



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 pm Central Time, Wednesday, June 16, 2021.

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8, 2020 (the foregoing and other Emergency Executive Orders of the Governor relating to COVID-19, as may be amended or superseded, collectively, the “Emergency Orders”), members of the Authority participated in and attend the meeting by telephone or other electronic means in accordance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.

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 was able to monitor the meeting by calling a toll-free number.

Board members participated in the meeting using a video link. The meeting link was sent to Board members prior to the meeting. The use of a video link 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 June 16, 2021

Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of May 19, 2021	Passed	Unanimous
Adopt the proposed FY2022 Authority Fee Discount	Passed	Unanimous
Adopt the proposed FY2022 Authority Operating Budget	Passed	Unanimous

Resolutions	Result:	Vote:
Series Resolution for Hamline University	Passed	Unanimous

The official meeting began with a roll call to determine who was attending the meeting. The following board members or their designees were participating and attending by video link (“V”) or telephone (“T”):

Board Members: Gary Benson - V
Mary Ives (joined at adjournment at 3:10) - V
Michael Ranum - V
Bonnie Anderson Rons - V
David Rowland - V
Nancy Sampair – V
Poawit Yang - T
Paul Cerkenik, Minnesota Private College Council, ex officio w/o vote - V

Absent: Mark Misukanis
Ray VinZant

Other Attendees: Robert Toftey, Bond Counsel, Fryberger Law Firm - T
Nick Taylor, Principal, North Slope Capital Advisors, LLC – V

Also Present: Barry W. Fick Executive Director MHEFA - V
Amanda Lee, Operations Manager, MHEFA – V

Jeff Swenson, Robt. Half (Temp during AGL Leave) - V

Mike Ranum, Chair, called the meeting order at 2:00 pm CDT. Executive Director Fick confirmed that a quorum was present.

Chair Ranum called upon Operations Manager, Amanda Lee, to introduce Jeff Swenson to the board as temporary help while she is out on leave (approximately July-September). Jeff Swenson introduced himself to the board, providing some background of his skills and knowledge, and then excused himself from the meeting.

Agenda Item I – Minutes of the May 19, 2021, Board meeting.

The first item on the agenda is the review and consideration of the minutes of the May 19, 2021, Authority Board meeting.

A motion was made by Bonnie Anderson Rons to approve the May 19, 2021, minutes. The motion was seconded by Nancy Sampair. Chair Ranum asked if there were any questions, discussion, or changes to the minutes of the May 19, 2021, Board meeting. There were no questions or proposed changes to the minutes from Board members.

Chair Ranum called for a 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
	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 (as amended) of the May 19, 2021, MHEFA Board meetings were approved.

Agenda Item II – Hamline University Financing Plan

Chair Ranum asked Mr. Nick Taylor of North Slope Capital Advisors to provide the Board with an analysis of the financial plan for the Series 2021 Note for the University. Mr. Taylor reviewed the Preliminary Financing Plan prepared by North Slope. He referred Board members to the analysis provided to the Board. He highlighted the projects to be funded, the outstanding USBank loan to be refunded with Note Proceeds, the general term of the Note, which is for 10 years, at a fixed rate, and repayment terms of the Note.

It was noted that Hamline has entered into a rate lock agreement to fix the rate on the Note in advance of closing. The rate is effective for 5 years. At the end of 5 years, the rate will be reset based on a formula, or the University may pay off the remaining balance of the Note using University Funds or may issue new debt to refinance the remaining balance on the Series 2021 Note. Mr. Taylor noted there is no Credit rating assigned since the financing is a Private Bank Loan, not a publicly offered debt financing. He reviewed the financial covenants included in the Series 2021 Note, noting also that Hamline is subject to additional financial covenants on its outstanding Series 2017B Bonds.

Mr. Taylor concluded his presentation by noting that the terms of the financing are reasonable in the current market, that North Slope is supportive of the proposed structure and is of the opinion that Hamline can comply with the financial covenants included in the terms of the Series 2021 Note. He asked if Board members had questions. There were no questions from Board members.

Mr. Ranum next asked Mr. Robert Toftey, Esq. from the Fryberger law firm, serving as bond counsel for the Hamline financing, to review Bond Counsel's Series Resolution Relating to the Hamline University Series 2021 Note. Mr. Toftey reviewed the resolution, section by section. He noted that the Resolution is consistent with the Private Placement Policy previously adopted by the Board. Mr. Toftey noted that the Series Resolution includes sections that recite the purpose of the financing and refunding component of the Series 2021 Note.

The Series Resolution references the proposed plan of finance prepared and presented by North Slope Capital and notes the Authority approves the proposed plan of finance by adoption of the Series Resolution. The Series Resolution outlines the general terms of the Series 2021 Note, discusses the primary documents memorializing the terms between the Authority, Hamline

University, and U.S. Bank National Association, including the Loan and Note Purchase Agreement and the Assignment of Loan Repayment and Rights.

The Series Resolution outlines the Findings of the Authority, including a recitation of compliance with procedural requirements, use of counsel and a municipal advisor to consult with and review the transaction for legality and market acceptance, as well as outlines the terms that U.S. Bank National Association must comply with under the Authority Private Placement Policy. The Series Resolution Approves the documents prepared for the transaction and authorizes the Authority staff and officers to sign documents to complete the financing. Finally, the Series Resolution also ratifies prior actions of the Authority and its representatives and authorizes taking action to complete the financing.

At the conclusion of his discussion about the Series Resolution, Mr. Toftey asked if there were questions from Board members. There were no questions from the Board.

A motion was made by Gary Benson to approve and accept the Series Resolution. The motion was seconded by Bonnie Anderson Rons. Chair Ranum asked if there were any questions, discussion, or changes for Mr. Toftey regarding the Resolution. There were no other questions for Mr. Toftey related to the Series Resolution.

Chair Ranum called for a Roll Call vote regarding the approval and acceptance of the Series Resolution for the Hamline University Series 2021 Note. A Roll Call vote was conducted, and the Board members voted as follows:

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

There were no votes against the motion and the Series Resolution for the Hamline University Series 2021 Note was approved.

Agenda Item III – ADMINISTRATIVE ITEMS

FY2022 Budget and SETTING FY2022 FEE DISCOUNT

Chair Ranum called on Operations Manager Amanda Lee to discuss and outline the next agenda item, a proposal to adopt the Authority's FY2022 Budget and to set the FY2022 Fee level for billing borrowers. The Board requested to adjust the consideration of the two Administrative items and consider the level to set the FY2022 fee prior to consideration of the FY2022 Budget.

Authority staff annually reviews the required fee that will be required to fully fund Authority operations. The Authority is authorized to charge a fee of not more than 1/8% on the amount of bonds issued and outstanding by borrowers. The Authority has discounted the allowed fee every year since 1996. Historic discount levels have ranged from 30 to 80%. Since 2017, the Authority has applied a 65% discount rate.

This rate has allowed the Authority to operate at a "breakeven" level, with some years generating a small surplus and some years generating a small deficit. The consistency of keeping the discount stable is the result of diligent control of variable operating costs and the desire to provide a consistent charge to borrowers.

For FY2022, staff presented a chart to Board members showing the effect of various fee discount levels on Authority operations. Based on the projected FY2022 budget, a fee discount of approximately 56.05% would result in a "breakeven" operations level. If this discount was adopted, it would have the effect of increasing the fee charged by the Authority to borrower schools. A review of the proposed Authority budget for FY2022 shows that FY2022 will include a number of one-time expenditures (additional temporary compensation, 50th Anniversary events, possible moving expense, equipment purchases) and the uncertainty of how many bond issues will be requested by borrowers. This increased level of uncertainty makes budget projections for FY2022 particularly challenging.

To avoid financial hardship for borrowers (whose financial operations have been adversely affected by COVID-19 over the past 2 academic years), the Authority proposes to keep the Fee Discount at 65% for FY2022. This will likely result in a projected operating deficit of over \$110,000 for FY2022. This deficit would be absorbed by drawing on accumulated reserves. Even with a reduction in reserves to compensate for a projected operating deficit in FY2022, the Authority staff believes the Authority has sufficient resources available to respond to financial challenges that may occur.

Board Members had a discussion regarding splitting the difference between keeping the Authority's discount rate the same as the prior year and what is calculated as needed. The point was brought up that the difference is absorbed across all of the schools, not just one.

Paul Cerkvenik explained the schools' position during COVID and the last 15 months, noting that federal funds have not fully offset school expenses resulting from school shutdowns and school revenue declines from disrupted operations.

Board Chair Ranum suggested that the Authority let things settle in FY2022, and by next year we will know if the Authority's healthcare initiative has been approved and how the schools have fared with a more normal year behind them. The discount rate is adjusted on an annual basis, so the trend of absorbing a deficit does not need to continue in coming years. He proposed that we keep the discount rate at the staff recommendation of 65% as it has been since 2017 and revisit the discussion of changing it next year if a deficit is again projected.

A motion was made by Nancy Sampair to set the FY2022 Proposed Fee Discount at 65%. The motion was seconded by Bonnie Anderson Rons. Chair Ranum asked if there were any questions or further discussion regarding the FY2022 Proposed Fee Discount. There were none, and Chair Ranum called for a Roll Call vote regarding the approval and acceptance of the FY2022 Fee Discount at 65%. A Roll Call vote was conducted, and the Board members voted as follows:

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

There were no votes against the motion and the Resolution to establish the MHEFA FY2022 Fee Discount at 65% was approved.

The Board next turned to review and consideration of the Proposed FY2022 Authority Budget. The FY2022 Budget is calculated based on one (1) financing of \$25 million. It includes a number of one-time expenses related to additional temporary employee costs, 50th Anniversary Events, possible

moving expenses and equipment purchases which would be required if the Authority is forced to vacate its current leased space prior to the expiration of the lease in November 2022.

The FY2022 budget includes increased travel expense for visits to schools, conferences and related items that will be in person during FY2022, rather than virtual as they were in FY2021. Also included are adjustments to various expense components which are projected to return to 2019 levels or will be adjusted as a result of changed circumstances (fringe benefit costs). The FY2022 proposed budget is approximately \$96K higher than FY2021.

During the presentation of the proposed FY2022 budget, Board members asked clarification questions about a number of the individual line items in the budget. These were answered by Authority staff to the satisfaction of the Board.

After reviewing the proposed FY2022 budget, Chair Ranum asked if Board members had questions for staff about the proposed FY2022 budget. The Board members did not have any additional questions that hadn't been asked during the FY2022 Budget presentation.

Chair Ranum called for a Roll Call vote regarding the approval and acceptance of the FY2022 Budget. A Roll Call vote was conducted, and the Board members voted as follows:

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

There were no votes against the motion and the Proposed FY2022 Budget was adopted and approved.

Agenda Item IV – Old Business

Chair Ranum asked if there was any Old Business items from Board members for discussion. There were no Old Business items from Board members for discussion.

Agenda Item V – New Business

Chair Ranum asked if there was 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.

Legislative Update

We plan to work with our consultant and independently meet with Legislators and their staff members during the summer, fall and winter of 2021. We plan to visit with legislators in their home districts and meet with staff to educate them on or legislative proposal. The goal is to develop a broad base of understanding and support for our legislation. We plan to make a final push in the 2022 Minnesota Legislature.

Borrower Assistance and Financing Application Update

- We are not aware of any financing applications pending in the near future. We will continue to work with schools on defining their capital needs and financing options.
- We anticipate a financing for new construction later in the first quarter of calendar 2022
- We continue to work with schools on their annual credit rating reviews
- We continue to support schools in their compliance with Continuing Disclosure obligations

Building Lease Update

Preparation of the building for conversion to residential use continues. Fewer than ½ dozen entities currently maintain space in the building. Baker Tilly will be vacating their space this summer, leaving a small number of other commercial tenants. We expect that the State of Minnesota will allow working from offices beginning July 1, 2021. There will be options to continue to fully work from home, use a hybrid model or work full-time from the office.

Borrower Staffing Update

- Carleton College – Alison Byerly named 12th President. She begins on August 1, 2021
- The Minneapolis College of Art and Design has hired a new Vice President for Finance after a national search. He begins on July 1, 2021
- The College of St. Scholastica has hired the current interim CFO to be the permanent CFO after a national search. He transitions effective July 1, 2021
- Macalester College has a search underway for a permanent CFO

Board Vacancy Update

David Rowland has been reappointed as the MHEFA Board member with expertise in municipal finance. His Notice of Appointment was received May 28, 2021.

The MHEFA Board member who is an employee of a college or university to fill that Board opening position is close to being filled. Another candidate has applied for consideration. She is well qualified professionally, is an employee of an institution of higher education and is of Asian-pacific islander descent. We are discussing with the Governor's office which applicant they plan to select.

The Governor's office wishes to fill our Board positions by the end of June.

Various Items of Interest

Jeopardy! 2021 Tournament of Champions winner, Sam Kavanaugh is a 2013 graduate of Carleton College.

Carleton has completed the Geothermal heat pump system and has reduced its carbon footprint by 50%. The project was financed through MHEFA Revenue Bonds, Series 2017 (Carleton College).

Barry Fick's involvement with the Municipal Securities Rulemaking Board Compliance Advisory Group was highlighted in the MSRB Compliance Corner for Spring 2021, published June 4, 2021.

We have received significant publicity for our 2021 Hermes Award bestowed on our website. Our website creative consultant Voom submitted the website for the award.

Chair Ranum asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider and Chair Ranum asked for a motion to Adjourn A motion to adjourn the Executive Session was made by Mary Ives and seconded by Bonnie Anderson Rons.

The Board voted unanimously by voice vote to adjourn the Executive Session at 3:14 pm, Central Daylight Time.

Respectfully submitted,



Assistant Secretary

10- Minutes for 16 June 2021 FINAL

Final Audit Report

2021-11-09

Created:	2021-11-09
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"10- Minutes for 16 June 2021 FINAL" History

-  Document created by Amanda Lee (agl@mnhefa.org)
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