0	1.4
Monthly Days Cash on Hand (x)	661	661	600	642	442	355
Operating Cash Flow Margin (%)	23.2	22.0	20.4	18.6	20.3	14.1
Total Debt to Cash Flow (x)	2.5	2.5	3.3	3.1	2.7	4.9
Annual Debt Service Coverage (x)	5.2	4.9	5.0	3.2	4.4	2.7

Source: Moody's Investors Service

Profile

St. Olaf College, founded in 1874, is a private four-year liberal arts college affiliated with Evangelical Lutheran Church in America and has an historical connection to its Norwegian-American founders. The college is located in Northfield, Minnesota. The college has a national reputation and enrolled over 3,000 FTE students in fall 2018. Total operating revenues amounted to $133 million in fiscal 2018.

Detailed credit considerations

Market profile: competitive environment dampening enrollment and pricing power

Enrollment is expected to remain generally stable at around 3,000 full time equivalents students (FTE) underpinned by geographic diversification with 60% of students coming from out of state. The school has maintained good selectivity at around 50%. However, the ability to hold enrollment steady is supported by a rising and comparatively high discount rate.

National recruiting continues to expand the college's market reach, important due to St. Olaf's location in a demographically challenged region. These recruitment efforts will continue to play a significant role in maintaining targeted enrollment levels moving forward as FTE enrollment has shown only minimum growth of around 0.6% annually over the past three years. St. Olaf is highly reliant on student charges (68% in fiscal 2018), and the ability to grow net tuition revenue is very important for overall revenue growth. While net tuition revenue has flagged, auxiliary revenue has favorably seen growth and will remain supported by the residency policies of the college.

As the competitive environment intensifies, the college's ability to grow net tuition has diminished. Net tuition per student declined 4.8% in fiscal 2018 as the tuition discount rate climbed to 56.8 %, from 52.9% in fiscal 2017 and to over 60% for first year freshman, very high for the rating category and a significant constraint on future pricing flexibility. Enrollment pressures are expected to persist as similar discount strategies are employed by many competing colleges.

Operating Performance: sound budget management supports strong financial performance in pressured revenue environment

Conservative budgeting practices will help absorb significant pressures on net tuition revenue, the college's largest source of revenue. In fiscal 2019, results will be similar to the very strong results registered in fiscal 2018. While net tuition will be flat, due to a nearly 10% rise in financial aid, the college will benefit from increases in endowment income and room and board, and, we believe additional adjustments will likely be made to keep expenses in line with revenues.

Despite the challenging revenue environment – revenues grew at less than 1% cumulatively over the past four years through fiscal 2018 – three year average operating margins were a sound 7.9% from fiscal 2016 through fiscal 2018, albeit lower than 10% in earlier years. Furthermore, the cash flow margin measured 20.3% in fiscal 2018 and has been at or above 20% for most of the past seven years. These results are a testament to the college's very strong fiscal stewardship and a key underpinning of its credit quality. Nearly $13 million of budgeted depreciation and a contingency for capital spending act as a budget contingency in the event that there is unexpected pressure on net tuition revenue.

In 2017, the college initiated its Strategic Resource Allocation Project (SRAP) review all of its programs to identify revenue and expenditure measures that will maintain the rate of cost increases below revenue growth over the next several years. The school also plans to reduce the number of positions over the next four years and its collaboration with Carleton College (Aa2 stable) on IT, library services, and environmental and safety is achieving cost efficiencies.

Wealth and liquidity: strong cash flow bolsters reserves

Solid cash flow margins and strong investment returns will bolster growth in financial reserves that will continue to provide good coverage of debt and operations. Total cash and investments grew 19% over the last five years, slightly above the median of A1-rated private universities. Spendable cash and investments of $367 million covered operations 3.0x in fiscal 2018, very good for the A1 rating category and better than peers. The reserve growth helps support financial aid which funds demonstrated student need. The ability to continue growing financial reserves while maintaining this policy is important to maintain St. Olaf's competitive advantage.

Through an investment committee of the board and with the help of an investment advisor, the college's endowment continues to yield returns that are in line with similarly sized endowments. The college reported a return of 9.3% at fiscal 2018, better than peers.

Fundraising efforts will also contribute toward wealth generation. St. Olaf has raised around $228 million as of June 2019, ahead of its 2020 campaign target of $200 million. The $22 million in hree-year average gifts per year through fiscal 2018 is supportive of operations and facilities.

Liquidity

St. Olaf's liquidity is expected to remain robust, with fiscal 2018 monthly days cash on hand of 442 days providing strong support for operations. However, it has declined from 642 days in the prior year reflecting a move to increase portfolio allocation to less liquid investments. The college has some potential calls on liquidity with nearly $81 million in unfunded commitments, or 14% of total cash and investments, in line with endowments of its size as of fiscal 2018. A majority of those commitments will be funded through payouts from existing private equity investments.

Leverage: modest leverage supported by strong cash flow and reserves

St. Olaf has a modest leverage profile well supported by spendable cash and investments, providing a strong 5.0x coverage of debt in fiscal 2018 which is much higher than the A1-rated peers median of 2.6x. The college's robust cash flows make their debt highly affordable with debt to cash flow at a very low 2.8x compared to the 5.3x median of peers.

Leverage will likely increase over the next one to two years as the college is considering borrowing $60 million to fund campus improvements which could include housing improvements. The planned expansion and replacement of housing on campus is being considered to reduce overcrowding in rooms as most students are required to live on campus.

Should this potential borrowing proceed it would bring spendable cash and investments to pro forma debt down to 3.0x and diminish affordability, with pro forma debt to cash flow rising to 4.9x. The college has no other large borrowing plans. Other renovation projects and upgrades are expected to be funded through its annual budget allocation

Debt structure

All of the college's debt is fixed rate with amortizing principal.

Legal security

All bonds are unsecured general obligations of the college. Seven-F bonds are further secured by cash funded debt service reserve funds while Series Eight-N and Series Eight-G bonds issuances do not have debt service reserve funds. The bonds have covenants that require unrestricted net assets to be positive in two of the last three years, and that average debt service coverage for the last two fiscal years is at least 1.1x. As of May 31 fiscal 2018 the reported average debt service coverage was 1.6x. Changes in unrestricted net assets continue to be positive.

Debt-related derivatives

The college has no debt related derivatives exposure.

Pensions and OPEB

St. Olaf has modest employee benefit obligations, with expenses associated with its defined contribution plan totaling $3.8 million or 3.2% of operating expenses in fiscal 2018. A post-retirement health plan exists for eligible employees. which represents less than 1% of expenses in fiscal 2018.

Governance and management: fiscally prudent team navigates college through a challenging environment

A closely aligned management team supports financial, strategic and capital planning at the college. Operations are supported by conservative budgeting that incorporates under budgeting for tuition revenue, full depreciation, a health contingency and expense growth that has historically tracked closely with revenue growth. Operating efficiencies continue to be undertaken through a collaborative arrangement with nearby Carleton College, supported by a $1.4 million grant from the Andrew W. Mellon Foundation (Aaa stable). A history of strong fiscal stewardship, thoughtful evaluation of the competitive landscape, and the successful execution of strategic plans support the college's long-term credit profile.

REPORT NUMBER 1178482

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MEMORANDUM

TO: Barry W. Fick
Minnesota Higher Education Facilities Authority

FROM: Fryberger, Buchanan, Smith & Frederick, P.A.

DATE: November 9, 2020

RE: Application of St. Olaf College for MHEFA Financing

We have reviewed the Application of St. Olaf College (the "College"), dated March 17, 2020, as amended in October, 2020, and found it to be complete and satisfactory from a legal standpoint, subject to the following:

1. Purpose. The Application relates to financing the costs of the acquisition, construction, equipping and furnishing of a new student housing project consisting of a 300-bed residence hall and 14 new townhouses, each townhouse containing 10 beds (the "Project"). (The project facilities described in the Project are collectively referred to as the "Project Facilities.") The Project Facilities are owned and operated by the College and located on the Institution's campus, the principal street address of which is 1520 St. Olaf Avenue, Northfield, Minnesota.

2. Incomplete Items. The following items required by the Application are missing or incomplete:

A. Evidence of Title. No title insurance commitment or title opinion was provided. The College should provide recent title evidence in the form of a title commitment or attorney's title opinion prior to the bond closing, showing that the College has title (or other suitable interest) in the land necessary for the Project and the Project Facilities.

B. Survey. The College will need to provide a survey or site diagram identifying the Project Facilities and legal descriptions on which the Project Facilities are located.

C. Building Permits and Other Governmental Approvals. The College has indicated in the Application that a zoning change is needed for the student housing project. An environmental worksheet and environmental impact statement are pending for the student housing project. We will confer with the College and its counsel to confirm that required governmental approvals for the Project are obtained.

D. Financial Covenants. The Authority's Series Eight-G Bonds and Series Eight-N Bonds contain financial covenant tests regarding the College's authority to incur additional funded debt which must be reviewed taking into account the debt service schedule for the proposed revenue obligations. The Application, in Exhibit 4, addresses such covenants. Prior to issuance of the proposed revenue obligations, the College and its accountants and counsel should reexamine the financial covenants and the proposed debt service on the proposed revenue obligations to demonstrate compliance with such covenants.

E. Prior Pledge of Certain Moneys. The notes to the financial statements indicate that the College has an unsecured bank line of credit which may contain certain financial covenants. The College should provide a copy of such loan documents to determine if there are restrictions on additional funded debt or a pledge of College assets.

3. $150 Million Limit on Tax-Exempt Non-Hospital Bonds Under Section 145(b) of Internal Revenue Code. In the Application, the College has stated that the College receives an annual allocation (about $32,000) from the Evangelical Lutheran Church in American ("ELCA") Foundation. The By-laws of the College provide that (i) the Board of Regents must maintain a composition in which a majority of Regents are members of the ELCA or another denomination with which the ELCA or its successors has established full communion, and at least 40% shall be members of the ELCA; and (ii) at least one member of the Board of Regents shall be a bishop of the ELCA or a person who is widely recognized as a thought or practice leader of the ELCA.

These facts would be significant due to the limitation set forth in Internal Revenue Code Section 145(b) prior to 1997, of the aggregate amount of outstanding qualified 501(c)(3) non-hospital bonds from which any 501(c)(3) organization may benefit to $150 million. For purposes of this rule, two or more organizations under common management or control are treated as one organization.

The 1997 amendment to Section 145(b) excludes from the $150 million limit tax-exempt non-hospital bonds issued after August 5, 1997, as part of an issue 95% or more of the net proceeds of which (including issuance costs) are to be used to finance capital expenditures incurred after that date. The proposed bonds will finance capital expenditures originally incurred after August 5, 1997. The proposed bonds will therefore not be subject to the $150 million aggregate limit.

It appears that the College and the ELCA are not under common control and management, but we will verify such determination with the College and its attorney, and we will verify that no other organizations are controlling, controlled by or under common management or control with the College.

4. Establishment of Religion. We have reviewed the legal analysis provided to the Authority by bond counsel of prior bond issues and do not disagree with their conclusion that the College is sufficiently nonsectarian to avoid Establishment of Religion problems, despite the link between the College's governing body and the ELCA.

A description of the relationship between the College and the ELCA is set forth above.

The Application materials contain a number of statements in support of a conclusion that the College is not a sectarian institution. In particular, the relevant organizational documents, general statements contained in official College publications, admissions standards, and faculty hiring and tenure requirements support the conclusion that the College does in fact follow academic freedom in the classroom and non-discrimination practices in faculty and student recruitment, retention and promotion. Under the Supreme Court's guidelines as established by the relevant decisions, the focus on actual practices is as important as the focus on institutional documents. Therefore, the members of the Authority should themselves be satisfied that the College does in fact follow academic freedom in the classroom and non-discrimination practices in faculty and student recruitment, retention and promotion.

On these facts, and under existing judicial interpretation of the Establishment of Religion Clause, we conclude that the Project as proposed by the College violates no Constitutional limitation.

We note that the most recent United States Supreme Court decision in this area, while not directly on point, does appear to broaden the permitted scope of public assistance to religious-affiliated educational institutions. Financing such as that provided by the Authority falls well within the permitted limits.

5. Rebate, Two-Year, 18-Month and Six-Month Spend-Down Exceptions. The requirements to pay arbitrage rebate for the proposed revenue obligations have three exceptions which are related to the speed in which the proceeds of the proposed revenue obligations are spent.

The exceptions potentially available for the Project are the 18-month exception and the 24-month exception. Under the 24-month exception, the proceeds of the revenue obligations must be expended within 24 months as determined at the time of closing. The cost of equipment included for the Project may not exceed 25% of the proceeds. If equipment will constitute more than 25% of the proceeds (and if the six or 18-month exceptions are not applicable), another category of proceeds can be established which should include proceeds to be spent on equipment within six months of the closing date. Depending on the draw schedule for the Project, the 18-month exception may also be available.

Bond counsel and the municipal advisor will work with the College regarding the timing of the proposed revenue obligations and the construction schedules for each element of the Project to determine which exception, if any, will be possible.

You should note that the proposed revenue obligations are not expected to be secured by a reserve fund, but if a reserve fund is required, such reserve fund will be subject to rebate.

The following is a summary of each exception:

a. The Revenue Reconciliation Act of 1989 (the "1989 Act"), as amended by a technical corrections act in 1990, created a two-year exception (the "two year spend-down exception") from the requirement to pay arbitrage rebate for governmental and 501(c)(3) bonds which meet the definition of a "construction issue" – that is, a bond issue for which at least 75% of net proceeds will be expended for "construction expenditures." "Construction expenditures" are costs of construction chargeable to the capital account (other than expenditures for land or existing real property). Construction expenditures include costs of fixtures such as heating, ventilating and air conditioning and costs of equipment depreciated over a period of a year. To comply with this exception, all available construction proceeds of the issue must be spent within two years from the date of closing on the bond issue: 10% within six months, 45% within one year, 75% within 18 months, and 95% to 100% within two years with an extension to three years for up to five percent retained from contractors. For the purposes of the proposed revenue obligations, "available construction proceeds" which must be spent on schedule generally includes investment earnings, but excludes the amounts used to fund a reserve fund and issuance costs. Investment earnings on the reserve fund during the construction period must be spent on schedule for project costs, including interest but not principal on the revenue obligations or, if the College so elects, must be rebated. Rebate would still be payable on reserve fund investment (to the extent the yield of the investments exceeds the bond yield) after the construction period, but the two year spend-down exception offers potential significant savings.

b. The 1989 Act also created an exception for proceeds (whether for refunding, equipment or construction) which is spent in six months.

c. Under Treasury Department Regulations, a third exception was created for proceeds, including reasonably expected investment earnings as determined at closing, which are spent within 18 months (six months – 15%, 12 months – 60% and 18 months – 100%), except for a de minimis amount or a reasonable retainage which must be spent within 30 months of the bond closing date. This exception is not limited to construction purposes.

6. Reimbursement Regulations. The College has indicated in its Application that the work on the Project is to begin in February 2021; consequently, the proposed revenue obligations may be issued after the start of construction. The Internal Revenue Service has adopted regulations providing rules for determining when an issuer may use bond proceeds to reimburse expenditures made before the revenue obligations are issued. The College can be reimbursed for expenditures paid for the Project (as opposed to incurred but not paid) up to 60 days prior to the bond closing, or an earlier declaration of official intent, if applicable. The reimbursement resolution attached to the Application as Exhibit 11 provides a declaration of official intent to finance the Project on October 11, 2019. In addition, the College may be reimbursed for certain preliminary expenditures and amounts considered to be de minimis. We will work with the College to identify reimbursable costs and to protect the College's ability to finance expenditures made before the revenue obligations are issued.

The College must use proceeds from a bond issue to reimburse itself for prior expenditures within 18 months from the later of (i) the date that the original expenditure is paid or (ii) the date that an element of the Project is placed in service (but in no event more than three years after the original expenditure is paid). "Placed in service" means the date on which the Project or facility has reached a degree of completion which would permit its operation at substantially its design level and is in operation at such level. The College should expect to be reimbursed from bond proceeds shortly after the closing.

7. Construction Contract. At the time of bond closing, the College must be in a position to commit to construct the Project and to provide a reliable cost estimate or a fixed price or guaranteed maximum price contracts. The Application indicates that construction contracts for all or a portion of the Project have been awarded.

8. Use of Project Facilities by Business Enterprises. If the College has or will have a contract with a for-profit private enterprise to provide services in any of the financed facilities, we will need to review the use and/or contract to ensure compliance with guidelines relating to private use established in the Internal Revenue Code and related regulations and in Revenue Procedures 2001-39, 2007-47 and 2016-44 (together, "Private Use Rules"). The College has not described any such activity to be carried on in a financed facility, but we think some further inquiry would be prudent to determine whether there is any "private use." Discovery of "private use" may necessitate that the College use its own funds to finance the private use facility (and allocated common areas) and to follow the guidelines in the Private Use Rules to preserve tax-exempt financing for the rest of the financed facilities.

Section 145(a) of the Internal Revenue Code provides that no more than five percent of the net proceeds of an issue may be used by any person other than a 501(c)(3) organization or governmental unit, or in a trade or business unrelated to the exempt purposes of the College. Even if a service or other management contract, or use of parking or other proposed facilities, does not generate unrelated business income for the College, such agreements may constitute "use" of facilities of the College by a private (and nonexempt) entity which could render the bonds used to finance the facilities taxable. The Private Use Rules are lengthy and complex and will require careful review and application. The Private Use Rules require that the costs of issuance (a maximum of two percent payable from bond proceeds) to be counted against the five percent limit of private use, leaving only three percent available for other private use.

Subject to certain restrictions, the Private Use Rules would permit parts of the Project Facilities which are "used" by a private entity to be financed by tax-exempt bonds. We will need to examine the intended "use" of the Project Facilities to determine the applicable restrictions.

Any change in use or ownership of the Project Facilities or any portion thereof should be undertaken only with advice of bond counsel and, in some cases, advance arrangement of "remedial action" under Treasury Regulations Section 1.141-12.

9. Litigation. The College has indicated there is no pending litigation that is uninsured and would have a material adverse financial impact if resolved against the College. If there is any change in the status of these matters, or if other litigation or claims, threatened or pending, should arise prior to closing, the College should promptly notify the Authority, the municipal advisor and bond counsel and provide a description of such litigation.

10. Sinking Fund Proceeds; Replacement Proceeds. The Application states that the funds to pay debt service on the proposed revenue obligations will be derived from the College's general operations, increase in revenues from students living in College owned housing, and change of unrestricted endowments from reinvesting to spending. While this financing structure is similar to other recent Authority financings and does not appear to raise "sinking fund" concerns, it will nonetheless be necessary to analyze whether any such change in unrestricted endowments are subject to rebate or yield limitations under Section 148 of the Internal Revenue Code.

The notes to the College's financial statements indicate that the College, as of May 31, 2020, had substantial unrestricted assets, temporarily-restricted assets and restricted assets available for various purposes. The arbitrage regulations adopted by the Internal Revenue Service impose limits on the yield on investments of "gross proceeds" of tax-exempt bonds. "Gross proceeds" include not only the actual proceeds received from the issuance and sale of bonds but also other monies characterized as "replacement proceeds." Amounts are "replacement proceeds" under the regulations if it is concluded that such amounts would have been used for the governmental purposes for which the bonds were issued (here, the Project) had proceeds of the revenue obligations not been used for that governmental purpose. Amounts also may be replacement proceeds if they are held or expected to be used to pay debt service on revenue obligations, such as restricted gifts or pledges for the Project. The mere availability or preliminary earmarking of funds for such purposes does not, in itself, necessarily lead to the conclusion that such funds would have been used for the governmental purpose of the bonds and thus are replacement proceeds. We will confer with the College and its counsel to confirm compliance with the replacement proceeds rules including fundraising for the Project and endowment funds.

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RESOLUTION RELATING TO APPLICATION FOR
ST. OLAF COLLEGE

Be It Resolved by the Minnesota Higher Education Facilities Authority as follows:

1. The Authority acknowledges receipt of the Application, dated March 17, 2020, as amended in October, 2020, of St. Olaf College, a Minnesota nonprofit corporation (the "College"), as owner and operator of St. Olaf College (the "Institution") and exhibits thereto, including an Indemnity Agreement and an application fee in the amount of $1,000 (the "Application"), for a proposal relating to financing the costs of the acquisition, construction, equipping and furnishing of a new student housing project consisting of a 300-bed residence hall and 14 new townhouses, each townhouse containing 10 beds (the "Project"). (The project facilities described in the Project are collectively referred to as the "Project Facilities.") The Project Facilities will be owned and operated by the College and located at its campus, the principal street address of which is 1520 St. Olaf Avenue, Northfield, Minnesota.

2. The Executive Director, in consultation with the Chair of the Authority, has selected a date for a public hearing to be held with respect to the Application in conjunction with a meeting of the Authority and has caused notice of the public hearing to be published at least 14 days prior to the date of the hearing in each of two publications, namely, the *State Register* and a newspaper of general circulation available to residents of the locality where the Project Facilities are located.

3. As required by Section 147(f) of the Internal Revenue Code, this Authority conducted a public hearing on November 18, 2020, on the proposal to finance the Project, at which public hearing all parties who appeared in person, by telephone or who submitted written comments were given an opportunity to express their views with respect to the proposal.

4. Officers of the College have presented to this Authority information concerning the Project, the feasibility of the Project, the financing schedule for the Project and responded to other matters concerning the Project, the Institution and the College.

5. The Executive Director of the Authority, Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, and North Slope Capital Advisors, Inc., Municipal Advisor to the Authority, have reviewed the Application and the exhibits thereto, and recommend that the Authority approve the Application as submitted, subject to the conditions herein set forth.

6. On the basis of the information contained in the Application and its exhibits and presented orally to the Authority, its Executive Director, Bond Counsel and Municipal Advisor, and on the basis of the recommendations made, the Authority hereby finds and determines that:

(a) The College is a nonprofit corporation and the Institution is an institution of higher education in the state, eligible to be a participating institution of higher education under Sections 136A.25 to 136A.42, Minnesota Statutes, as amended (the "Act").

(b) The Project as described in the Application is eligible for financing by the Authority and is a "project" under the Act.

(c) The Project Facilities are intended for and will provide for additional educational opportunity to the current and future generations of youth of the state in nonprofit institutions of higher education and will otherwise carry out the purposes and policies of the Act.

(d) The Institution is nonsectarian and does not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed and does not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect and all courses of study, including any religion and theology courses, are taught according to the academic requirements of the subject matter and the instructor's concept of professional standards.

(e) The Institution admits students without unlawful discrimination, and does not exclude, expel, limit or otherwise unlawfully discriminate against enrolled students, in accordance with Minnesota Statutes, Section 363A.13.

(f) The Project Facilities are available to the students of the Institution without unlawful discrimination, in accordance with Minnesota Statutes, Section 363A.13.

(g) Issuance of the revenue obligations by the Authority will not have the primary purpose or effect of advancing religion or interfering with the free exercise of religion and will not provide financing for a facility used or to be used for sectarian instruction or as a place of religious worship or a facility which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(h) The Project and issuance of revenue obligations appear feasible.

7. The Project and the issuance of revenue obligations of the Authority in the maximum aggregate principal amount of $71,000,000 are therefore approved, provided that the College shall furnish any items which are needed to complete the Application or which are reasonably required by Bond Counsel in order to deliver an unqualified opinion as to the validity of the revenue obligations and tax status of the interest on the revenue bonds.

8. The Executive Director shall direct Bond Counsel and Municipal Advisor to the Authority to prepare and submit recommendations as to the terms of financing and the forms of the financing documents, including, if necessary, a loan agreement and a trust indenture, or a loan and note purchase agreement, bond purchase agreement or a note placement agreement or similar agreement, a mortgage, if any, an official statement or a private placement memorandum, if any, and related documents and resolutions to the Authority and to the College for consideration and approval.

9. The Authority and the College each respectively reserves its right to terminate the Project or any of them and the financing thereof under the Act as provided in the Indemnity Agreement.

Adopted: November 18, 2020.

MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

By ___________________________________
Michael D. Ranum, Chair

By ___________________________________
Gary D. Benson, Secretary

Approved: _______________________________
Governor, State of Minnesota

Date Approved: ___________________________

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CSP
CONCORDIA ST. PAUL

ENROLLMENT SURGES AT CONCORDIA ST. PAUL FOR NINTH CONSECUTIVE FALL SEMESTER

SEPTEMBER 23

Home > **Enrollment Surges at Concordia St. Paul for Ninth Consecutive Fall Semester**

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By Office of Marketing & Communications

Article Type(s) – University News

Despite unique challenges and unprecedented circumstances brought on by a global pandemic, Concordia University, St. Paul set a new enrollment record for the ninth consecutive fall semester with 5,567 students. CSP enrolled 428 more students compared to its previous high of 5,139 set only one year ago, including increases in all three student learning areas.

Traditional undergraduate programs are up 56 students, adult undergraduate programs saw an increase of 361 students, while graduate programs gained 11 students. Enrollment for students learning on-campus (traditional) now stands at an all-time high of 1,756, while graduate programs saw their total enrollment surpass 2,000 students for the second consecutive year. Adult undergraduate program enrollment, which includes the bulk of online students, stands at 1,788.

CSP's enrollment trajectory has seen significant growth since 2005 as it has posted enrollment increases 14 times during the last 15 years. During this time period, Concordia's overall enrollment has substantially increased by nearly 3,500 students. *(View historical CSP enrollment chart here)*

"I am grateful to God that CSP continues to be a distinctly different university in its growth trajectory and the way we equip students for their callings," CSP President Dr. Brian Friedrich said. "It is inspiring to know more and more in-person and online students in St. Paul, Portland, and around the world have chosen Concordia St. Paul as a place to learn and grow personally and professionally. Our faculty and staff are to be commended for their extraordinary

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efforts and diligent work in making this growth a reality during challenging times."

In a time when many institutions of higher learning are facing uncertainty due to the impact of COVID-19, leaders at CSP made the decision early on to commit to a robust and detailed plan to open campus to face-to-face-learning this fall. The University made a substantial investment in its curriculum and facilities to ensure a reasonably safe and successful return to campus for students so they could continue working toward their educational goals.

"It's refreshing to see students back on campus and abiding by the guidelines to help keep the CSP community safe with our return to face-to-face learning," Vice President of Enrollment Management Dr. Kim Craig noted. "We have heard from a number of students and families about their appreciation in how we diligently planned to reopen campus and plan to remain open with the help and dedication of the entire campus community, including students, staff and faculty. Everyone is on board with the 'we are all in this together' mentality."

"Throughout the challenging times with COVID, economic turmoil, and traditional demographic shifts, CSP has stayed focused on serving its students and executing on our strategic plan," said CSP Provost and Chief Operating Officer Dr. Eric LaMott. "The addition of two new programs, the Accelerated Bachelor of Science in Nursing (ABSN) in Portland, Ore., and Ed.D in Kinesiology, contribute to the overall growth this fall as has CSP's affordability initiative,

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which has cemented the University as the most affordably priced private college in the Twin Cities."

Looking ahead, CSP plans to launch a number of programs in areas of market need, including an MS in Cybersecurity, MS in Data Analytics and an ABSN program located in St. Paul.

Concordia
UNIVERSITY·SAINT PAUL

CONNECT WITH US

Concordia University, St. Paul
1282 Concordia Avenue
St. Paul, MN 55104

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INFORMATION

CAMPUS MAP & DIRECTIONS

VIRTUAL TOUR

ANNUAL CRIME & SAFETY REPORT

EMPLOYMENT AT CONCORDIA

CONFERENCES AND FACILITY RENTAL

ACCREDITATION

CSP MEDIA RESOURCES

NONDISCRIMINATION

CONTACT OUR OFFICES

Admissions: 651-641-8230

Financial Aid: 651-603-6300

Registrar (Transcripts): 651-641-8233

TTY: Deaf or Hard of Hearing Callers – MN Relay (711)

Fax: 651-603-6320

ACT: 2106 | SAT: 6114 | GMAT: 913-MN-57 | FAFSA: 002347 | GRE: 611 |

CSP CONCORDIA ST. PAUL

EXEC. DIR. REPORT

MINNESOTA
HIGHER EDUCATION
FACILITIES AUTHORITY

380 JACKSON STREET, SUITE 450, ST. PAUL, MN 55101

Main Phone: 651.296.4690 Fax: 651.297.5751

Date: 18 November 2020

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: November 2020 - Authority Board Meeting Executive Director's Report

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 and November 2020 Board Meetings. This meeting is being conducted using the new video platform that is integrated with our new communications system. It uses a new dedicated toll-free meeting participation number. We would appreciate your feedback on how the Zoom access works for you and we encourage you to share your thoughts and observations about the meeting format with us so we can improve future meetings.

Our new laptop computers have been ordered and we expect to receive them prior to the Authority November meeting. We were able to find the same brand of computers with more features and capacity at a materially lower price than quoted to us by DTS. The new computers will allow us to be well equipped for the future, especially as we anticipate continuing to work from home through June 30, 2021 as mandated by the State of Minnesota.

Moody's completed a number of credit reviews of Authority borrowers. We had a rating call on November 10 for Macalester. We expect Moody's to have a credit committee and decision on Macalester's Credit Update by the first week of December.

I have been appointed to the GFOA working group London Interbank Offering Rate ("LIBOR") Transition Sub-committee and the Environmental, Social and Government ("ESG") working Group sub-committee. My participation on these sub-committees will directly benefit a number of Authority school borrowers, especially as it relates to ESG disclosure matters for future financings.

I will be applying for reappointment to the MSRB Compliance Advisory Group. Appointments to MSRB Committees are for a 1-year term. Since the work of the CAG Group was interrupted by COVID during 2020, I would like to continue the work the Group began and bring some of the initiatives to a successful conclusion in 2021.

Dr. Michael Francis 'Sully' Sullivan

Dr. Michael Francis Sullivan

June 5, 1952 - November 7, 2020

Dr. Michael Francis Sullivan, 68, of Grant MN and Naples FL, passed away peacefully on Saturday, spending his final days surrounded by his loving family. He was preceded in death by his parents Michael and Mary and siblings Suzy and Dennis. Michael is survived by his siblings Tim and Mary and John, loving wife Lori, children Michael and Chelsea, grandchildren Rivka and Ariel, and devoted dog Pippa.

A proud "Southie," Michael grew up in a large and 100% Irish (a lifelong brag of his) family in South Boston, Massachusetts. He attended Boston College High School and self-financed an undergraduate degree from St. John's University, going on to earn a PhD in Business Administration from the University of Minnesota in 1981.

Michael was honored to serve as the CFO, CIO, and Treasurer of the University of St. Thomas from 1985 to 2010, transitioning to the Finance Department of the Opus College of Business and teaching there until 2015, when he retired as Professor Emeritus. He served on the board of several nonprofits and spent many years working as an investment consultant for organizations and individuals. He loved providing financial advice to everyone he knew.

Michael's greatest passion was travel. His journeys included all 50 states and over 45 countries, including faraway destinations like Siberia, Tasmania, and the ancestral O'Sullivan farm in Cork County, Ireland, which he located after years of genealogical research. He not only brought his family along on many adventures (or sent home kitschy souvenirs), but also created popular study trips to China and England for graduate business students. A curious, outgoing lover of world cultures, his travel philosophy centered around meeting locals to share perspectives and to gab and laugh -- what the Irish call "the ceoil and the craic."

At home, Michael would often be found behind an open newspaper, a pile of local and national papers at his side. Those close to him could expect regularly mailed envelopes of personalized and often annotated news clippings. A numbers guy, he would regale you -- at length -- with the latest statistics.

Michael was also a film buff, originally inspired by the works of Frank Capra and Alfred Hitchcock. Family weekends typically started with a trip to the video rental store, and Oscars night was a calendared event. He was a lifelong lover of all things science fiction, from Clarke and Asimov novels to Star Trek episodes to his own dystopian novella, "99 Billion and One." In many photographs with his friends one can find Michael giving a v-shaped "Live Long and Prosper" salutation.

Though often called "Dr. Sullivan," Michael was an incredibly humble, unpretentious person, as comfortable talking to the clerk as the CEO, and enjoying mac and cheese (with peas) as much as the steakhouse. Frugality was his mantra, baggy shorts and hoodies his style, the 40+ used vehicles he owned in his life a point of pride. He was also deeply loyal -- to his family, to his Vikings and Red Sox, and to his liberal principles, championing equality and advocating for the less fortunate. Kind and generous, he was a remarkable husband and father who will be dearly missed.

A virtual wake will be held over a zoom video conference on Sunday at 2pm. Use the following link: [link to come]. Please note that a previously scheduled funeral mass at St. Thomas had to be canceled due to the pandemic. In lieu of flowers, donations in remembrance of Dr. Sullivan can be made to South Boston Neighborhood House (sbnh.org (https://sbnh.org)) or Mary's Place (sharingandcaringhands.org/... (https://sharingandcaringhands.org/marys-place)).

Published on November 11, 2020

Please Remember in Your Prayers Professor Emeritus Michael Sullivan

news.stthomas.edu/please-remember-in-your-prayers-professor-emeritus-michael-sullivan/

November 11, 2020

Please remember in your prayers Professor Emeritus Michael Sullivan, who died Nov. 7. Sullivan served as the chief financial officer, chief investment officer, and treasurer of the university from 1985-2010, transitioning to the Finance Department of the Opus College of Business and teaching there until 2015, when he retired as professor emeritus.

A virtual wake will be held over Zoom on Sunday at 2 p.m. Please note that a previously scheduled funeral Mass at St. Thomas had to be canceled due to the pandemic. In lieu of flowers, donations in remembrance of Sullivan can be made to South Boston Neighborhood House or Mary's Place.

"Michael was a great asset to the university. He was a very astute chief investment officer, and he was an invaluable chief financial officer," President Emeritus Father Dennis Dease said. "He was very talented, very smart, very quick and a very decent man. We will certainly miss him."

(left to right) Michael and Lori Sullivan with Susan Marsnik at the International Education 25th anniversary reunion dinner held on Sept. 27, 2008.

Sullivan was preceded in death by his parents, Michael and Mary, and siblings Suzy and Dennis. He is survived by his siblings Tim, Mary and John; wife, Lori; children, Michael and Chelsea; grandchildren, Rivka and Ariel; and devoted dog, Pippa.

'Positive written comments from students could fill several books'

In the 2014 letter conferring professor emeritus status upon Sullivan, President Julie Sullivan (no relation) wrote, "While emeritus status need not necessarily gauge a professor's popularity, yours recognizes the large measure of personal friendship, tremendous respect and sincere gratitude you have earned among students, staff and faculty alike."

He taught more than 107 sections of graduate courses as well as 233 sessions of noncredit courses in executive education and certificate programs. Sullivan served as a visiting professor throughout the United States as well as in Russia, Italy, Germany, the United Kingdom, France, Denmark, Ireland, Greece, Czech Republic, Taiwan, China, Hong Kong, Canada and the Cayman Islands.

Sullivan served for five years as concentration director, five more as adjunct coordinator and as a committee member and committee chair for the Department of Finance. He served on a variety of committees for the Opus College of Business and for the university at large. He also was an active member of the Financial Management Association, the Financial Executive Institute and the National Association of College and University Business Officers.

Colleagues recognized his long and distinguished career as “an innovative, thoughtful teacher who understands the needs of his students” whose “service to the university, the college and the community is generous and widespread.” They also said, “The positive written comments from students could fill several books.”

His efforts led to the St. Thomas recycling program and the university’s first forays into what was then called “office automation.”

Sullivan served on the board of several nonprofits and spent many years working as an investment consultant for organizations and individuals.

He earned his Bachelor of Arts degree in 1974 from Saint John’s University. Sullivan earned his doctorate in school business management from the University of Minnesota in 1982 and also taught at St. Cloud State University.

Read his obituary online.

Minnesota Higher Education Facilities Authority

BUDGET VS. ACTUALS: FY2021 BUDGET (ORIGINAL) - FY21 P&L

July 2020 - June 2021

	TOTAL				
	ACTUAL	BUDGET	REMAINING	% OF BUDGET	% REMAINING
Income					
4010 Annual Fee Income	473,450.94	403,745.38	-69,705.56	117.26 %	-17.26 %
Discounts given	-303,062.50		303,062.50		
Total Income	**$170,388.44**	**$403,745.38**	**$233,356.94**	**42.20 %**	**57.80 %**
GROSS PROFIT	**$170,388.44**	**$403,745.38**	**$233,356.94**	**42.20 %**	**57.80 %**
Expenses					
6000 Stipends	935.00	3,520.00	2,585.00	26.56 %	73.44 %
6001 Board Travel		2,500.00	2,500.00		100.00 %
6002 Communications	3,443.59	24,064.00	20,620.41	14.31 %	85.69 %
6003 Staff Travel	31.44	6,250.00	6,218.56	0.50 %	99.50 %
6004 Office Rent	16,160.24	48,480.72	32,320.48	33.33 %	66.67 %
6005 Office Supplies	88.95	1,750.00	1,661.05	5.08 %	94.92 %
6006 Repairs		500.00	500.00		100.00 %
6007 Printing Expense		2,500.00	2,500.00		100.00 %
6008 Periodicals/Memberships	3,000.00	8,000.00	5,000.00	37.50 %	62.50 %
6009 Fiscal Consultant Fees		1,000.00	1,000.00		100.00 %
6010 Audit Fees	9,000.00	19,125.00	10,125.00	47.06 %	52.94 %
6012 Legal Fees	93.10	52,000.00	51,906.90	0.18 %	99.82 %
6013 Insurance Expense		2,000.00	2,000.00		100.00 %
6015 Miscellaneous Expense	131.00	1,000.00	869.00	13.10 %	86.90 %
6016 Bank Service Charges	799.64	3,000.00	2,200.36	26.65 %	73.35 %
6017 Conference Expenses		5,000.00	5,000.00		100.00 %
6020 Professional Development-STAFF	1,007.00	5,000.00	3,993.00	20.14 %	79.86 %
6021 IT	2,354.88	9,800.00	7,445.12	24.03 %	75.97 %
6023 Postage/Delivery Expense		275.00	275.00		100.00 %
6100 Salaries	58,386.00	210,000.00	151,614.00	27.80 %	72.20 %
6101 Fringe Benefits	16,618.57	64,000.00	47,381.43	25.97 %	74.03 %
6104 Worker's Compensation		170.00	170.00		100.00 %
6200 Equipment Leases	2,435.58	6,980.00	4,544.42	34.89 %	65.11 %
Total Expenses	**$114,484.99**	**$476,914.72**	**$362,429.73**	**24.01 %**	**75.99 %**
NET OPERATING INCOME	**$55,903.45**	**$ -73,169.34**	**$ -129,072.79**	**-76.40 %**	**176.40 %**
Other Income					
4000 Interest Income	12,011.98	36,000.00	23,988.02	33.37 %	66.63 %
4050 Unrealized Gain/Loss Adjustment on Sale	-357.09		357.09		
Total Other Income	**$11,654.89**	**$36,000.00**	**$24,345.11**	**32.37 %**	**67.63 %**
Other Expenses					
Other Miscellaneous Expense		7,500.00	7,500.00		100.00 %
Total Other Expenses	**$0.00**	**$7,500.00**	**$7,500.00**	**0.00%**	**100.00 %**
NET OTHER INCOME	**$11,654.89**	**$28,500.00**	**$16,845.11**	**40.89 %**	**59.11 %**
NET INCOME	**$67,558.34**	**$ -44,669.34**	**$ -112,227.68**	**-151.24 %**	**251.24 %**

Note
4/12 months elapsed. 66% remaining