HIGHER EDUCATION FACILITIES AUTHORITY
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Listing of Mailout Material
November 8, 2021

- Forwarding Letter
- Meeting Agenda

I. Review and approve minutes of the meeting of June 16, 2021
- Minutes of June 16, 2021

II. FY2021 Audit Results
- BerganKDV Communications Letter
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III. MHEFA Office Space Discussion
- Resolution Regarding FY2022 Office Location and FY2023 Lease Expiration

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V. Professional Services Review

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- Executive Director's Report
- Capital Commentary Vol 24 No 3: St. Olaf College, Series 2021
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- Capital Commentary Vol 24 No 5: Saint John's University, Series 2021
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- "Computershare Completes the Acquisition of Wells Fargo US Corp Trust Business"
- October 2021 Month End 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: November 1, 2021

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: November 8, 2021 Authority Board Meeting Preview

Greetings to the Minnesota Higher Education Facilities Authority November 8, 2021 Board meeting. The focus of the November 2021 Board meeting will be the Financial Audit with a presentation by the BerganKDV Partner in charge of the Authority Audit. We also have a number of administrative items to discuss, including our future office location plans.

We will also review Authority activity since our last meeting in June 2021. This review will include updates on borrower schools, borrower personnel changes, MHEFA occupancy developments, future financings, and an update on expansion legislation.

We will have the Executive Director's report with additional information about Authority activity this past summer. Perhaps most importantly, Amanda will have pictures of Isla for everyone to view.

We will use our video link system for this meeting. Instructions for accessing the video link are provided to Board members in the cover email for the Board meeting packet of materials. As a result of the continued limited access to our office in the Cray Plaza, the Board meeting will be held in room 341 of the Student Center on the campus of the University of St. Thomas. In-person participants are limited to the Executive Director of the Authority, The Authority Board Chair, and the Authority Audit Partner, Matthew Mayer. The COVID-19 protocols established by the State of Minnesota and the University of St. Thomas must be complied with.

MEMORANDUM

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Out of an abundance of caution and in view of the State of Minnesota COVID-19 protocols related to in-person gatherings, we are cancelling the Annual Recognition Awards Dinner for this year. We hope to bring the awards dinner back in 2022, along with an in-person Finance Conference.

According to Executive Order issued by the Governor, endorsed and updated by MMB, we are working from home until at least December 31, 2021. We do make occasional visits to the office.

HIGHER EDUCATION FACILITIES AUTHORITY

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Board Meeting Agenda

Monday, November 8, 2021
2:00 PM

Per the Authority Board Chair's determination that an in-person meeting is not practical or prudent because of the extraordinary public-health circumstances related to the ongoing COVID-19 (coronavirus) pandemic, this meeting of the Authority Board will only be offered virtually.

The public should utilize the call-in information or link 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 June 16, 2021

II. FY2021 Audit Results

III. MHEFA Office Space Discussion

IV. Policy Updates

- Authority Bylaws Update
- Video Meeting Capability Update During and After Pandemic
- Adoption of MMB HR/LR Policy #1442: Face Coverings Policy for Agency Staff
- Adoption of MMB HR/LR Policy #1446: COVID-19 Proof of Vaccination and Testing

V. Professional Services Review

VI. Old Business

VII. New Business

VIII. Other Business

- Executive Director's Report

Meeting to be conducted via video conference

General Public may attend via call-in number: 1-877-978-6969 Access Code: 124-848-393#
or through this link: https://www.gomeet.com/124-848-393

MHEFA, 380 Jackson Street, Suite 450, Saint Paul, MN 55101. Telephone: 651-296-4690

MINNESOTA
HIGHER EDUCATION
FACILITIES AUTHORITY

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 Cerkvenik, 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 weas 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

Minnesota Higher Education Facilities Authority
St. Paul, Minnesota

Communications Letter

June 30, 2021

Minnesota Higher Education Facilities Authority
Table of Contents

Report on Matters Identified as a Result of
the Audit of the Basic Financial Statements

To the Executive Director,
Members of the Minnesota Higher
Education Facilities Authority, and Management
St. Paul, Minnesota

In planning and performing our audit of the basic financial statements of the Minnesota Higher Education Facilities Authority, St. Paul, Minnesota, as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.

- *Probable*. The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated October 25, 2021, on such statements.

This communication is intended solely for the information and use of the Authority, Management, others within the Authority, and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to express our appreciation for the cooperation extended to us during our audit by the employees of the Authority.

BerganKDV Ltd.

Minneapolis, Minnesota
October 25, 2021

Minnesota Higher Education Facilities Authority
Significant Deficiency

Lack of Segregation of Accounting Duties

During the year ended June 30, 2021, the Authority had a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the Authority's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Adequate segregation exists when the following components of a transaction are separated: authorization, custody of the related asset, recording, and reconciliation. With a two person office, overlap occurs among the four components.

Management and the Members of the Authority are aware of this condition and have taken certain steps to compensate for the lack of segregation, including detailed activity review by the Executive Director and significant oversight by the Members of the Authority. However, due to the number of staff needed to properly segregate all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Because of this, management has determined a complete segregation of accounting duties is impractical to correct. However, management, along with the Members of the Authority, must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

Minnesota Higher Education Facilities Authority
Required Communication

We have audited the financial statements of the Authority as of and for the year ended June 30, 2021. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit
As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basicfinancial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audited financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Planned Scope and Timing of the Audit
We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence
The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Minnesota Higher Education Facilities Authority
Required Communication

Qualitative Aspects of Significant Accounting Practices

Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the financial statements are:

> Depreciation – The Authority is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.
>
> Net Pension Liability, Deferred Outflows of Resources Related to Pensions, and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plan using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures
Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit
We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements
For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements taken as a whole and each applicable opinion unit.

Uncorrected and Corrected Misstatements (Continued)
Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management
We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues
In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating, and regulatory conditions affecting the Authority, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditor.

Other Information in Documents Containing Audited Financial Statements
We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Minnesota Higher Education Facilities Authority
Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the Authority for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

Authority Operations
The revenues of the Authority consist principally of annual administrative fees paid by the participating institutions.

Fee revenues amounted to $440,620 for 2021, as compared to $412,781 in 2020, an increase of $27,839, or 6.7%. Fee revenue is charged based on outstanding debt at the anniversary date of issuance. For the year ended June 30, 2021, the Authority required participating institutions to pay 35% of the contractual administrative fees, which is the same percentage as the year ended June 30, 2020.

Authority operating expenses decreased from 2020 to 2021 by $25,599, or approximately 5.2%, during the year, primarily due to the redesign of the Authority's website expense in 2020.

Nonoperating revenues, which are comprised of interest revenue and changes in fair value of investments, decreased from 2020 to 2021 by $85,818. The Authority's investments experienced a decrease in fair market value in 2021.

The Authority posted an operating loss of $24,862 in 2021. After accounting for nonoperating revenues of $2,285, total net position decreased by $22,577. Operating results for the past five years are as follows:

For the Year Ended June 30,	2017	2018	2019	2020	2021
Operating revenues	$ 422,264	$ 411,105	$ 436,786	$ 416,817	$ 442,620
Operating expenses	(435,786)	(363,576)	(335,729)	(493,081)	(467,482)
Operating income (loss)	(13,522)	47,529	101,057	(76,264)	(24,862)
Nonoperating revenues	8,321	3,548	72,227	88,103	2,285
Change in net position	(5,201)	51,077	173,284	11,839	(22,577)
Total net position, July 1	1,861,462	1,856,261	1,907,338	2,080,622	2,092,461
Total Net Position, June 30	**$ 1,856,261**	**$ 1,907,338**	**$ 2,080,622**	**$ 2,092,461**	**$ 2,069,884**

Over the past five years, the Authority has seen its net position increase by $213,623 or 11.5%.

Conduit Debt

The Authority issues tax exempt instruments (bonds, notes, or other obligations), which do not constitute a debt of the Authority. These debt instruments are limited obligations of the Authority, payable solely from payments made by the related borrowing institutions and related assets held by trustees. The Authority has no general liability with respect to these obligations and has no beneficial interest in the related assets held by trustees. Acting solely in an agency capacity, the Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together.

During the year ended June 30, 2021, the Authority provided financing assistance for six new revenue refunding bond and note issues:

- Series 2020A – St. Thomas University – $9,610,000
- Series 2020B – St. Thomas University – $9,135,000
- Series 2021 – St. Olaf College – $57,335,000
- Series 2021 – Macalester College – $12,870,000
- Series 2021 – Saint John's University – $21,560,000
- Series 2021 – Hamline University – $9,725,000

A five-year history of conduit debt financing activity is as follows:

Revenue Bonds and Other Debt Obligations	2017	2018	2019	2020	2021
Principal at July 1	$ 870,532,203	$ 928,175,593	$ 928,299,593	$ 983,602,593	$ 934,191,593
Issued	208,408,000	271,673,000	151,060,000	31,995,000	120,235,000
Matured/refunded	(150,764,610)	(271,549,000)	(95,757,000)	(81,406,000)	(65,312,000)
Principal at June 30	**$ 928,175,593**	**$ 928,299,593**	**$ 983,602,593**	**$ 934,191,593**	**$ 989,114,593**

As granted during the 2009-2010 Minnesota State Legislature session, the Authority is authorized to have a maximum of $1.3 billion of outstanding debt.

bergankDV

Minnesota Higher Education
Facilities Authority
St. Paul, Minnesota

Basic Financial Statements

June 30, 2021

Minnesota Higher Education Facilities Authority
Table of Contents

Independent Auditor's Report

To the Executive Director and
Members of the Minnesota Higher
Education Facilities Authority
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the Minnesota Higher Education Facilities Authority, St. Paul, Minnesota, as of and for the year ended June 30, 2021, and the related notes to basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The management of the Minnesota Higher Education Facilities Authority is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Minnesota Higher Education Facilities Authority, St. Paul, Minnesota, as of June 30, 2021, and the changes in its financial position and its cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information
The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statement for the year ended June 30, 2020, from which such partial information was derived.

We have previously audited the Authority's 2020 financial statements and our report, dated October 5, 2020, expressed an unmodified opinion on the financial statements of the Authority. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bergan KDV Ltd.

Minneapolis, Minnesota
October 25, 2021

Minnesota Higher Education Facilities Authority
Management Discussion and Analysis

This discussion and analysis of the financial performance of the Minnesota Higher Education Facilities Authority (the Authority) is supplementary information required by the Government Accounting Standards Board (GASB). It introduces the basic financial statements and provides an analytical overview of the Authority's financial activities for the fiscal year ended June 30, 2021.

The Authority was created by the Minnesota legislature in 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes) to assist Minnesota institutions of higher education in capital financing needs. The Authority consists of eight members appointed by the Governor. A representative of the Minnesota Office of Higher Education is an ex-officio member and the President of the Minnesota Private College Council, is a non-voting, ex-officio member. The Authority has two full-time staff. In keeping with internal control procedures and policies, the staff segregates duties as much as possible to protect the financial integrity of all activities. Procedures and policies have been developed and documented to safeguard the Authority's assets. These procedures and policies are regularly reviewed and updated.

The Authority is authorized to issue revenue bonds whose aggregate outstanding principal amount at any time cannot exceed a statutory limit of $1.3 billion. The Authority has had 240 issues (including refunded and retired issues) totaling over $3.1 billion of which $989,114,593 is outstanding as of June 30, 2021. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota. The operations of the Authority are financed from fees paid by the participating institutions and investment income. It has no taxing power. The Authority receives no funding from the State of Minnesota. Bond issuance costs are paid by the participating institution.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. Public community and technical colleges in the State are also eligible for assistance, but only in financing of child-care and parking facilities. In addition, pursuant to special legislation, the Authority has twice issued bonds on behalf of a public community college to finance student housing facilities.

The Authority may issue bonds for a broad range of projects, including facilities for housing, academic, athletic, and administrative purposes, parking, student centers and other buildings and equipment to be used for instruction, research, or operations. The Authority is also authorized to issue revenue bonds for refunding outstanding bonds of the Authority and any other outstanding debt.

An annual conference on higher education finance issues has been offered for many years by the Authority. During fiscal year 2021, the Authority hosted a virtual conference in April 2021 due to the COVID-19 pandemic. The virtual conference maintained the Authority’s commitment to providing valuable high information and resources for its borrowers and industry partners relevant to higher education capital financings. The Authority’s newly redesigned award-winning website, mnhefa.org, was also presented, showcasing its expanded resources and information now available online.

The Authority continues to review its policies and procedures to effectively provide financing assistance to Minnesota's nonprofit colleges and universities. It is through the concerted efforts of the borrowers, the Authority's staff, advisors, and members, as well as other public finance professionals, that tax-exempt financing continues to be a vital tool for higher education. The Authority works with all these groups to continue providing affordable financing to the private colleges and universities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The three basic statements presented within the financial report are as follows:

- Statements of Net Position – This statement presents information reflecting the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. The statement of net position is categorized as to current and noncurrent assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within one year of the statement date.
- Statement of Revenues, Expenses, and Changes in Net Position – This statement reflects the operating revenues and expenses during the year. Operating revenue is from administrative fees charged to colleges and universities. The change in net position for an enterprise fund is similar to net profit or loss for any other business enterprise.
- Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating, capital, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

The following summarizes the financial position and results of operations of the Authority for the years ended June 30, 2020 and 2021.

	2021	2020
Assets		
Current assets	$ 2,197,589	$ 2,230,724
Noncurrent assets	3,371	3,288
Total assets	2,200,960	2,234,012
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	8,124	55,110
Liabilities		
Current liabilities	23,464	37,595
Long term liabilities	43,188	43,691
Total liabilities	66,652	81,286
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	72,548	115,375
Net Position		
Invested in capital assets	3,371	3,288
Unrestricted	2,066,513	2,089,173
Total Net Position	$ 2,069,884	$ 2,092,461

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

	2021	2020
Operating Revenues	$ 442,620	$ 416,817
Operating Expenses	(467,482)	(493,081)
Operating Gain (Loss)	(24,862)	(76,264)
Nonoperating Revenues		
Interest income	29,285	47,905
Net increase/(decrease) in fair value of investments	(27,000)	40,198
Total nonoperating revenue	2,285	88,103
Change in Net Position	(22,577)	11,839
Net Position		
Beginning of year	2,092,461	2,080,622
End of year	$ 2,069,884	$ 2,092,461

FINANCIAL HIGHLIGHTS

The Authority completed six financings in fiscal year 2021 with a total principal amount of $120,235,000. This compares to two financings completed in fiscal year 2020 with a total principal amount of $31,995,000. Following is a listing of the bond issues for fiscal year 2021.

University of St. Thomas

- University of St. Thomas Series 2020A was issued July 2020 in the amount of $9,610,000. Proceeds of the 2020A Revenue Refunding Note were used to refund, on a current basis, the outstanding principal of the Authority's Series 2017C Note.

University of St. Thomas

- University of St. Thomas Series 2020B was issued July 2020 in the amount of $9,135,000. Proceeds of the 2020B Revenue Refunding Note were used to pay for costs related to the improvement, renovation of and upgrades to the Ireland Residence Hall and the Child Development Center/Center for Well-Being, all located on the University's Saint Paul campus and to pay issuance costs for the Series 2020A and 2020B Notes.

St. Olaf College

- St. Olaf College Series 2021 was issued February 2021 in the amount of $57,335,000. Proceeds of the 2021 Revenue Bond were used to construct, equip, and furnish new residence facilities and related improvements on the College's campus, comprised of a residence hall of approximately 300 beds and 14 townhouses totaling approximately 140 beds, renovate a residence hall on the College campus, capitalize interest on the Bonds through April 1, 2022, and pay certain issuance costs.

FINANCIAL HIGHLIGHTS (CONTINUED)

Macalester College

- Macalester College Series 2021 was issued April 2021 in the amount of $12,870,000. Proceeds of the 2021 Revenue and Refunding Bonds were used to refund the outstanding principal of the Authority's Macalester College Series Seven-S Revenue Bonds, replace the roofs of several buildings on the College campus, and to pay certain issuance costs.

Saint John's University

- Saint John's University Series 2021 was issued May 2021 in the amount of $21,560,000. Proceeds of the 2021 Revenue Bonds were used to acquire, construct, and equip a new 96-bed townhouse style student residence facility, renovate and upgrade the Peter Engel Science Center, renovate the first floor and third floor of Wimmer Hall, construct a pedestrian bridge connecting the lower campus and upper campus across Stumpf Lake, complete capital improvement and renovation projects including a student center and two student residence facilities, and to pay certain issuance costs.

Hamline University

- Hamline University Series 2021 was issued June 2021 in the amount of $9,725,000. Proceeds of the 2021 Revenue and Refunding Note were used to refund the outstanding principal of the Authority's Hamline University Series Seven-Y2 Note, renovate Drew Residence Hall, and to fund a portion of the cost to convert the north campus heating system from high pressure steam to low pressure steam.

Factors Expected to Affect Future Financial Position and Operation

The Authority has two revenue sources; the administrative fee charged to borrowers and interest earnings generated on its accumulated operating reserve. The administrative fee is based on the outstanding principal amount of each series of bonds at the time of billing. The administrative fee is billed to each borrower on the anniversary of the bond closing. Starting in fiscal year 1997, the Authority's annual administrative fee has been reduced and is less than the allowable maximum of 0.125%. In fiscal year 2021, the Authority reduced the annual administrative fee to all borrowers by 65%. The maximum allowable fee for fiscal year 2022 will be reduced by 65%. Although future reductions in the maximum allowable fee are not guaranteed, the Authority is committed to providing its services at an affordable level to its borrowers.

The interest earnings generated on accumulated operating reserves varies depending on the level of reserves and market interest rates. The Authority does not rely on interest earnings to generate a material level of income to support operations. Operating reserves are designated to offset identified risk factors and are kept to a level that is not in excess of a reasonably required reserve.

The first quarter of 2020 saw a global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, which continues to affect the national capital markets and may negatively impact the Minnesota higher education market and the financial health of all higher education institutions. The threat from the Pandemic is being addressed on a national, federal, state, and local level in various forms, including executive orders and legislative actions. No assurance can be given about future effects on Authority borrower finances or funding or construction of capital projects affected by COVID-19.

FINANCIAL HIGHLIGHTS (CONTINUED)

Requests for Information

This financial report is designed to provide interested parties with a general overview of the Authority's finances. If you have questions about this report or need additional financial information, contact:

Minnesota Higher Education Facilities Authority
380 Jackson Street, Suite 450
Saint Paul, MN 55101
Phone: 651-296-4690
Email: info@mnhefa.org
Website: www.mnhefa.org

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BASIC FINANCIAL STATEMENTS

Minnesota Higher Education Facilities Authority
Statement of Net Position
June 30, 2021
(with Partial Comparative Information as of June 30, 2020)

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 422,953	$ 364,887
Investments	1,764,933	1,816,933
Accounts receivable	2,834	38,803
Interest receivable	4,608	8,624
Prepaid items	2,261	1,477
Total current assets	2,197,589	2,230,724
Noncurrent assets		
Equipment	63,528	60,181
Less accumulated depreciation	(60,157)	(56,893)
Total noncurrent assets	3,371	3,288
Total assets	2,200,960	2,234,012
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	8,124	55,110
Total assets and deferred outflows of resources	$ 2,209,084	$ 2,289,122
Liabilities		
Current liabilities		
Accounts payable	$ 12,267	$ 28,030
Compensated absences payable	11,197	9,565
Total current liabilities	23,464	37,595
Noncurrent liabilities		
Compensated absences payable	11,197	9,565
Net pension liability	31,991	34,126
Total noncurrent liabilities	43,188	43,691
Total liabilities	66,652	81,286
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	72,548	115,375
Net Position		
Net investment in capital assets	3,371	3,288
Unrestricted	2,066,513	2,089,173
Total net position	2,069,884	2,092,461
Total liabilities, deferred inflows of resources, and net position	$ 2,209,084	$ 2,289,122

See notes to basic financial statements.

Minnesota Higher Education Facilities Authority
Statement of Revenues, Expenses, and
Changes in Net Position
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Operating Revenues		
Annual administrative fees	$ 440,620	$ 412,781
Other income	2,000	4,036
Total operating revenues	442,620	416,817
Operating Expenses		
Payroll, payroll taxes, and employee benefits	276,347	273,028
Legal, audit, and consulting expense	81,385	69,756
Rent	48,481	47,957
Depreciation	3,264	2,514
Other general and administrative expenses	58,005	99,826
Total operating expenses	467,482	493,081
Operating income (loss)	(24,862)	(76,264)
Nonoperating Revenues		
Interest income	29,285	47,905
Change in fair value of investments	(27,000)	40,198
Total nonoperating revenues	2,285	88,103
Change in net position	(22,577)	11,839
Net Position		
Beginning of year	2,092,461	2,080,622
End of year	$ 2,069,884	$ 2,092,461

See notes to basic financial statements.

Minnesota Higher Education Facilities Authority
Statement of Cash Flows
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Cash Flows - Operating Activities		
Cash received from annual administrative and other fees	$ 478,589	$ 378,014
Cash payments to employees	(287,262)	(245,610)
Cash payments to suppliers for goods and services	(188,215)	(216,762)
Net cash flows - operating activities	3,112	(84,358)
Cash Flows - Capital and Related Financing Activities		
Purchase of capital assets	(3,347)	-
Cash Flows - Investing Activities		
Interest received	33,301	46,824
Net investment (purchases) redemptions	25,000	220,000
Net cash flows - investing activities	58,301	266,824
Net change in cash and cash equivalents	58,066	182,466
Cash and Cash Equivalents		
Beginning of year	364,887	182,421
End of year	$ 422,953	$ 364,887
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities		
Operating income (loss)	$ (24,862)	$ (76,264)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities		
Depreciation expense	3,264	2,514
Accounts receivable	35,969	(38,803)
Prepaid items	(784)	442
Accounts payable	(15,763)	22,114
Deferred outflows, inflows, and liability related to pension activity	2,024	2,771
Compensated absences payable	3,264	2,868
Total adjustments	27,974	(8,094)
Net cash flows - operating activities	$ 3,112	$ (84,358)
Noncash Investing Activities		
Net change in fair value of investments	$ (27,000)	$ 40,198

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Authority is a state agency created to assist nonprofit institutions of higher education in financing the construction of educational facilities. The Authority finances projects through the issuance of bonds; the principal and interest of which are paid by the lease/loan payments collected from the higher education institutions. In 2021, the Authority was authorized to have a maximum of $1.3 billion of revenue bonds outstanding. Bonds issued by the Authority are payable only from specified revenues and collateral and do not constitute a debt of the State of Minnesota.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority utilizes the accrual basis of accounting and is reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the Authority consist principally of annual administrative fees paid by the participating institutions. While the annual administrative fee rate for new bond issues has changed periodically, the fee rate remains constant for the life of the bonds, with the exception of fee reductions for operating reserve stabilization purposes. The fees for bonds outstanding at June 30, 2021, are 0.125% of the outstanding balance of the bonds. In an effort to stabilize its unrestricted net position balance, the Authority periodically evaluates the administrative fees charged to participating institutions. For the year ended June 30, 2021, the Authority required participating institutions to pay 35% of the contractual administrative fees.

C. Assets, Liabilities, and Net Position

1. Cash and Investments

Cash and investment balances are invested to the extent available in various securities as authorized by state law. Securities in which the Authority may invest include government bonds, notes, bills, mortgages, and other securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities or organizations created by an act of Congress.

Subject to applicable law, the Authority may also invest in general obligation (G.O.) or revenue bonds of any state or any political subdivision provided the G.O. bonds are rated AA or better for states and AAA or better for political subdivisions and revenue bonds are rated AAA or better for both. Time deposits are allowed, provided they are fully insured by Federal Deposit Insurance Corporation (FDIC) insurance. In some cases, investment agreements with corporations rated AA by Standard & Poor's (S&P) or AA by Moody's are allowed as well as repurchase agreements fully collateralized by U.S. government securities. Commercial paper maturing in 270 days or less and rated within the top two categories without gradation by either S&P's or Moody's is also allowed.

The Authority's cash and cash equivalents are considered to be cash on hand, deposits, and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Position (Continued)

1. Cash and Investments (Continued)

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as an expense at the time of consumption.

3. Capital Assets

Capital assets, which include office furniture and equipment, are stated at historical cost and depreciated on the straight-line method over the estimated useful lives of the assets, generally three, five, or ten years. The Authority's threshold for capitalization of assets is $500.

4. Conduit Debt

The Authority issues tax exempt instruments (bonds, notes, or other obligations), which do not constitute a debt of the Authority. These debt instruments are limited obligations of the Authority, payable solely from payments made by the related borrowing institutions and related assets held by trustees. The Authority has no general liability with respect to these obligations and has no beneficial interest in the related assets held by trustees. Acting solely in an agency capacity, the Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together. The Authority has elected to exclude these obligations and the related assets held by trustees, from the basic financial statements.

5. Compensated Absences

The Authority compensates all employees upon termination of employment for unused vacation up to a maximum of 275 hours. At June 30, 2021, the Authority recorded a liability for all unused vacation up to this limit.

Authority employees accrue sick leave at the rate of four hours for each ten day pay period of full-time service. Employees are compensated for unused sick leave upon termination of employment only if they meet the requirements of the plan under which they are employed. Employees working under the managerial plan who meet the requirements of the plan shall be paid a sum equal to the regular rate of pay at the time of separation multiplied by 35% of the accumulated but unused sick leave.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Authority has one item that qualifies for reporting in this category: deferred outflows of resources related to pensions. Deferred outflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item which qualifies for reporting in this category: deferred inflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

E. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS) and additions to/deductions from MSRS's fiduciary net position have been determined on the same basis as they are reported by MSRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the basic financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

G. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

H. Comparative Data

Comparative data for the prior year has been presented only for certain sections of the accompanying financial statements in order to provide an understanding of the changes in the Authority's financial position and operations. This data has been restated where necessary for comparable classifications.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

Deposits are maintained at depository banks authorized by the Authority.

Custodial Credit Risk – Deposits: As of June 30, 2021, the Authority's bank balance of $91,435 was not exposed to custodial credit risk because it was insured through FDIC insurance.

As of June 30, 2021, the Authority's carrying value of deposits was as follows:

Deposits	$ 90,472

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a deposit policy that requires the Authority's deposits be collateralized in an amount equal to 110% of an amount exceeding FDIC coverage.

B. Investments

As of June 30, 2021, the Authority had the following investments:

Investment	Maturities	Amount	S&P Rating
Comenity Capital Bank Certificate of Deposit	07/16/21	$ 100,087	N/A
Safra National Bank Certificate of Deposit	09/01/21	150,026	N/A
Sallie Mae Bank/Salt Lake Certificate of Deposit	09/20/21	100,410	N/A
Capital One Bank NA Certificate of Deposit	10/05/21	100,377	N/A
Discover Bank Certificate of Deposit	11/16/21	100,675	N/A
Ally Bank Certificate of Deposit	01/31/22	152,503	N/A
State Bank of India, NY Certificate of Deposit	02/24/22	101,433	N/A
Goldman Sachs Bank Certificate of Deposit	04/12/22	101,620	N/A
Goldman Sachs Bank Certificate of Deposit	06/20/22	102,264	N/A
Wex Bank Certificate of Deposit	10/11/22	150,037	N/A
Eaglebank Certificate of Deposit	10/18/22	103,139	N/A
Amerant Bank NA Certificate of Deposit	12/20/22	102,491	N/A
State Bank of India, NY Certificate of Deposit	03/29/23	100,015	N/A
BMW Bank North American Certificate of Deposit	12/11/23	100,089	N/A
Merrick Bank Certificate of Deposit	12/29/23	99,955	N/A
BMW Bank North American Certificate of Deposit	01/22/24	99,812	N/A
Wells Fargo Money Market	N/A	332,481	AAAm
Total investments		$ 2,097,414	

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The Authority's policy states the Authority should consider the credit quality in the selection of individual securities of any single issuer in excess of 5% of the Authority's total investments. As of June 30, 2021, investments with five separate issuers exceeded the five percent threshold.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not address custodial credit risk for investments other than to follow the overall framework provided by *Minnesota Statutes*. Investments of the Authority are not registered in the Authority's name. The securities are held in bank safekeeping in third party depositories under the bank's name and ownership. Pursuant to federal banking laws and regulations, the bank's customer accounts are segregated from and not considered part of the bank's assets. Thus, the account ownership of assets in bank safekeeping accounts remain vested in the customers and are protected from claims of creditors of the bank.

Interest Rate Risk: This is the risk that market value of securities will fall due to the changes in market interest rates. The Authority's investment policy states the Authority's investments should be made with consideration for cash flow requirements, taking into account budgeted expenditures.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The Authority's investment policy requires their investments to be rated in the top two categories by S&P or Moody's.

The Authority has the following recurring fair value measurements as of June 30, 2021:

- Brokered money markets of $332,481 are valued using calculated net asset value (Level 1 inputs)
- Investment securities of $1,764,933 are valued using quoted market prices (Level 2 inputs)

Deposits and investments are presented in the June 30, 2021, basic financial statements as follows:

Cash and cash equivalents	$ 422,953
Investments	1,764,933
Total deposits and investments	$ 2,187,886

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Office furniture and equipment	$ 60,181	$ 3,347	$ -	$ 63,528
Less accumulated depreciation	(56,893)	(3,264)	-	(60,157)
Capital assets, net	$ 3,288	$ 83	$ -	$ 3,371

NOTE 4 – LEASES

The Authority has a lease commitment for office space through November 2022, with monthly base rent ranging from $3,666 to $3,876 throughout the lease term. Total costs were $48,481 for the year ended June 30, 2021. The future minimum lease payments for this lease are as follows:

Year Ending June 30	Annual Lease
2022	$ 48,985
2023	20,629
Total	$ 69,614

NOTE 5 – LONG-TERM LIABILITIES

Changes in long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 19,130	$ 30,070	$ (26,806)	$ 22,394	$ 11,197

NOTE 6 – CONDUIT DEBT

At June 30, 2021, there were 47 conduit bond issues and leases outstanding with an aggregate principal balance outstanding of $989,114,593 as follows:

College/University	Final Maturity	Indebtedness Issued	Indebtedness Outstanding
Series Three-Z, Macalester College			
Variable Rate Demand Revenue Bonds, September 1994	2024	$ 6,660,000	$ 6,660,000
Series Five-Q, Macalester College			
Variable Rate Demand Revenue Bonds, February 2003	2033	15,300,000	15,300,000
Series Six-Q, Concordia University, St. Paul			
Revenue Bonds, October 2007	2037	18,155,000	13,700,000
Series Seven-N, Minneapolis College of Art and Design			
Revenue Bonds, April 2012	2023	3,215,000	725,000
Series Seven-R, College of St. Scholastica			
Revenue Bonds, October 2012	2032	9,380,000	6,185,000
Series Seven-T, College of St. Benedict			
Revenue Bonds, January 2013	2024	5,235,000	1,450,000
Series Seven-U, University of St. Thomas			
Revenue Bonds, March 2013	2027	25,685,000	14,430,000
Series Seven-V, William Mitchell College of Law			
Revenue Note, May 2013	2033	10,800,000	7,727,000
Series Seven-W, Gustavus Adolphus College			
Revenue Bonds, July 2013	2034	11,410,000	8,610,000
Series Seven-Z, University of St. Thomas			
Revenue Note, March 2014	2034	24,210,000	14,953,593
Series Eight-A, Saint Mary's University of Minnesota			
Revenue Note, April 2014	2023	6,025,000	1,995,000
Series Eight-C, Augsburg College			
Revenue Bond, July 2014	2023	6,705,000	1,910,000
Series Eight-D, Minneapolis College of Art and Design			
Revenue Bond, March 2015	2026	7,845,000	3,845,000
Series Eight-E, Augsburg College			
Revenue Note, April 2015	2036	12,400,000	9,795,000

NOTE 6 – CONDUIT DEBT (CONTINUED)

College/University	Final Maturity	Indebtedness Issued	Indebtedness Outstanding
Series Eight-G, St. Olaf College Revenue Bonds, July 2015	2032	$ 53,745,000	$ 42,150,000
Series Eight-H, St. John's University Revenue Bonds, August 2015	2026	13,815,000	5,375,000
Series Eight-I, St. John's University Revenue Bonds, December 2015	2035	18,275,000	13,380,000
Series Eight-J, Macalaster College Revenue Bonds, September 2015	2032	22,660,000	16,125,000
Series Eight-K, College of St. Benedict Revenue Bonds, April 2016	2043	34,360,000	31,885,000
Series Eight-L, University of St. Thomas Revenue Bonds, March 2016	2039	55,355,000	47,035,000
Series Eight-M, University of St. Thomas Revenue Bonds, March 2016	2022	15,305,000	2,465,000
Series Eight-N, St. Olaf College Revenue Bonds, September 2016	2035	22,845,000	22,475,000
Series 2016A, Augsburg College Revenue Bonds, December 2016	2046	32,240,000	32,240,000
Series 2016B, Augsburg College Revenue Bonds, December 2016	2046	13,680,000	12,000,000
Series 2017, Carleton College Revenue Bonds, May 2017	2047	124,900,000	112,725,000
Series 2017A, Saint Mary's University of Minnesota Revenue Note, June 2017	2037	5,546,000	5,053,000
Series 2017B, Saint Mary's University of Minnesota Revenue and Refunding Note, June 2017	2026	2,471,000	1,424,000
Series 2017, Bethel University Revenue and Refunding Bonds, July 2017	2047	44,565,000	44,565,000
Series 2017, Gustavus Adolphus College Revenue Bonds, September 2017	2047	52,515,000	51,390,000
Series 2017, St. John's University Revenue and Refunding Bonds, September 2017	2033	7,595,000	6,480,000

NOTE 6 – CONDUIT DEBT (CONTINUED)

College/University	Final Maturity	Indebtedness Issued	Indebtedness Outstanding
Series 2017, Macalester College			
Revenue and Refunding Bonds, November 2017	2048	$ 40,315,000	$ 32,055,000
Series 2017B, Hamline University			
Revenue and Refunding Bonds, December 2017	2047	34,650,000	32,520,000
Series 2017A, University of St. Thomas			
Revenue Bonds, December 2017	2037	60,750,000	56,000,000
Series 2017B, University of St. Thomas			
Revenue and Refunding Note, December 2017	2025	8,220,000	3,655,000
Series 2017, College of St. Benedict			
Revenue and Refunding Bonds, December 2017	2036	8,605,000	6,210,000
Series 2018, Minneapolis College of Art and Design			
Revenue Note, May 2018	2028	3,643,000	3,472,000
Series 2018A, St. Catherine University			
Revenue and Refunding Bonds, September 2018	2045	49,770,000	49,770,000
Series 2018B, St. Catherine University			
Taxable Revenue Refunding Bonds, September 2018	2050	20,765,000	20,765,000
Series 2019, University of St. Thomas			
Revenue Bonds, May 2019	2044	80,525,000	80,525,000
Series 2019, Augsburg University			
Revenue Refunding Note, August 2019	2028	2,920,000	2,920,000
Series 2019, College of St. Scholastica			
Revenue Refunding Bonds, September 2019	2040	29,075,000	27,530,000
Series 2020A, University of St. Thomas			
Revenue Refunding Note, October 2020	2032	9,610,000	9,015,000
Series 2020B, University of St. Thomas			
Revenue Note, October 2020	2030	9,135,000	9,135,000
Series 2021, St. Olaf College			
Revenue Bonds, March 2021	2050	57,335,000	57,335,000
Series 2021, Macalester College			
Revenue Refunding Bonds, April 2021	2043	12,870,000	12,870,000
Series 2021, St. John's University			
Revenue Bonds, September 2021	2041	21,560,000	21,560,000
Series 2021, Hamline University			
Revenue Refunding Note, June 2021	2032	9,725,000	9,725,000
Total		$1,142,370,000	$ 989,114,593

NOTE 6 – CONDUIT DEBT (CONTINUED)

A summary of changes in conduit debt outstanding for the year ended June 30, 2021, is presented below.

Conduit debt - July 1, 2020	$ 934,191,593
Additions	
Revenue bonds issued	120,235,000
Reductions	
Principal retirements	(39,672,000)
Refunding of principal	(25,640,000)
Conduit debt - June 30, 2021	$ 989,114,593

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these risks of loss, the Authority purchases commercial insurance through the State of Minnesota Department of Administration Risk Management Division.

During the year ended June 30, 2021, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the Authority's commercial coverage in any of the past three years.

NOTE 8 – STATE EMPLOYEES RETIREMENT FUND

A. Plan Description

The State Employees Retirement Fund (SERF) is administered by the Minnesota State Retirement System (MSRS) and is established and administered in accordance with *Minnesota Statutes,* Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), which is a multiple-employer, cost-sharing defined benefit plan, and three single-employer defined benefit plans: the Military Affairs Plan, the Transportation Pilots Plan, and the Fire Marshals Plan. Only certain employees of the Department of Military Affairs, the Department of Transportation, and the State Fire Marshal's Office are eligible to be members of those plans, but all state of Minnesota employees who are not members of another plan are covered by the General Plan. The Transportation Pilots Plan has been closed to new entrants since July 1, 2008, and there are no active contributing participants in the plan.

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.msrs.state.mn.us/financial-information; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103; or by calling (651) 296-2761 or 1-800-657-5757.

NOTE 8 – STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

B. Benefits Provided

MSRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants receive benefit increases of 2.0% each year. When the fund reaches a 90% funded status for two consecutive years, annuitants will receive a 2.5% increase.

Retirement benefits can be computed using one of two methods: the Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.2% of the high-five average salary for each of the first ten years of covered service, plus 1.7% for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.7% of the high-five average salary for all years of covered service, and full benefits are available at normal retirement age.

C. Contributions

Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members were required to contribute 6.00% of their annual covered salary in fiscal year 2020 while participating employers were required to contribute 6.25% of covered salary in fiscal year 2020. The Authority's contribution to the General Plan for the fiscal year ending June 30, 2020, was $4,934. These contributions were equal to the contractually required contributions for each year as set by state statute.

D. Actuarial Assumptions

The Authority's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% Per year
Active member payroll growth	3.00% Per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 mortality tables using projection scale MP-2018, with adjustments to match fund experience.

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study dated in June 2019 and a recent asset liability study obtained by the State Board of Investment (SBI).

NOTE 8 – STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

D. Actuarial Assumptions (Continued)

The long-term expected rate of return used in the determination of the net pension liability is 7.5%. During fiscal year 2016, the SBI hired an outside consultant to perform a thorough asset and liability study. Based on the study, the SBI staff proposed an update to the asset allocation, which yields a lower nominal expected return. As a result of this study, and keeping in mind the national trends towards lower investment rate assumptions, the MSRS Board of Directors approved the use of a 7.5% long term expected rate of return assumption beginning with the fiscal year 2017 actuarial valuations.

The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best-estimates of expected future real rates of return (expected rates, net of inflation) were developed for each major asset class. These asset class estimates and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic equity	35.5 %	5.10 %
International equity	17.5	5.30
Fixed income	10.0	0.75
Treasuries	10.0	0.50
Private markets	25.0	5.90
Cash	2.0	0.00
Total	100 %	

The following changes were made in actuarial assumptions and plan provisions.

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed, resulting in proposed rates that average 0.25 percent less than the previous rates.
- Assumed rates of retirement were changed, resulting in more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer early retirements.
- Assumed rates of termination were changed, resulting in new rates which are generally lower than the previous rates for years 1-5 and slightly higher thereafter.
- Assumed rates of disability were changed, resulting in fewer predicted disability retirements.

NOTE 8 – STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

D. Actuarial Assumptions (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2015 to Scale MP-2018. The base mortality table for disabled annuitants was changed from the RP-2014 disable annuitant mortality table (with future mortality improvement according to Scale MP-2015) to the Pub-2010 General/Teacher disabled annuitant mortality table (with future mortality improvement according to Scale MP-2018), with adjustments.
- The percent married assumption for female members was changed from 65 percent to 60 percent.
- The assumed age difference was changed from three years younger for males to 2 years younger.
- The assumed number of married male new retirees electing the 50 percent and 100 percent Joint & Survivor options changed from 15 percent to 10 percent to 65 percent, respectively. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 30 percent to 40 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

E. Discount Rate

A Single Discount Rate used to measure the total pension liability as of June 30, 2020, was 7.50%. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.50% and a municipal bond rate of 2.45%. The projection of cash flows used to determine this Single Discount Rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members through fiscal year 2120. As a result, the discount rate is the long-term expected rate of return on pension plan investments which, was applied to all periods of projected benefit payments to determine the total pension liability.

F. Net Pension Liability

At June 30, 2020, the Authority reported a liability of $31,991 for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's contributions received by MSRS during the measurement period July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2020, the Authority's proportionate share was 0.0032% at the end of the measurement period and 0.0032% for the beginning of the period.

NOTE 8 – STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

G. Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate disclosed in Note 8.E. above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Authority's proportionate share of the net pension liability (asset)	$ 75,937	$ 31,991	$ (4,582)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the MSRS Comprehensive Annual Financial Report, available on the MSRS website (www.msrs.state.mn.us/financial-information).

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Authority recognized pension expense of $7,043. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 574	$ 328
Changes of assumptions	-	72,220
Net difference between projected and actual earnings on investments	1,526	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	1,005	-
Contributions paid to MSRS subsequent to the measurement date	5,019	-
Total	$ 8,124	$ 72,548

NOTE 8 – STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The $5,019 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year ended June 30,	Pension Expense Amount
2022	$ (47,758)
2023	(21,816)
2024	260
2025	(129)
Total	$ (69,443)

NOTE 9 – STATE UNCLASSIFIED EMPLOYEES' RETIREMENT PROGRAM

Pension fund information is provided by the Minnesota State Retirement System (MSRS), who prepares and publishes their own stand-alone Comprehensive Annual Financial Report (CAFR), including financial statements and required supplementary information. Copies of the report may be obtained directly from MSRS at 60 Empire Drive, #300, St. Paul, Minnesota 55103-3000.

The statutory authority for State Unclassified Employees' Retirement Program (SUERP) is *Minnesota Statutes* Chapter 352D. Only certain unclassified employees are covered by this defined contribution program. The cash value may not be withdrawn prior to termination of the covered employee.

The funding requirement for SUERP is 6.00% for employees and 6.25% for the employer. Actual contributions were 100% of required contributions. Required contributions for the Authority were:

Year	Amount
2021	$ 7,757
2020	7,524
2019	7,081

NOTE 11 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Minnesota Higher Education Facilities Authority
Schedule of Authority's Share of Net Pension Liability
State Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	Authority's Proportion of the Net Pension Liability (Asset)	Authority's Proportionate Share of the Net Pension Liability (Asset)	Authority's Covered Payroll	Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0032%	$ 31,991	$ 78,944	40.52%	91.25%
2019	0.0032%	34,126	75,030	45.48%	90.73%
2018	0.0032%	33,308	71,200	46.78%	90.56%
2017	0.0035%	192,979	78,927	244.50%	62.73%
2016	0.0048%	440,386	97,600	451.22%	47.51%
2015	0.0048%	54,876	94,073	58.33%	88.32%
2014	0.0049%	58,367	92,180	63.32%	87.64%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of Authority's Contributions
State Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 5,266	$ 5,266	$ -	84,256	6.250%
2020	4,934	4,934	-	78,944	6.250%
2019	4,408	4,408	-	75,030	5.875%
2018	3,916	3,916	-	71,200	5.500%
2017	4,341	4,341	-	78,927	5.500%
2016	5,368	5,368	-	97,600	5.500%
2015	5,174	5,174	-	94,073	5.500%
2014	4,609	4,609	-	92,180	5.000%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

See notes to required supplementary information.

Minnesota Higher Education Facilities Authority
Notes to the Required Supplementary Information

State Employees Retirement Fund

Fiscal Year 2020 Changes Since the Fiscal Year 2019 Actuarial Valuation

Changes in actuarial assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed, resulting in proposed rates that average 0.25 percent less than the previous rates.
- Assumed rates of retirement were changed, resulting in more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer early retirements.
- Assumed rates of termination were changed, resulting in new rates which are generally lower than the previous rates for years 1-5 and slightly higher thereafter.
- Assumed rates of disability were changed, resulting in fewer predicted disability retirements.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2015 to Scale MP-2018. The base mortality table for disabled annuitants was changed from the RP-2014 disable annuitant mortality table (with future mortality improvement according to Scale MP-2015) to the Pub-2010 General/Teacher disabled annuitant mortality table (with future mortality improvement according to Scale MP-2018), with adjustments.
- The percent married assumption for female members was changed from 65 percent to 60 percent.
- The assumed age difference was changed from three years younger for males to 2 years younger.
- The assumed number of married male new retirees electing the 50 percent and 100 percent Joint & Survivor options changed from 15 percent to 10 percent to 65 percent, respectively. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 30 percent to 40 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes to plan provisions

- No changes

Fiscal Year 2019 Changes Since the Fiscal Year 2018 Actuarial Valuation

Changes in actuarial assumptions

- No changes

Changes to plan provisions

- No changes

Fiscal Year 2018 Changes Since the Fiscal Year 2017 Actuarial Valuation

Changes in actuarial assumptions:

- The single discount rate changed from 5.42% to 7.50%.

State Employees Retirement Fund (Continued)

Fiscal Year 2018 Changes Since the Fiscal Year 2017 Actuarial Valuation (Continued)

Changes to plan provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Member contributions increased from 5.50% to 5.75% of pay, effective July 1, 2018, and 6.00% of pay effective July 1, 2019.
- Employer contributions increased from 5.50% to 5.875% of pay, effective July 1, 2018, and 6.25% of pay effective July 1, 2019.
- Interest credited on member contributions will decrease from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0% for future accruing benefits effective January 1, 2019.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 2.0% to 2.5% per year increase based upon funded ratio, to a fixed rate of 1.0% for five years beginning January 1, 2019, and 1.5% per year thereafter.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.

Fiscal Year 2017 Changes Since the Fiscal Year 2016 Actuarial Valuation

Changes in actuarial assumptions:

- The Combined Service Annuity loads were changed from 1.2% for active members and 40.0% for deferred members, to 0.0% for active members, 4.0% for vested deferred members, and 5.0% for non-vested deferred members.
- The single discount rate changed from 4.17% to 5.42%.

Changes to Plan Provisions:

- Actuarial equivalent factors were updated to reflect current mortality and interest assumptions, effective January 1, 2017.

Fiscal Year 2016 Changes Since the Fiscal Year 2015 Actuarial Valuation

Changes in actuarial assumptions:

- Assumed salary increase rates were changed to rates that average 0.2% greater than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer unreduced retirements and fewer Rule of 90 retirements. Distinct rates for reduced (early) retirements were adopted for members hired prior to July 1, 1989, and members hired after June 30, 1989.
- Assumed rates of termination were changed, with new rates generally greater than the previous rates for years 3 through 9 and less than the previous rates after 15 years.

State Employees Retirement Fund (Continued)

Fiscal Year 2016 Changes Since the Fiscal Year 2015 Actuarial Valuation

- Assumed rates of disability for females were reduced to 75.0% of previous rates. Rates for male members were lowered by utilizing the same disability rates as for females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2014), white collar adjustments, with age adjustments. The mortality improvement scale was changed from Scale AA to Scale MP-2015. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table (no projection for future mortality improvement) to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015), with age adjustments.
- The percent married assumption was change from 85% of active male members and 70% of female members to 80% of active male members and 65% of active female members.
- The assumed number of married male new retirees electing the 75% Joint & Survivor option changed from 10% to 15%. The assumed number of married female new retirees electing the 75% and 100% Joint & Survivor options changed from 0% to 10% and from 25% to 30%, respectively. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.
- The assumed post-retirement benefit increase rate was changed from 2.0% per year through 2043 and 2.5% per year thereafter, to 2.0% per year for all future years.
- The long-term expected rate of return on pension plan investments was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 4.17%.
- The inflation assumption was changed from 2.75% to 2.50%.
- The payroll growth assumption was changed from 3.50% to 3.25%.

Fiscal Year 2015 Changes Since the Fiscal Year 2014 Actuarial Valuation

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 2.0% per year through 2015 and 2.5% per year thereafter, to 2.0% per year through 2043 and 2.5% per year thereafter.
- The *Contribution Stabilizer* statutes were revised to make changes to contribution rates less prescriptive and more flexible.

Changes to Plan Provisions

- Effective July 1, 2015, if the 2.5% post-retirement benefit increase is triggered and the funded ratio subsequently drops below 80.0% for the most recent valuation year or 85.0% for two consecutive years, the post-retirement benefit increase will change to 2.0% until the plan again reaches a 90.0% funded ratio for two consecutive years.

Resolution No. 11-2021-01

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Resolution Regarding FY2022 Office Location and FY2023 Lease Expiration

WHEREAS, the Minnesota Higher Education Facilities Authority has a lease through November 30, 2022 for Suite 450 in the Cray Plaza, 380 Jackson St., Saint Paul, MN, 55101;

WHEREAS, the current lease will not be renewed due to the conversion of Cray plaza to residential housing, and

WHEREAS, the current occupancy of the leased space is severely compromised by the lack of functioning elevators, no accessible restrooms and water leaks in the leased space, therefore;

Authority staff request permission to work with Calhoun Commercial to identify alternative space for lease to use as the offices of the Minnesota Higher Education Facilities Authority. This request shall also include permission to discuss early termination and/or lease payment reduction to offset the lack of ability to occupy the current leased space due to excessive noise, lack of access and lack of minimum accommodations at the current leased space.

BE IT RESOLVED as follows:

The Board the of the Minnesota Higher Education Facilities Authority has conducted a roll call vote regarding the request by staff to commence a search for a new office location and to work with current building management to adjust the monthly lease payment to reflect ongoing impairment of use, lack of quiet enjoyment of the leased premises, and lack of access by staff and visitors to the space. Further, staff requests permission to negotiate with building management to terminate the lease in advance of November 30, 2022 if a suitable new lease space is found and the Authority is able to reach agreement on a lease in a new location.

Adopted November 8, 2021

MINNESOTA HIGHER EDUCATION

FACILITIES AUTHORITY

By ________________________________

Gary Benson, Chair

By ________________________________

David Rowland, Secretary

Resolution No. 11-2021-02

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Resolution Regarding FY2022 Update to Authority Bylaws

WHEREAS, the Minnesota Higher Education Facilities Authority has established bylaws whereby changes to the bylaws must be done through resolution of the Authority Board.

WHEREAS, the Authority Board has reviewed the update to the bylaws recommended by Authority Staff due to a likely change in the location of the Authority office.

WHEREAS, the proposed change is as shown in the following:

Article I – The Authority; Section 1. Office of the Authority shall now read:

"The general offices of the Authority shall be located in the Twin Cities Metro Area of Minnesota, or at such other place as the Authority may from time to time designate by resolution."

BE IT RESOLVED as follows:

The Board the of the Minnesota Higher Education Facilities Authority has conducted a roll call vote regarding the change to the Bylaws and approves and adopts the updated language to the above referenced section of the Authority bylaws outlined in the resolution.

Adopted November 8, 2021

MINNESOTA HIGHER EDUCATION

FACILITIES AUTHORITY

By ________________________________

Gary Benson, Chair

By ________________________________

David Rowland, Secretary

Board Members' Handbook of Legal Issues

August 2021 Edition

The Office of
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Although it is generally good practice to do so, the Open Meeting Law does not require: (1) that a board follow Roberts Rules of Order or other parliamentary procedures; (2) that the public be permitted to speak at meetings; or (3) that meeting minutes be prepared (although the Official Records Act, Minn. Stat. § 15.17, separately requires public bodies to make and preserve all records necessary to a full and accurate knowledge of its official activities). While not required by the Open Meeting Law, boards should be mindful to follow any additional meeting requirements the board may have adopted in its bylaws.

4. Meetings by telephone or interactive technology

Boards may conduct meetings subject to the Open Meeting Law by telephone or interactive technology as long as (1) members participating in the meeting can hear each other and all discussion; (2) members of the public at the board's regular meeting location can hear all discussion and votes; (3) at least one board member is physically present at the regular meeting location; and (4) all votes are conducted by a roll call. Minn. Stat. § 13D.015. "Interactive technology" refers to a device or application that allows individuals in different locations to see and hear one another, such as WebEx, Microsoft Teams, or Zoom. Each member participating by telephone or interactive technology is considered present for determining a quorum and participating in the meeting.

If the board uses a telephone or interactive technology to conduct a meeting, the board must, to the extent practical, allow the public to monitor the meeting electronically from a remote location. *Id.*, subd. 4. The board must also provide notice of the meeting location, of the fact that some members may participate by interactive technology, and of the public's right to monitor the meeting electronically from a remote location. *Id.*, subd. 5. Additionally, the board must post the meeting notice on its website at least 10 days before any regular meeting. *Id.* To provide notice that interactive technology will be used, for example, a board could post language like

> Some board members may attend the meeting by telephone or via interactive technology. Members of the public may attend the meeting either at the board's regular meeting location or by [telephone number or name of platform with link and access instructions.] Public participants will be able to listen to board members' discussions, hear board votes, and, at the chair's discretion, offer public comment.

5. Meetings during a pandemic or emergency declaration

To provide additional flexibility, when certain conditions are met boards may conduct fully remote open meetings by telephone or interactive technology during a health pandemic or emergency declared under chapter 12 of the Minnesota Statutes. Minn. Stat. § 13D.021. To hold a meeting under § 13D.021, the presiding officer, chief legal counsel, or chief administrative officer must first determine that an in-person meeting or meeting conducted under 13D.015 is not practical or prudent because of a health pandemic or emergency declaration.

In addition to that initial determination, if a board conducts a meeting under this provision: (1) all members must be able to hear each other and all discussion and testimony; (2) members of the public at the regular meeting location must be able to hear all discussion, testimony, and votes, unless being in person is not feasible due to the pandemic or emergency declaration; (3) at least one member, the chief legal counsel, or chief administrative officer must be physically present at the regular meeting location, unless unfeasible due to the pandemic or emergency declaration; and (4) all votes must be conducted by roll call. *Id.*, subd. 1. Also, if the board typically offers a public comment period at in-person meetings, the public must be permitted to comment from a remote location during the public comment period, to the extent practical. *Id.*, subd. 5.

If a board meets under § 13D.021, it board must, to the extent practical, allow a person to monitor the meeting electronically from a remote location. *Id.*, subd. 3. The board must also provide notice of the regular meeting location, of the fact that some members may participate by telephone or interactive technology, and of the public's right to monitor the meeting electronically from a remote location. *Id.*, subd. 4. The timing and method of notice is governed under the regular notice provisions discussed below.

Boards should note that the Department of Administration has advised that meeting under Minn. Stat. § 13D.021 is inappropriate if a quorum of the board will be physically present at the regular meeting location. Minn. Dep't of Admin., Advisory Op. No. 21-003 (Apr. 19, 2021) (opining that limiting public to remote attendance when board quorum is at regular location violates Open Meeting Law).

MANAGEMENT AND BUDGET

HR/LR Policy #1442

Face Coverings Policy For Agency Staff

Date Issued: 07/25/2020
Date Revised: 06/08/2021, 08/04/2021
Authority: Enterprise Employee Resources

OVERVIEW

Objective

To mitigate, to the extent reasonably possible, the transmission of COVID-19 by agency staff who may be asymptomatic or pre-symptomatic carriers of the virus through use of face coverings while in agency workplaces or while otherwise providing agency services outside of the staff member's home.

Policy Statement

The COVID-19 pandemic presents an unprecedented challenge to our State. The virus is highly contagious and potentially deadly. COVID-19 can be spread by people who do not have symptoms and do not know that they are infected.

According to the Centers for Disease Control and Prevention (CDC), face coverings may help prevent people who have COVID-19 from spreading the virus to others. Face coverings are a simple barrier to help prevent respiratory droplets from traveling into the air and onto other people when the person wearing the face covering coughs, sneezes, talks, or raises their voice. This is called source control. COVID-19 spreads mainly among people who are in close contact with one another (within about 6 feet), so the use of face coverings is particularly important in settings where people are close to each other or where social distancing is difficult to maintain. Face coverings are most likely to reduce the spread of COVID-19 when they are widely used by people in public settings.

To mitigate, to the extent reasonably possible, the transmission of respiratory droplets by agency staff who may be asymptomatic or pre-symptomatic carriers of COVID-19, all agency employees, officers, contractors, vendors, volunteers and interns are required to wear face coverings as provided below when in the workplace or public service environment.

Employees who fail to wear a face covering in the workplace or public service environment as required may be subject to disciplinary action, up to and including discharge. Non-employee staff may be subject to action up to and including termination of their relationship with the agency. Staff who fail to wear a face covering when required also may be sent home and placed in no-pay status.

Wearing face coverings is not a substitute for staying home when ill. Staff should stay home if they are sick or experiencing symptoms of COVID-19.

This policy is subject to change at MMB's discretion, including based on public health guidance.

Scope

This policy applies to all employees, officers, contractors, vendors, volunteers and interns of executive branch agencies (as defined in M.S. 43A.02, subds. 2 & 22), Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association.

Definitions and Key Terms

Terms	Definitions
Face Covering	A paper or disposable mask, a cloth face mask, a scarf, a bandanna, a neck gaiter, or a religious face covering that: • Fits snugly against the sides of the face; • Covers the nose and mouth completely; • Is secured over the nose and mouth; and • Allows for breathing without restriction. Medical-grade masks and respirators are sufficient face coverings, but to preserve adequate supplies, their purchase and use is discouraged for staff who do not work in a health care setting or other occupations that require medical-grade protective equipment (e.g., certain construction occupations). Masks that incorporate a valve designed for easy exhaling, mesh masks, or face coverings with openings, holes, visible gaps in the design material, or vents are not sufficient face coverings because they allow droplets to be released. Face coverings are not considered personal protective equipment (PPE), are not appropriate substitutes for PPE, and are not intended to be used when staff need PPE for protection against exposure to occupational hazards.
Public Service Environment	A location outside of the agency workplace where the staff member is providing public service on behalf of the agency, other than in the staff member's home. The public service environment may be indoors or outdoors.
Social Distance/Social Distancing	Keeping at least 6 feet of distance from other individuals who are not members of the staff's household.
Staff	Employees, officers (*e.g.*, board members), contractors, vendors, volunteers, and interns.

Exclusions

This policy does not apply to staff when they are in health care settings or other settings where they are required to wear medical-grade or other personal protective equipment (PPE) masks or respirators, rather than face coverings.

This policy does not apply to staff of K-12 or higher education institutions when they must instead comply with Minnesota Department of Health guidance for schools.

This policy does not apply to staff while they are working from home.

GENERAL STANDARDS AND EXPECTATIONS

I. Face Covering Requirement

Except as provided in sections II and III below, staff must wear a face covering:

- indoors in the agency workplace or public service environment, including waiting outdoors to enter an indoor space
- outdoors while working when it is not possible to maintain social distancing
- in vehicles being used for agency business, unless alone in a personal vehicle

When face coverings are required, they must be worn to cover the nose and mouth completely.

Unless otherwise instructed by their agency, staff may use agency-provided face coverings or face coverings they bring from home, so long as the covering meets the standards set forth in the definition of “face covering” above. Staff members are responsible for washing any reusable face covering they use.

In addition to wearing face coverings, staff should continue social distancing and proper handwashing practices while in the agency workplace or public service environment. Wearing face coverings is not a substitute for these public health measures.

II. Temporary Removal of Face Covering

Unless otherwise instructed by their agency, staff may temporarily remove face coverings in indoor spaces in the workplace or public service environment in the following situations:

- When testifying or speaking in situations or settings such as news conferences, legal proceedings, governmental meetings subject to the Open Meeting Law (MS 13D), presentations, or lectures, provided that social distancing is always maintained. Face shields should be considered as an alternative in these situations.
- When eating or drinking, provided social distance is maintained.
- During activities where the face covering will get wet.
- When asked to remove a face covering to verify an identity for lawful purposes.
- When a public safety worker is actively engaged in a public safety role, including but not limited to law enforcement, firefighters, or emergency personnel, in situations where wearing a face covering would seriously interfere with the performance of their public safety responsibilities.
- While communicating with an individual who is deaf or hearing impaired or has a disability, medical condition, or mental health condition that makes communication with that individual while wearing a face covering difficult, provided that social distancing is maintained to the extent possible.

- When the staff member is alone, including when alone in an office, a room, a cubicle with walls that are higher than face level when social distancing is maintained, a vehicle, the cab of heavy equipment or machinery, or an enclosed work area.

Staff must carry a face covering with them at all times in these situations, to be prepared for person-to-person interactions and to be used when no longer alone.

III. Exemptions from Face Covering Requirement

The following situations are exempt from the face covering requirement:

- The staff member has a medical condition, mental health condition, or disability that makes it unreasonable for the staff member to maintain a face covering. This includes, but is not limited to, staff who have a medical condition that compromises their ability to breathe, and staff who are unconscious, incapacitated, or otherwise unable to remove a face covering without assistance.
    - Employees unable to wear a face covering due to a medical condition, mental health condition, or disability must request a reasonable accommodation as provided in HR/LR Policy #1433 ADA Reasonable Accommodation.
    - Non-employee staff unable to wear a face covering due to a medical condition, mental health condition, or disability must request a reasonable modification.
- Wearing a face covering would create a job hazard for the staff member or others, as determined by local, state or federal regulators or workplace safety and health standards and guidelines, for example:
    - The staff member's ability to safely perform their job duties is negatively affected because the use of a face covering obstructs their vision or causes safety gear or safety glasses to fog up.
    - The staff member works in a setting where the face covering may increase the risk of heat-related illness or cause safety concerns due to introduction of a hazard (for instance, straps getting caught in machinery).
- Unless otherwise instructed by their agency, staff are not required to wear a face covering when they are working outdoors and are able to consistently maintain social distancing.
    - These staff must wear a face covering if they cannot maintain social distancing
    - These staff must wear a face covering if they are waiting outdoors to enter an indoor workplace or public service environment, or if they enter an indoor workplace or public service environment
    - Staff must carry a face covering with them at all times while working outdoors

IV. Consequences of Failing to Wear a Face Covering When Required

Employees who fail to wear a face covering as required may be subject to disciplinary action, up to and including discharge. Staff who are not employees (officers, contractors, vendors, volunteers, interns) may be subject to action up to and including termination of their relationship with the agency.

Staff who fail to wear a face covering as required also may be sent home.

If the staff member sent home is an employee who is unable to telework, they may be placed in no-pay status (ETL-Scheduled Hours Not Worked) until they comply with the face covering requirement. Prior to being placed in no-pay status, the employee will be offered a meeting with their supervisor to hear the reasons for being placed in no-pay status and to tell their side of the story. Employees who are covered by a collective bargaining agreement may have union representation at the meeting.

RESPONSIBILITIES

Agencies are responsible for:

- Adopting this policy.
- Communicating this policy to all employees, officers, contractors, vendors, volunteers and interns.
- Requiring all staff to comply with this policy, including by sending staff home and/or taking other action for non-compliance when appropriate.
- Training staff on proper practices for putting on and taking off face coverings.
- Providing face coverings to staff who are unable to obtain their own face coverings.
- Providing reasonable accommodation under the ADA to employees who cannot wear face coverings due to their disability.
- Providing reasonable modifications to non-employee staff who cannot wear face coverings due to their disability.
- Conspicuously posting one or more signs in places visible to all staff providing notice of the face covering requirement.
- Including the face covering requirement in the agency's COVID-19 Preparedness Plan, informing their staff how the Plan has been updated, and making the revised Plan available to their staff.

MMB is responsible for:

- Making any needed modifications to this policy based on public health guidance.

REFERENCES

HR/LR Policy #1433 ADA Reasonable Accommodation

CONTACTS

MMB Enterprise Human Resources

HR/LR Policy # 1446

COVID-19 Proof of Vaccination and Testing

Date Issued: 8/11/2021
Effective Date: 9/8/2021
Authority: Enterprise Employee Resources

OVERVIEW

Objective

To prevent the transmission of COVID-19 by: requiring proof of COVID-19 vaccination status of agency staff who are assigned to work at the workplace (rather than at-home telework), wish to access the workplace for more than 10 minutes, or otherwise provide agency services outside the staff member's home; and by providing standards and expectations for mandatory testing of agency staff who have not provided proof of full COVID-19 vaccination.

Policy Statement

The COVID-19 pandemic presents an unprecedented challenge to our State. The virus is highly contagious, including among asymptomatic people, and potentially deadly. As of August 6, 2021, over 7,600 of our family members, friends, and neighbors in Minnesota have perished from COVID-19. According to the Centers for Disease Control and Prevention ("CDC") and the Minnesota Department of Health ("MDH"), the best way to prevent infection and from spreading the disease is by being vaccinated. COVID-19 vaccines have proven themselves to be safe and effective. Staff who access the workplace or provide public service outside of their homes on behalf of an agency without vaccination pose a particular risk of COVID-19 exposure to themselves, their colleagues, and to members of the public. Additionally, ongoing community transmission of the more transmissible Delta variant of COVID-19 in Minnesota, especially among unvaccinated individuals, presents a continuous risk of infection.

The State strongly encourages agency staff to get vaccinated against COVID-19. To protect, to the extent reasonably possible, the health and safety of our employees and our customers from the direct threat resulting from the spread of COVID-19 in the workplace and to members of the public, agency staff who are assigned to work at the workplace (rather than at-home telework), wish to access the workplace for more than 10 minutes, or otherwise provide agency services outside of their home must provide proof of their COVID-19 vaccination status. All agency staff who are assigned to work at the workplace (rather than at-home telework) or who otherwise provide agency services outside of their home and do not submit proof of full COVID-19 vaccination must undergo mandatory COVID-19 testing at least weekly.

This policy is subject to change at MMB's discretion, including based on public health guidance. Staff members may be subject to additional attestation, vaccination, or testing requirements under agency policy or state or federal law.

Scope

This policy applies to all employees, contractors, vendors, volunteers and interns of executive branch agencies (as defined in Minnesota Statutes, section 43A.02, subds. 2 & 22), Minnesota State Retirement System, Public Employees

Retirement Association, Teacher's Retirement Association, and Minnesota State Colleges and Universities system, who are assigned to work at the workplace (rather than at-home telework), who wish to access the workplace for more than 10 minutes, or who otherwise provide agency services outside of their home.

Definitions and Key Terms

Terms	Definitions
Fully Vaccinated	According to the CDC, in general, people are considered fully vaccinated against COVID-19: • 2 weeks after their second dose in a 2-dose COVID-19 vaccination series approved by the U.S. Food and Drug Administration ("FDA") or the World Health Organization ("WHO"); or • 2 weeks after a single-dose COVID-19 vaccine approved by the FDA or the WHO. Staff who do not meet these requirements are NOT fully vaccinated.
Staff	Employees, contractors, vendors, volunteers, and interns.
COVID-19 Test	A medical test to determine if someone has an active COVID-19 infection. As methods become available, recommended tests may include a polymerase chain reaction (PCR) test or an antigen test. A test will be administered by contracted medical personnel or, if approved by agency Human Resources, may be self-administered.
Workplace	Any location outside of a staff member's home where State work is performed or any location visited by the staff member for more than 10 minutes while on work time.

Exclusions

This policy does not apply to staff who have an approved telework arrangement and solely telework from home, do not access the workplace for more than 10 minutes, and do not otherwise provide agency services outside the staff member's home.

GENERAL STANDARDS AND EXPECTATIONS

I. Proof of Vaccination Status

Agency staff who are assigned to work at the workplace (rather than at-home telework), wish to access the workplace for more than 10 minutes, or otherwise provide agency services outside their home, must submit to agency Human Resources an attestation regarding their COVID-19 vaccination status, in the form provided in the “Forms” section of this policy.

Human Resources will review the attestation form and proof of COVID-19 vaccination and verify on the attestation form that they have reviewed the proof of full COVID-19 vaccination provided by the employee. Acceptable proof that an individual is fully vaccinated against COVID-19 includes:

- an original CDC COVID-19 vaccination card
- a paper or electronic copy of a CDC COVID-19 vaccination card
- if vaccinated in another country, then an original or copy of an alternative official vaccination record, as proof of FDA- or WHO-approved COVID-19 vaccination status

Agency staff have the right to refuse to receive a COVID-19 vaccination and to refuse to provide an attestation reflecting their COVID-19 vaccination status, but the staff member will be considered to be unvaccinated for the purposes of this policy.

Proof of full vaccination against COVID-19 must legibly show, at a minimum:

1. Name of the individual vaccinated
2. Date of birth of the individual vaccinated
3. The manufacturer of the vaccine
4. The date(s) on which the vaccine was administered

If the proof is not legible or verifiable in the form presented, the agency may ask the staff member to present the original document.

In order to be considered fully vaccinated against COVID-19, the staff member must have received a COVID-19 vaccine that has been approved by the U.S. Food and Drug Administration (“FDA”) or the World Health Organization (“WHO”). If the vaccine was administered outside of the United States, documentation must include the above information in English.

The attestation forms will be treated as confidential medical records under applicable law. Information regarding whether a staff member has shown proof of full vaccination, and information on whether the staff member must submit to mandatory COVID-19 testing, will be provided to agency HR staff, agency safety administrator, members of the agency’s staff with a business need to know, and others authorized by law.

Staff who provide proof to agency Human Resources that they are fully vaccinated against COVID-19 are exempt from participation in the COVID-19 Testing Procedure under this Policy.

Staff who have an approved telework arrangement and are not required to work in the workplace or provide agency services outside of their home are not subject to the COVID-19 Testing Procedure in this Policy, but they will only be allowed to enter the workplace for more than 10 minutes or provide agency services outside of their home if they attest to and provide proof of being fully vaccinated against COVID-19.

II. COVID-19 Testing Procedure for Agency Staff Who Do Not Submit Proof of COVID-19 Vaccination

Agency staff who show proof of full vaccination against COVID-19 are not required to submit to COVID-19 testing. Until a staff member subject to this policy submits proof of full vaccination against COVID-19, they must undergo mandatory testing for COVID-19 at least weekly, as determined by the agency. The COVID-19 test and results must be conducted and handled in compliance with all applicable rules and laws. Due to the pandemic and covered staff's job-related interaction with others, COVID-19 testing is job-related and consistent with business necessity. A positive COVID-19 test result will not be used as the basis for discipline or discharge.

A. If the agency has a testing facility, then testing will be performed on site. If the agency does not have a testing facility, the agency may require staff to provide proof of <u>both</u> test submission and test results from a State testing facility or a non-State testing facility.
B. Agency staff have the right to refuse to take a COVID-19 test. Prior to COVID-19 testing, agency staff receive the COVID-19 Testing Consent form. Signed COVID-19 Testing Consent forms must be maintained by agency Human Resources in a medical file that is separate from the staff member's personnel file.
    1. Staff who consent to COVID-19 testing and sign the consent form and any other forms necessary for testing will proceed with the COVID-19 test.
    2. Staff who refuse to sign the consent form or any other forms necessary for testing, refuse to submit to a COVID-19 test, or refuse to provide documentation of test submission and test results if the agency does not have a testing facility, will be informed that they will be excluded from the workplace, and may be subject to disciplinary action, up to and including discharge, for refusing a work directive.
        a. These staff members may be sent home and placed in no-pay status (ETL for employees) until they have been tested for COVID-19 or until management, in its sole discretion, determines they no longer require COVID-19 testing. If the staff member is an employee of the agency, prior to being placed in no-pay status, they will be offered a meeting with their supervisor to learn the reasons for being placed in no-pay status and to tell their side of the story. The employee may have union representation at the meeting.
        b. Staff placed in no-pay status who later determine they wish to be tested may obtain a COVID-19 test on their own time at their own expense and have the results reported to agency Human Resources or may be tested at an agency facility with agency approval.
    3. **Covered staff who become fully vaccinated against COVID-19 or who did not previously attest to their full COVID-19 vaccination status may complete a new attestation form, present proof of full vaccination against COVID-19, and will be removed from the testing requirement.**
C. Procedure for agencies that have facility testing on site:
    1. The agency will determine testing dates which will occur at least weekly.
    2. Testing will occur during work hours and be considered work time.
    3. Covered staff undergo COVID-19 test.
    4. Staff are provided the MDH "COVID-19 Post-Test Instructions" form.
    5. COVID-19 test specimens are submitted to the designated testing laboratory for testing.
    6. COVID-19 test results are communicated as follows:
        a. The testing laboratory will deliver the COVID-19 test results to a designated vendor who will communicate the results to the staff member.

    b. The testing laboratory will report positive test results to MDH and/or local public health. State and federal laws may authorize or require MDH to share a staff member's health information with others without the staff member's consent.
    c. The testing laboratory will also report positive test results to agency HR.

D. Procedure for agencies that do not have an on-site testing facility:
    1. The agency will determine testing dates which will occur at least weekly and will either send the staff member to a State testing facility or to a non-State testing facility. The agency has sole discretion to choose or authorize the testing location and whether to accept the results from a particular testing method.
    2. Testing will occur during work hours and be considered work time.
    3. The staff member must provide agency HR documentation of test submission either on the same day or no later than the next day the staff member is scheduled to report to work, and must submit documentation of test results on the same day the staff member receives them if it is a workday, or no later than the next day the staff member is scheduled to report to work.

E. Staff members with positive test results must call in to Human Resources and their supervisor, must not report to work, and must isolate according to current MDH Guidelines for the applicable profession.
    1. The staff member's supervisor and/or manager will determine if the staff member's job duties can be performed through telework.
    2. If the staff member's supervisor and/or manager determines the staff member's job duties cannot be performed through telework or does not approve the staff member to telework, the staff member must contact the designated agency HR representative to determine what type of leave the staff member may be eligible to use.

III. Confidentiality of Medical Information

Agencies must maintain the confidentiality of staff COVID-19 test results and vaccination status as provided by law. All information gathered under this Policy, including test results, vaccination status, attestation forms and signed COVID-19 Testing Consent forms, must be retained by HR according to the applicable retention schedule and in a secure medical file separate from the staff member's personnel file.

Testing information may be shared with the designated testing laboratory, the designated vendor, the Minnesota Department of Health, local public health, agency HR staff, agency safety administrator, members of the agency's staff with a business need to know, and others authorized by law.

COVID-19 vaccination status may be shared with agency HR staff, agency safety administrator, members of the agency's staff with a business need to know, and others authorized by law.

RESPONSIBILITIES

Agencies are responsible for:

- Adopting this policy.
- Communicating this policy to all covered employees, contractors, vendors, volunteers and interns.
- Requiring covered staff to comply with this policy, including sending staff home and/or taking other action for non-compliance when appropriate, including when positive test results are received.
- For agencies with on-site testing facilities, administering and paying for testing at least weekly.
- For agencies without on-site testing facilities, reviewing all outside test results received and monitoring staff compliance with the testing requirements of this Policy.
- Paying for all screening testing required by this Policy.
- Maintaining completed attestation forms.

FORMS

COVID-19 Testing Consent Form

The COVID-19 pandemic presents an unprecedented challenge to our State. The virus is highly contagious, including among asymptomatic people, and potentially deadly. As of August 6, 2021, over 7,600 of our family members, friends, and neighbors in Minnesota have perished from COVID-19. According to the Centers for Disease Control and Prevention and the Minnesota Department of Health, the best way to prevent infection and from spreading the disease is by being vaccinated. COVID-19 vaccines have proven themselves to be safe and effective. Staff who access the workplace or provide public service outside of their homes on behalf of an agency without vaccination pose a particular risk of COVID-19 exposure to themselves, their colleagues, and to members of the public. Additionally, ongoing community transmission of the more transmissible Delta variant of COVID-19 in Minnesota, especially among unvaccinated individuals, presents a continuous risk of infection.

The State strongly encourages agency staff to get vaccinated against COVID-19. Agency staff who are assigned to work at the workplace (rather than at-home telework) or otherwise provide agency services outside of their home and do not provide proof that they are fully vaccinated against COVID-19 must be tested on a regular basis for active infection as a critical tool for minimizing potential exposure to COVID-19 and preventing further transmission of the virus.

Testing staff for COVID-19 infection is a critical tool for minimizing potential exposure to COVID-19 and enabling an early response to prevent further transmission of the virus. To protect, to the extent reasonably possible, the health and safety of our staff and our customers from the direct threat resulting from the spread of COVID-19 in the workplace, except for staff who provide proof that they have been fully vaccinated against COVID-19, [Agency] is requiring mandatory testing of all staff members for COVID-19 who access the workplace or provide public service outside of their homes on behalf of an agency as set forth in HR/LR Policy # 1446 COVID-19 Proof of Vaccination and Testing.

As part of this ongoing testing, staff members who do not submit proof of full COVID-19 vaccination will have their information and specimen collected to provide a COVID-19 test result. The COVID-19 test sample and other information collected during the COVID-19 test is classified as private data under the Minnesota Government Data Practices Act. [Agency] will use this data to screen staff for COVID-19 pursuant to the HR/LR Policy # 1446 COVID-19 Proof of Vaccination and Testing. The data helps us to determine whether you have COVID-19 and will be denied admission to the workplace or will not be authorized to provide public service outside of the home for the protection of [Agency] staff and/or the public.

Staff members have the right to refuse to take a COVID-19 test and are not legally required to provide the requested data. However, if a staff member has not submitted proof of full vaccination and refuses to take a COVID-19 test or does not provide the requested information or sample to conduct a COVID-19 test, the individual: will not be admitted to the workplace or be authorized to provide public service outside of their home; may be subject to discipline, up to and including discharge; and may be sent home and placed in no-pay status, all as set forth in HR/LR Policy # 1446 COVID-19 Proof of Vaccination and Testing.

Access to private information gathered under HR/LR Policy # 1446 COVID-19 Proof of Vaccination and Testing will be limited to the designated testing laboratory, the designated vendor who will communicate the test results to staff members, the Minnesota Department of Health, local public health, agency HR staff, [Agency] safety administrator, members of [Agency] staff with a business need to know, and others authorized by law.

By signing below, I understand, agree, certify, and authorize the following:

- I have read and agree to the terms set forth in this COVID-19 Testing Consent form and HR/LR Policy # 1446 COVID-19 Proof of Vaccination and Testing.
- I have been advised that I have the right to refuse to submit to COVID-19 testing.
- I consent to submit to COVID-19 testing.
- My data, including my information and my specimen, may be collected, shared, used, and retained by [Agency] as detailed in HR/LR Policy # 1446 COVID-19 Proof of Vaccination and Testing, as detailed above, and as authorized by law.
- My consent will be in effect for the duration of the testing requirement, or until I rescind my consent in writing.
- I will hold harmless the [Agency], the State of Minnesota, all contracted vendors, and all their respective employees, representatives, officers, agents, and contractors from any and all liability and claims related to or that may arise from COVID-19 testing.
- **I understand that if I become fully vaccinated against COVID-19, submit a new attestation form and submit proof to my agency that I am fully vaccinated I will be removed from the COVID-19 testing requirement.**

____ ____________________________________

Signature Date

COVID-19 Vaccine Attestation Form

Agency Notice of Intent to Collect Private Data: COVID-19 VACCINATION STATUS

As you are aware, HR/LR Policy # 1446 COVID-19 Proof of Vaccination and Testing, provides that staff members who are assigned to work at the workplace (rather than at-home telework) or otherwise provide agency services outside the staff member’s home, and who are fully vaccinated against COVID-19, are not required to participate in weekly COVID-19 testing. In addition, employees who have a telework arrangement but wish to enter the workplace for more than 10 minutes or provide agency services outside their home may do so only if they are fully vaccinated against COVID-19. Because you are assigned to work at the workplace (rather than at-home telework), wish to access the workplace for more than 10 minutes, or otherwise provide agency services outside your home, the agency is requesting you to identify your COVID-19 vaccination status. You are considered fully vaccinated two weeks after your second dose in a 2-dose COVID-19 vaccination series approved by the U.S. Food and Drug Administration (“FDA”) or the World Health Organization (“WHO”); or two weeks after a single-dose COVID-19 vaccine approved by the FDA or the WHO.

If you are fully vaccinated against COVID-19, the agency is requesting you to present your CDC COVID-19 Vaccination Record Card or, if vaccinated in another country, then an alternative official vaccination record, as proof of your FDA- or WHO-approved COVID-19 vaccination status. **This information will be used to confirm whether you are fully vaccinated against COVID-19, whether you are authorized to enter the workplace or provide agency services outside of your home, and whether you may be exempted from mandatory COVID-19 testing.**

You are not legally required to provide the requested data. If you fail to provide the data, however, you will be considered to be unvaccinated against COVID-19, and you may be required to undergo testing as required by HR/LR Policy # 1446 COVID-19 Proof of Vaccination and Testing. If you do not show proof of full vaccination against COVID-19 and fail to participate in routine COVID-19 screening testing as required by the policy, you may be refused entry to the workplace, sent home and placed in no-pay status, and subject to disciplinary action, up to and including discharge.

The Minnesota Government Data Practices Act classifies your vaccination status as private data about you. The data collected from you may be shared with agency HR staff, agency safety administrator, members of the agency's staff with a business need to know, and other persons or entities authorized by law.

Vaccine Attestation:

ONLY CHECK ONE OF THE FOLLOWING OPTIONS:

_______ By checking here and signing my name below, I certify that I have been fully vaccinated against COVID-19. "Fully vaccinated" means that it has been at least two weeks since I received both doses of a two-dose vaccine series or a single dose of a one-dose vaccine approved by the FDA or WHO.

________ By checking here and signing my name below, I am declining to certify that I have been fully vaccinated against COVID-19. I understand that I may later submit proof of full vaccination to [Agency] if I become fully vaccinated against COVID-19 or decide to submit proof of full vaccination to [Agency].

Staff Member Name: ____

Date: ____

Position: ____

Signature: ____

FOR HR USE ONLY:

I have examined the COVID-19 vaccination card presented by the above-named staff member, and it:

- identifies the staff member's name and date of birth, manufacturer of the vaccine administered, and dates of administration,
- shows that at least 2 weeks have passed since the staff member's second dose in a 2-dose series approved by the FDA or the WHO or that at least 2 weeks have passed after a single dose COVID-19 vaccine approved by the FDA or the WHO, and
- appears, to the best of my knowledge, to be genuine and relates to the staff member named.

___________________________   _________________________

Initials of HR Staff Member   Date

CONTACTS

MMB Enterprise Human Resources

EXEC. DIR. REPORT

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

Main Phone: 651.296.4690 Fax: 651.297.5751

Date: November 1, 2021

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: Executive Director's Report

Legislative Update

Our bill to expand our issue authority to include HealthCare and Senior Living was included in the Minnesota Senate Omnibus bill and passed the Senate in 2021. It did not get considered in Conference. We have received strong support from legislators for our proposed legislation. We plan to get final and complete passage of our bill in the 2022 Minnesota Legislature, which begins in February 2022.

We have been collaborating with our consultant and independently met with a number of legislators and their staff members during the summer and this fall. We have visited legislators in their home districts and at their State Offices as well as met with staff to educate them on our legislative proposal.

Borrower Assistance and Financing Application Update

- We are working with MCAD on a private bank placement
- We are working with the College of St. Scholastica on a financing plan for an expanded Student Center project
- We are working with St. Thomas to help determine their future capital needs and timing of funding for projects. A Request for submission of a Statement of Qualifications was distributed to nine firms on November 1, 2021

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- We continue to collaborate with schools on their annual credit rating reviews. There are three schools awaiting credit reviews which will likely occur in late 2021 or January 2022. One school has had their credit rating call and is waiting for Moody's Credit Committee to meet
- We continue to support schools in their compliance with Continuing Disclosure obligations

Building Lease Update

The three elevators that service the building have been out of operation since mid-June due to a water main break. Access to the office is made by contacting building security, who escort us to the fourth floor, where they unlock a door to get us access. The restrooms on the fourth floor continue to be unusable, although they are being repaired. The timing to complete the Restoration of the restrooms is unknown.

The parking lot continues to be under repair/renovation. No known date for completion of the repairs is available.

We have begun discussions with Calhoun Commercial for new office locations, as discussed earlier in the November 2021 Authority Board meeting.

The State of Minnesota has extended its "work from home" requirement until December 31, 2021. After that date, the State expects to offer the option to continue to fully work from home, use a hybrid model or work full-time from the office.

Borrower Staffing Update

- Macalester College has appointed Patricia Langer, currently the interim Vice President for Administration and Finance to be the permanent VP for Administration and Finance
- Hamline's CFO resigned on August 16, 2021. The Sr. Assoc. VP of Finance has been appointed interim CFO
- Mitchell Hamline School of Law CFO has resigned. A search for a CFO is in process

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Board Vacancy Update

The MHEFA Board member who is an employee of a college or university has been selected by Governor Walz. The new Board member is Mary Yang Thao, Assoc. VP of Finance at the Minneapolis College of Art and Design (MCAD). As reported in June, she is well qualified professionally, is an employee of an institution of higher education and is of Asian-pacific islander descent.

Various Items of Interest

The National Association of Health and Educational Facilities Finance Authorities (NAHEFFA) held their fall Conference in Milwaukee on September 7-10. The conference was an in-person gathering. I moderated the panel of Rating Agency representatives discussing Higher Education and Health care rating processes, trends, and methodology.

The Government Finance Officers Association (GFOA) held their third annual MiniMuni conference on October 20-22 as a virtual event. I moderated a panel discussion on foundations of Continuing Disclosure.

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CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (St. Olaf College)

(Vol. 24 No. 3)

Borrower/Issue:	Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2021 (St Olaf College)
Financing Vehicle:	Revenue Bonds, Tax-exempt from both Federal and Minnesota income tax. Proceeds of the 2021 Bonds will be used pay for costs related to the construction, equipping, and furnishing of new student residence facilities and related improvements on the College campus, including a new residence hall of approximately 300 beds and 14 new townhouses with approximately 140 beds. Bond proceeds will also partially fund the renovation of a residence hall on campus. The proceeds will also fund capitalized interest on the bonds through April 1, 2022, and to pay issuance costs for the Bonds.
Issue Par Amount:	$57,335,000, Series 2021
Placement Method:	Public sale, Negotiated with Piper Sandler as the sole Underwriter.
Tax-Exempt Benefit:	The Bonds were issued as tax-exempt. Based on market conditions at the time of the sale, the use of tax-exempt bonds issued by the Authority saved the College an estimated $13.66 million over the life of the Bonds compared to a taxable financing. This represents a present value savings of approximately $9.10 million.
Term of Financing:	30 years, consisting of four term bonds. Principal is payable annually on October 1, with mandatory redemption beginning October 1, 2036, and ending on October 1, 2050.
Structure:	Semi-annual interest payable beginning October 1, 2021, with principal payable annually on October 1. The debt is structured as interest only through April 1, 2036. The principal payments are due beginning October 1, 2036, and annually thereafter. The Series 2021 debt is structured to result in approximately level annual debt service including outstanding College debt.
Financial Covenants:	The College will maintain a debt service coverage ratio of not less than 1.10:1 for each fiscal year. If the College fails to meet this ratio, there is a process in place to allow the College to cure the deficiency.

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CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (St. Olaf College)

(Vol. 24 No. 3)

Redemption: The Series 2021 Bonds are subject to optional redemption on October 1, 2030, and on any day thereafter at a price of par plus accrued interest to the date of redemption.

The term bonds are due on October 1, 2038, 2041, 2046 and 2050. The term bonds are subject to scheduled principal redemption payments beginning October 1, 2036.

Interest Rate: The Term bonds bear interest at fixed rates of 3.00% or 4.00%. The yields on the Bonds range from 1.69% for the Term Bond due October 1, 2038, to 1.80% for the Term Bond due October 1, 2050.

The Series 2021 Bonds have a True Interest Cost ("TIC") of 2.78%. (TIC is a dollar-weighted average rate for the bond issue, considering the time value of money and including interest, original issue discount or premium and underwriting fees).

Rating: The Series 2021 Bonds are rated A1, stable outlook by Moody's Investors Service.

Date of Settlement: March 18, 2021

Highlights: The College entered into an investment agreement to maximize the yield on construction fund and further reduce the cost of the financing. The financing allows the College to lock in a low fixed rate market interest rate and receive favorable financial terms to enhance the future financial flexibility of the College.

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CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (Macalester College)

(Vol. 24 No. 4)

Borrower/Issue:	Minnesota Higher Education Facilities Authority Revenue and Refunding Bonds, Series 2021 (Macalester College)
Financing Vehicle:	Revenue Bonds, Tax-exempt from both Federal and Minnesota income tax.
	Proceeds of the 2021 Bonds will be used to refund the outstanding principal of Series Seven-S Bonds maturing after May 1, 2022. Bond proceeds will also fund replacement roofs on four campus building. The proceeds will also pay issuance costs for the Bonds.
Issue Par Amount:	$12,870,000, Series 2021
Placement Method:	Public sale, Negotiated with Piper Sandler as the sole Underwriter.
Term of Financing:	20 years, consisting of serial bonds maturing on March 1, 2022 through 2037. There are also two term bonds, maturing on March 1, 2040, and March 1, 2043.
Structure:	Semi-annual interest payable beginning September 1, 2021, with principal payable annually on March 1. The debt is structured as to pay principal and interest on a level overall annual basis.
Financial Covenants:	The College is not subject to any specific financial covenants for this financing. The College agrees to charge tuition and fees sufficient to make all payments required to repay the debt service on the Series 2021 Bonds. The College will comply with any financial covenants in place on other College supported debt.

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CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (Macalester College)

(Vol. 24 No. 4)

Redemption: The Series 2021 Bonds are subject to optional redemption on March 1, 2031, and on any day thereafter at a price of par plus accrued interest to the date of redemption.

The term bonds are due on March 1, 2040, and 2043. The term bonds are subject to scheduled principal redemption payments beginning March 1, 2038.

Interest Rate: The Serial bonds bear interest at a fixed rate of 3.00%. The Term bonds bear interest at a fixed rate of 4.00%. The yields on the Bonds range from 0.15% for the Serial bond due March 1, 2022, to 1.58% for the Serial bond due March 1, 2037.

The two Term bonds yield 1.88% for the March 1, 2040 Term and 2.00% for the March 1, 2043 Term bond.

The Series 2021 Bonds have a True Interest Cost ("TIC") of 2.0425%. (TIC is a dollar-weighted average rate for the bond issue, considering the time value of money and including interest, original issue discount or premium and underwriting fees).

Rating: The Series 2021 Bonds are rated Aa3, stable outlook by Moody's Investors Service.

Date of Settlement: April 28, 2021

Highlights: The refunding of the outstanding Series Seven-S bonds resulted in a gross debt service savings of $2.563 million and a present value savings of $2.135 million. The financing allows the College to lock in a low fixed rate market interest rate and receive favorable financial terms to enhance the future financial flexibility of the College.

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CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (Saint John's University)

(Vol. 24 No. 5)

Borrower/Issue:	Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2021 (Saint John's University)
Financing Vehicle:	Revenue Bonds, Tax-exempt from both Federal and Minnesota income tax.
	Proceeds of the 2021 Bonds will be used pay for costs related to the construction, equipping, and furnishing of new 96-bed townhouse style student residence facilities and related improvements on the College campus. Bond proceeds will also partially fund the renovation of the Peter Engel Science Center and other projects on campus facilities. The proceeds will also fund construction of a pedestrian bridge that will connect the upper and lower campus, and to pay issuance costs for the Bonds.
Issue Par Amount:	$21,560,000, Series 2021
Placement Method:	Public sale, Negotiated with RBC Capital Markets as the sole Underwriter.
Term of Financing:	19 years, consisting of serial bonds. Principal is payable annually on October 1, with the initial principal payment on October 1, 2023, and ending on October 1, 2040.
Structure:	Semi-annual interest payable beginning October 1, 2021, with principal payable annually on October 1. The debt is structured as interest only through April 1, 2023. Principal payments are due beginning October 1, 2023, and annually thereafter. The Series 2021 debt is structured to result in approximately level annual debt service.
Financial Covenants:	The University agrees to not allow any encumbrance on the facilities which are being improved or constructed with proceeds of the Series 2021 bonds. The University is subject to financial covenants contained in the Series Eight-H and Series Eight-I bonds, issued by the Authority for the University. The covenants in those bond issues apply to she Series 2021 bonds until those bonds are retired. The University is in compliance with those covenants after the issue of the Series 2021 bonds.

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CAPITAL COMMENTARY

Revenue Bonds, Series 2021 (Saint John's University)

(Vol. 24 No. 5)

Redemption:	The Series 2021 Bonds are subject to optional redemption on October 1, 2031, and on any day thereafter at a price of par plus accrued interest to the date of redemption.
Interest Rate:	The Serial bonds bear interest at fixed rates of 4.00%, except for the October 12, 2026, 2037 and 2038 principal payments, which bear a fixed rate of 3.00%. The yields on the Bonds range from 0.32% for the serial bond due October 1, 2023, to 1.80% for the Term Bond due October 1, 2040.
	The Series 2021 Bonds have a True Interest Cost ("TIC") of 2.084%. (TIC is a dollar-weighted average rate for the bond issue, considering the time value of money and including interest, original issue discount or premium and underwriting fees).
Rating:	The Series 2021 Bonds are rated A2, stable outlook by Moody's Investors Service.
Date of Settlement:	June 10, 2021
Highlights:	The University was able to improve campus safety and modernize its housing stock with the proceeds of this financing. The financing allows the University to lock in a low fixed rate market interest rate and receive favorable financial terms to enhance the future financial flexibility.

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CAPITAL COMMENTARY

Revenue and Refunding Note, Series 2021 (Hamline University)

(Vol. 24 No. 6)

Borrower/Issue:	Minnesota Higher Education Facilities Authority (Hamline University) Revenue and Refunding Note, Series 2021
Financing Vehicle:	Revenue Note, Tax-exempt from both Federal and Minnesota income tax.
	Proceeds of the 2021 Note will be used refund the outstanding $2,75,000 of the Series Seven-Y2 Note and to fund $6,210,000 of the renovation of Drew Residence Hall and a portion of the conversion of the north campus heating system from high pressure steam to low pressure steam.
Issue Par Amount:	$9,725,000, Series 2021
Placement Method:	Private Bank Placement, Negotiated with U.S. Bank National Association.
Tax-Exempt Benefit:	The Notes are as tax-exempt from both federal and Minnesota income taxes. Based on market conditions at the time of the sale, the use of a tax-exempt Note issued by the Authority resulted in a lower cost to the University of an estimated $795 thousand over the life of the Note compared to a taxable financing. This represents a present value savings of approximately $660 thousand.
Term of Financing:	10 years fully amortizing. Principal is payable annually on October 1, beginning October 1, 2021, and ending on October 1, 2031.
Structure:	Monthly interest payable beginning July 1, 2021, with principal payable annually on October 1. The debt is structured as fully amortizing over the term of the Note. The Series 2021 debt is structured to result in approximately level annual debt service.

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CAPITAL COMMENTARY

Revenue and Refunding Note, Series 2021 (Hamline University)

(Vol. 24 No. 6)

Financial Covenants:	The University will maintain a fixed charge coverage ratio of not less than 1.10:1 for each fiscal year. If the University fails to meet this ratio, there is a process in place to allow the University to cure the deficiency.
	The University will maintain a minimum liquidity covenant (eligible cash & investments) at the end of each fiscal year, of not less than $15 million.
	The University may not borrow any additional debt without U.S. Bank consent, except for equipment finance debt of less than $500 thousand in the aggregate.
Redemption:	The Series 2021 Note is subject to mandatory redemption on the first tender date.
	The University may prepay up to 10% of the outstanding Note principal in any fiscal year with no prepayment penalty.
Interest Rate:	The Note bears interest at fixed rates of 2.23%.
	The Series 2021 Note has a True Interest Cost ("TIC") of 2.23%. (TIC is a dollar-weighted average rate for the bond issue, considering the time value of money and including interest, original issue discount or premium and underwriting fees).
Rating:	The Series 2021 Note is not rated. The University has other outstanding debt rated Baa3, stable outlook by Moody's Investors Service.
Date of Settlement:	June 29, 2021
Highlights:	The University refinanced outstanding higher cost prior debt and received funds to complete a residence hall renovation and begin a high pressure to low pressure steam conversion on the campus of the University. The financing allows the University to lock in a low fixed rate market interest rate and receive favorable financial terms to enhance the future financial flexibility of the University.

Computershare Completes the Acquisition of Wells Fargo US Corporate Trust Business

Daniel Radick <Daniel.Radick@computershare.com>

Tue 11/2/2021 4:06 PM

To: Barry Fick <bwf@mnhefa.org>

Cc: Erin Tkachenko <Erin.Tkachenko@computershare.com>; Gail Klewin <Gail.Klewin@computershare.com>

Corporate Trust Update

Dear Barry,

We are pleased to inform you that we are now operating as Computershare Trust Company, N.A. (CTCNA). Computershare (ASX: CPU), a global leader in specialized financial services headquartered in Australia, has completed its acquisition of Wells Fargo Corporate Trust Services (CTS) with all regulatory approvals. You can read our press release on this here.

Today, Wells Fargo CTS is now Computershare Corporate Trust.

Our highest priority has always been to ensure quality service to our clients, and we will continue to do so as Computershare Corporate Trust. Our team of more than 2,000 employees are now part of Computershare and will continue delivering the same full suite of corporate trust products and services that you are accustomed to receiving. Further, you will continue to work with the same relationship team.

Computershare has in place an extended transition service agreement with Wells Fargo, who will continue to provide technology and process support over the next 24 months to ensure continuity as we go through our integration process. In addition, Computershare has developed a transition plan for existing accounts so that there is an orderly transition and assurance of appropriate administrative activities being completed. This planning in combination with a dedicated integration team means that clients like you can rest assured that you will continue to receive the high-touch approach to client service that you have come to expect from the same relationship team that you know and trust.

Already a leading corporate trust provider in Canada, Computershare's portfolio of products, capabilities and technology will be complemented by Wells Fargo CTS, making the new Computershare Corporate Trust one of the largest providers of trustee and agency services in North America. We are excited about Computershare Corporate Trust's position as an industry leader with USD$3.8 trillion of debt under administration, USD$414.2 billion in assets under administration and cross-border capabilities including USD$2.3 trillion in funds movements across 75+ currencies in foreign exchange and distributions.

Thank you for being our valued client; we are excited to begin this new chapter with you. **Again, there is no action for you to take at this time. As we transition the business to Computershare over time, we will communicate any changes or actions you may need to take at the appropriate time**. We appreciate your business and look forward to continuing our relationship.

Please do not hesitate to reach out to your relationship team should you have any questions.

Best regards,

Minnesota Higher Education Facilities Authority's Dedicated Computershare Corporate Trust Team

Daniel Radick   Erin Tkachenko Gail Klewin

To ensure that you'll receive our emails, add **computershare@info.computershare.com** to your address book.

To view the privacy policy, **click here**.

To manage your communication preferences or to unsubscribe, **simply click here.** The information contained herein is subject to change without notice. Computershare shall not be liable for technical or editorial errors or omissions contained herein.

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Minnesota Higher Education Facilities Authority

Budget vs. Actuals: FY2022 Budget (original) - FY22 P&L

July 2021 - June 2022

	TOTAL				
	ACTUAL	BUDGET	REMAINING	% OF BUDGET	% REMAINING
Income					
4010 Annual Fee Income	450,906.30	435,000.00	-15,906.30	103.66 %	-3.66 %
4020 Application Fee Income		1,000.00	1,000.00		100.00 %
4030 Miscellaneous Income	0.02		-0.02		
Discounts given	-294,931.03		294,931.03		
Total Income	**$155,975.29**	**$436,000.00**	**$280,024.71**	**35.77 %**	**64.23 %**
GROSS PROFIT	**$155,975.29**	**$436,000.00**	**$280,024.71**	**35.77 %**	**64.23 %**
Expenses					
6000 Stipends		3,960.00	3,960.00		100.00 %
6001 Board Travel	250.00	5,000.00	4,750.00	5.00 %	95.00 %
6002 Communications	3,015.14	13,900.00	10,884.86	21.69 %	78.31 %
6003 Staff Travel	34.62	15,000.00	14,965.38	0.23 %	99.77 %
6004 Office Rent	16,162.72	49,213.97	33,051.25	32.84 %	67.16 %
6005 Office Supplies		1,000.00	1,000.00		100.00 %
6007 Printing Expense		1,000.00	1,000.00		100.00 %
6008 Periodicals/Memberships	3,572.94	8,000.00	4,427.06	44.66 %	55.34 %
6009 Fiscal Consultant Fees		4,000.00	4,000.00		100.00 %
6010 Audit Fees	10,000.00	19,400.00	9,400.00	51.55 %	48.45 %
6012 Legal Fees		52,000.00	52,000.00		100.00 %
6013 Insurance Expense		1,700.00	1,700.00		100.00 %
6015 Miscellaneous Expense	131.00	5,000.00	4,869.00	2.62 %	97.38 %
6016 Bank Service Charges	805.41	3,000.00	2,194.59	26.85 %	73.15 %
6017 Conference Expenses		15,000.00	15,000.00		100.00 %
6018 Professional Development-Board		2,000.00	2,000.00		100.00 %
6020 Professional Development-STAFF	994.00	5,000.00	4,006.00	19.88 %	80.12 %
6021 IT	3,326.55	13,050.00	9,723.45	25.49 %	74.51 %
6023 Postage/Delivery Expense	14.99	150.00	135.01	9.99 %	90.01 %
6100 Salaries	61,086.10	226,000.00	164,913.90	27.03 %	72.97 %
6101 Fringe Benefits	21,242.95	85,000.00	63,757.05	24.99 %	75.01 %
6104 Worker's Compensation		170.00	170.00		100.00 %
6107 Office Contract Work	12,870.00	30,000.00	17,130.00	42.90 %	57.10 %
6200 Equipment Leases	2,450.26	7,060.00	4,609.74	34.71 %	65.29 %
Total Expenses	**$135,956.68**	**$565,603.97**	**$429,647.29**	**24.04 %**	**75.96 %**
NET OPERATING INCOME	**$20,018.61**	**$ -129,603.97**	**$ -149,622.58**	**-15.45 %**	**115.45 %**
Other Income					
4000 Interest Income	8,609.52	18,500.00	9,890.48	46.54 %	53.46 %
4050 Unrealized Gain/Loss Adjustment on Sale	-971.62		971.62		
Total Other Income	**$7,637.90**	**$18,500.00**	**$10,862.10**	**41.29 %**	**58.71 %**
Other Expenses					
Other Miscellaneous Expense		20,000.00	20,000.00		100.00 %
Total Other Expenses	**$0.00**	**$20,000.00**	**$20,000.00**	**0.00%**	**100.00 %**

Minnesota Higher Education Facilities Authority

Budget vs. Actuals: FY2022 Budget (original) - FY22 P&L

July 2021 - June 2022

	TOTAL				
	ACTUAL	BUDGET	REMAINING	% OF BUDGET	% REMAINING
NET OTHER INCOME	**$7,637.90**	**$ -1,500.00**	**$ -9,137.90**	**-509.19 %**	**609.19 %**
NET INCOME	**$27,656.51**	**$ -131,103.97**	**$ -158,760.48**	**-21.10 %**	**121.10 %**

Note
October 2021 Month End 33% Elapsed 66% Year Remaining