



Listing of Mailout Material January 19, 2022

- Forwarding Letter
- Meeting Agenda

I. Review and approve minutes of the meeting of November 8, 2021

- Minutes of November 8, 2021

II. MHEFA Office Space Discussion

- Office Relocation Search Memorandum
- Proposal Comparison from Calhoun Commercial
- New Office Lease Cost Comparison
- Layout sketches of Grand Oaks and Court International spaces
- Market Survey from Calhoun Commercial

III. Series Eight-E, Augsburg University Extension of Tender Date

- Augsburg University's Series 8-E Renewal Letter to MHEFA
- BMO Harris Extension of the Initial Tender Date Letter
- Second Supplemental Note Resolution

IV. Legislative Update

V. Old Business

VI. New Business

VII. Other Business

- Executive Director's Report
- "Rising interest rates tops list of muni concerns in 2022" – Bond Buyer
- Budget vs Actual December 2021

Closed Session of the MHEFA Board (Materials to be provided to the Board separately)

- Operations Performance Evaluation
- Resolution Authorizing Performance-Based Salary Increase

MEMORANDUM



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

Main Phone: 651.296.4690 Fax: 651.297.5751

Date: 12 January 2022

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: January 19, 2022, Authority Board Meeting Preview

We hope you had a safe and happy 2021 Holiday Season and wish you a very Happy New Year 2022. We have an interesting agenda for our Minnesota Higher Education Facilities Authority January 19, 2022, video link, and teleconference Board meeting.

The focus of the January 2022 Board meeting will be a review of our building relocation options, the annual performance review for Amanda Lee, and the Executive Director's report.

We will have an Executive Session to review the job performance of the Operations Manager.

We will use our video link system for this meeting. Instructions for accessing the video link are available in this email.

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



Board Meeting Agenda

Wednesday, January 19, 2022

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 November 8, 2021
 - II. MHEFA Office Space Discussion
 - III. Series Eight-E, Augsburg University Extension of Tender Date
 - IV. Legislative Update
 - V. Old Business
 - VI. New Business
 - VII. Other Business
- Executive Director's Report

Closed Session of the MHEFA Board

- I. Operations Manager Performance Review

Meeting to be conducted via video conference

*General Public may attend via call-in number: 1-877-978-6969 Access Code: 678-691-257#
or through this link: <https://www.gomeet.com/678-691-257>*



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 pm Central Time, Monday, November 8, 2021.

The Board is conducting this meeting subject to the Open Meeting Law by telephone and interactive technology as allowed by Minnesota Statutes. Members participating in the meeting can hear each other and all discussion; members of the public can hear all discussion and votes; and all votes are conducted by a roll call. The board has made provision for the public to monitor the meeting electronically from a remote location. The board has provided notice of the meeting location, 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. Authority Chair Benson 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 as defined according to current guidance from the Minnesota Department of Health, the Centers for Disease Control and Prevention, and the U.S. Department of Homeland Security.

The Authority Board meeting was held in Room 234 of the Anderson Student Center on the Campus of the University of St. Thomas. Executive Director Fick and Authority Chair Benson were physically present, although not required due to the pandemic environment. Matt Mayer from BerganKDV was also physically present, and all three attendees met the state’s requirement for COVID-19 safety through vaccination. The location and time of the meeting was duly published and posted on the door of the Authority office.

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.015.

Executive Summary – Minnesota Higher Education Facilities Authority

Meeting on November 8, 2021

Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of June 16, 2021	Passed	Unanimous
Accept and Approve the Fiscal Year 2021 Audit Results	Passed	Unanimous
Approve cancellation of Parking Contracts with InterState Parking at Cray Plaza	Passed	Unanimous
Adopt MN HR Policies 1442 (Face Coverings) & 1446 (COVID Vaccination and Testing)	Passed	Unanimous

Resolutions	Result:	Vote:
Adopt Resolution related to office location and lease termination	Passed	Unanimous
Adopt updates to Authority Bylaws	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 – In-Person and V
Mary Ives - V
Michael Ranum - V
Bonnie Anderson Rons - V
David Rowland - V
Mary Yang Thao - V
Paul Cerkenik, Minnesota Private College Council, ex officio w/o vote - V

Absent: Nancy Sampair
Poawit Yang
Ray VinZant

Other Attendees: Matt Mayer, Partner BerganKDV, Ltd. - In-person and V

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

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

Agenda Item I – Minutes of the June 16, 2021, Board meeting.

The first item on the agenda is the review and consideration of the minutes of the June 16, 2021, Authority Board meeting.

A motion was made by Bonnie Anderson Rons to approve the June 16, 2021, minutes. The motion was seconded by David Rowland. Chair Benson asked if there were any questions, discussion, or changes to the minutes of the June 16, 2021, Board meeting. There were no questions or proposed changes to the minutes from Board members.

Chair Benson 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
	Mary Ives	Yes
	David Rowland	Yes
	Mary Yang Thao	Yes

There were no votes against the motion and the Minutes (as amended) of the June 16, 2021, MHEFA Board meetings were approved.

Agenda Item II – Minnesota Higher Education Facilities Authority, Fiscal Year Ending June 30, 2021 Financial Statements

Chair Benson asked Mr. Matt Mayer of BerganKDV, Ltd to provide the Board with a review of the Communications Letter and Financial Statements for the Authority's fiscal year ended June 30,

2021. Mr. Mayer proceeded to discuss the Communications Letter. The letter outlines the work performed by BerganKDV in conducting their audit of the financial records for FY2021 of the Authority and their review of Authority controls over financial reporting. As in prior years, BerganKDV noted that due to the size of Authority staff, there is a lack of segregation of accounting duties. The report noted that the Authority has adopted various measures to compensate for the lack of segregation. The report noted that Authority management and Board members should continually monitor the accounting system to ensure the accuracy of financial accounting.

Mr. Mayer noted that their work did not identify any deficiencies in internal control that they considered to be a material weakness. In addition, their letter noted that they did not have any significant difficulties in dealing with management relating to the performance of the audit.

Mr. Mayer next turned to the FY2021 Financial Statements Audit. He noted that the audit report is a "Clean" audit, and in the opinion of BerganKDV, the financial statements of the Authority present fairly, in all material respects, the financial position of the Minnesota Higher Education Facilities Authority. He discussed the financial results of FY2021.

He noted that Total Assets declined by approximately \$33,000. This decline is due largely to a decline in the value of investments held by the Authority.

He further noted that Operating revenues increased, and operating expenses declined compared to FY2020. This resulted in a reduction in the Operating deficit by \$50,000. Nonoperating revenues declined due to a change in the fair value of investments. Overall, the Financial Net Position remained relatively stable, declining by just over \$20,000 to \$2,069,884.

At the conclusion of his discussion about the Communications Letter and Financial Statements for the Fiscal Year Ended June 30, 2021, Mr. Benson asked if there were questions from Board members. There were no questions from the Board.

A motion was made by David Rowland to approve and accept the FY2021 Financial Statements. The motion was seconded by Mary Ives. Chair Benson asked if there were any questions, discussion, or changes for Mr. Mayer regarding the Resolution. There were no other questions for Mr. Mayer related to the FY2021 Financial Statements.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the FY2021 Financial Statements. 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
	Mary Ives	Yes
	Mary Yang Thao	Yes

There were no votes against the motion and the motion to approve and accept the FY2021 Financial Statements was approved.

Mr. Mayer excused himself from the meeting at 2:17 pm.

Agenda Item III – MHEFA Office Space Discussion

Chair Benson called on Executive Director Barry Fick to provide the Board with an update on the status of the search for new office space for the Authority

Mr. Fick reported that staff have been working with Calhoun Commercial on identifying, reviewing, and visiting office space locations. Calhoun Commercial has worked with staff to identify the criteria that are necessary for a new location. These include ample free parking, ease of access, adequate space for staff (current and projected), a conference room, storage capacity, space of office equipment, and a break room space. It would be desirable for the location to have a Boardroom space and an adequate mail and package storage option.

Using this as a guide, Calhoun identified over 30 locations in the southeast metro area, located near and to the east of the MSP Airport. Staff added additional locations, including downtown St. Paul and locations near the intersection of Hwy 280 and I-94. All the locations were analyzed and informally visited by staff. The locations were analyzed and a short list of 10 locations was developed for further review. These locations will be visited and toured by staff with a Calhoun representative and a report on the results presented to the Authority Board at the next meeting.

Mr. Benson asked if there were questions for Mr. Fick about the search for a new office. Board members asked a number of questions, including the status of the current office building and lease. Mr. Fick noted that the Galtier Plaza has been substantially cleared of tenants and the property prepared for conversion to residential units. Staff plans to contact the building operators about an early termination of our lease after a new location is identified and a timeline for moving has been established.

There were no other questions for Mr. Fick.

The next item related to MHEFA office space is a recommendation by staff that the two reserved parking space leases be terminated effective January 1, 2022. With the staff working from home and the expectation that we will vacate our Galtier Plaza space by the 2nd quarter of 2022, there is limited need for maintaining parking at Galtier Plaza. The Authority has an inventory of prepaid parking vouchers (for board member use) that will be sufficient to accommodate future parking needs of staff.

Staff presented a Motion for Board consideration to discontinue Galtier Plaza parking contracts effective January 1, 2022. Chair Benson asked if the Board would like to consider the motions. Michael Ranum moved approval of the Motion. The second for the motion was made by Mary Ives.

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
	Mary Ives	Yes
	Mary Yang Thao	Yes

There were no votes against the motion and the motion to discontinue parking contracts at Galtier Plaza effective January 1, 2022, was approved.

The final item related to the Authority office lease discussion was to consider a request by staff for a Resolution to Authorize staff to review office location options and bring a recommendation for a new location to the Board at its next meeting. The resolution also authorizes staff to contact the Galtier

Plaza management to begin discussions about a termination of the Authority's lease prior the November 30, 2022 expiration date. Chair Benson asked if the Authority Board wished to consider and act on the staff request for the Resolution.

Bonnie Rons moved approval of the Resolution. The second for the Resolution was made by David Rowland.

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
	Mary Ives	Yes
	Mary Yang Thao	Yes

There were no votes against the Resolution and the Resolution authorizing staff to complete the analysis and recommend a new office location and commence discussion with Galtier Plaza management for an early termination of the current lease at Galtier Plaza was approved

Agenda Item IV – Bylaw and Policy Update

Chair Benson called on Operations Manager Amanda Lee to discuss proposed updates to Authority Bylaws. Ms. Lee noted that the current Bylaws require the Authority to maintain an office in St. Paul. Based on work and analysis to date, it is expected that the Authority may relocate to a location that is outside the City of St. Paul. Staff proposes that the Bylaws be amended by Resolution of the Board to 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."

Chair Benson asked if there were any questions from Board members regarding the Resolution changing the Bylaws. Questions were answered to the satisfaction of the Board. Chair Benson asked if the Board wished to consider and act on a Resolution to adopt the change to Authority Bylaws.

A motion was made by Michael Ranum to adopt the Resolution amending Authority Bylaws to allow the relocation of the general offices of the Authority. The motion was seconded by Mary Ives. Chair

Benson asked if there were any questions or further discussion regarding the Resolution to adopt the updated policies. There were none, and Chair Benson called for a Roll Call vote regarding the approval of the Resolution amending the Authority Bylaws. 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
	Mary Ives	Yes
	Mary Yang Thao	Yes

There were no votes against the motion and the Resolution to adopt the amended Bylaw language was approved.

Chair Benson asked Operations Manager Amanda Lee to discuss the changes in Video Meeting rules for Minnesota State Agencies and Departments. Ms. Lee noted that the most recent version of the Board Members' Handbook of Legal Issues, published in August 2021 by the Office of Minnesota Attorney General Keith Ellison reflects an update to the rules regarding the use of video remote board meetings. Under the prior policy, video meetings were only allowed under limited circumstances and their use was very narrowly allowed. The 2021 Minnesota Legislature expanded and relaxed the rules surrounding the use of meetings by telephone or interactive technology. The Authority discussed the updated rules with our designated Attorney General staff person. He confirmed our interpretation of the new rules which allow expanded use of video meetings. We plan to use this option for future meetings of the Authority.

It has been our experience during the Pandemic that the use of video meetings has enhanced Board participation, attendance, and discussion. We believe this is a positive development and are pleased that the law regarding the use of video meetings now allows their more general use. We anticipate continuing to offer video meeting options so long as the Pandemic is affecting Minnesota. We anticipate continuing to offer a video meeting option after the Pandemic is over, with the goal of enhancing access by the public and board members to Authority meetings.

Chair Benson called on Operations Manager Amanda Lee to discuss proposed updates to Authority Policies. Ms. Lee noted that the policy updates are requested at the behest of the State of

Minnesota. The State has updated its HR Policy #1442 Face Coverings Policy for Agency Staff and HR Policy #1446 Proof of Vaccination and Testing. The State of Minnesota has requested each Agency under the Minnesota Management and Budget to adopt these updated policies. The policies relate to COVID-19 mitigation and are designed to improve the safety of State employees and reduce the spread of COVID-19 in the workplace. Staff recommends adoption of the updated HR Policies #1442 and #1446.

Chair Benson asked if there were any questions from the Board. There were none and Chair Benson asked if the Board wished to consider and act on a Resolution to adopt the updated HR Policy #1442 and #1446.

A motion was made by Michael Ranum to adopt the Resolution adding the updated Policy #1442 Face Coverings and Policy #1446 COVID-19 Proof of Vaccination and Testing as official Authority Policy. The motion was seconded by Bonnie Anderson Rons. Chair Benson asked if there were any questions or further discussion regarding the Resolution to adopt the updated policies. There were none, and Chair Benson called for a Roll Call vote regarding the approval of the Resolution adopting the Updated Face Covering and Updated COVID-19 Vaccination and Testing Policy. 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
	Mary Ives	Yes
	Mary Yang Thao	Yes

There were no votes against the motion and the Resolution to adopt the updated policies was approved.

Agenda Item V – Professional Services Review

Chair Benson called on Executive Director Fick to discuss upcoming professional services contracts. Mr. Fick noted that the Audit Engagement with BerganKDV expires soon. Staff would like to discuss an extension with BerganKDV. Their service has been very good, and they understand our systems. We will be getting a new audit partner in FY22 as Matt Meyer is retiring. While it is not uncommon

to conduct an RFP and search for new auditing firms on a periodic basis, staff does not feel that is necessary in this instance. The fees charged by BerganKDV are very reasonable (especially when compared to audit fees charged to other states Higher Education Facilities Authorities). In addition, BerganKDV has no conflict of interest with our borrower schools. They do not audit any of our borrower schools, so we are confident in their ability to provide independent analysis and review of our financial statements.

We are asking the Board to provide guidance on our selection of auditor process. Our preference is to negotiate a new engagement extension with BerganKDV rather than conduct a search for a new audit firm.

Chair Benson asked the Board for their opinion on this matter. Board members discussed the benefits and costs of switching audit firms and the matter of independence. Upon completion of their discussion, the Board agreed with Staff's recommendation to work with BerganKDV on a contract extension. Any extension would be subject to approval by the Board at a future meeting.

Agenda Item VI – Old Business

Chair Benson 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 VII – New Business

Chair Benson 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 VII – Other Business

Chair Benson 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

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 his 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
- We continue to collaborate with schools on their annual credit rating reviews
- 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 a search underway for a permanent CFO
- 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

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.

Chair Benson asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider, and Chair Benson asked for a motion to Adjourn. The motion to adjourn was made by Michael Ranum and seconded by Mary Ives.

The Board voted unanimously by voice vote to adjourn the Board Meeting at 3:25 pm, Central Daylight Time.

Respectfully submitted,

Assistant Secretary

MEMORANDUM



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

Main Phone: 651.296.4690 Fax: 651.297.5751

Date: January 14, 2021

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: Office Relocation Search & Recommendations

At the November 8, 2021, video and in-person Board meeting of the Minnesota Higher Education Facilities Authority, the Board approved staff moving forward to search for new office space. The search for a new office location has become a priority from ongoing disruption resulting from building deconstruction for conversion of all commercial space to residential space at the Authority's current office location. This memorandum to the Board outlines the process followed by staff, the results of the analysis and the recommendation to the Board for a new office location.

Executive Summary

- Calhoun Commercial identified 27 options based on our criteria
- We added 4 additional Options bringing total to 31
- Sites to tour narrowed to 12

Recommended Site

- Grand Oak Business Park, 860 Blue Gentian Rd, Eagan, MN

This memorandum and the accompanying schedules will form the basis for our discussion of the process and recommendation by Authority Staff for a new office location.

Reasons for Recommendation

Location – Conveniently located near the SE corner of 494 and 35-E. Access from 494, Hwy's 52 and 55, Dodd Road

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Facilities - Ample free parking, Boardroom/Webinar rooms, secure mail, on-site management
Tenant amenities - Walking path around on-site lake, Interior/Exterior gathering areas, Exercise room w/lockers, Food options, Transit access, proximity to MSP airport

Cost – Base rent at low end of market scale for similar “A” Class office building. Operating and maintenance fees lower than comparable options. Total rent is approximately the same as current space lease cost, even though new space is higher per square foot. The equivalency is due to the total square footage to be leased being lower than current space. Downsize to remove the Board room. Proposed facility has a Boardroom in the building for use by tenants at no additional cost.

Challenges of current location – Due to the sale of the Galtier Plaza building and the new owners plans to convert the entire building to residential use, our lease, which expires in November 2022, will not be renewed, or extended. We have begun the process of finding new space well in advance of the lease expiration.

The ongoing demolition of the commercial space at the current office location has significantly disrupted office operations and precluded quiet occupancy and enjoyment of the leased premises of Suite 450. The Authority offices have experienced water leaks from HVAC equipment in the roof of Authority offices, elevators out of operation, precluding access to the 4th floor, demolition of the only restroom on the 4th floor, as well as ongoing repairs in the parking ramp, resulting in the relocation of Authority reserved parking stalls.

Process followed by the Authority

Review operation needs and Develop and Define: size/layout/features/amenities/location for identifying new office location

Authority staff developed a set of criteria for space requirements to meet the needs of the Authority into the future. This includes offices, a reception area, conference rooms, work, and storage spaces,

MEMORANDUM



as well as a small kitchen. Additionally, staff evaluated future staffing needs, the changing nature of work and future workforce expectations. These criteria were discussed with Calhoun Commercial representatives to give them a guide to search for suitable space.

We again engaged Calhoun Commercial as broker to find suitable space options. Calhoun did a very good job assisting the Authority on the most recent negotiation of the Galtier Plaza lease. It should be noted that the State of MN, Dept. of Administration has a Lease Assistance office that is available. MHEFA is not required to use their services per Minn. Stat. 136A.40. We contacted them and they indicated that they could help us, but since we have the statutory exception and they are busy, it was suggested we work with a commercial broker.

The Authority has worked with Calhoun Commercial in the past when they assisted in the negotiation of the current lease. Calhoun Commercial is dedicated to assisting space users in finding solutions, regardless of situation, which help save internal stakeholders time, reduce total cost of occupancy, and maximize space efficiency. They represent lessees only and do not represent lessors.

Calhoun Commercial Identified candidates that meet Authority criteria.

Calhoun identified 27 sites. MHEFA added 3 additional sites, for a total of 30.

See the attached schedule for the sites identified by Calhoun. Additional sites are two in downtown St. Paul, and the “Case IH Building Complex” at Hwy 280 and University Avenue.

The website mncar.org was used to search for additional candidates. The Minnesota Commercial Association of Real Estate/Realtors operate this website. It is an organization of commercial real estate brokers and includes a list of available properties. It’s like “Zillow” for commercial properties. It provides a very good comparison site for pricing, which shows the pricing for our recommended site is at the low end of the range for similar “A” class properties.

MEMORANDUM



Analysis of Properties – Amanda prepared a comprehensive analysis comparing the features of all 30 properties. The multi-page spreadsheet was used to narrow the list of properties to a manageable number for further review.

Touring of Properties - The narrower list of approximately a dozen properties was provided to Calhoun to contact the management companies and set up tours of the properties. In addition to the tours with Calhoun, Authority staff independently visited a number of the properties to determine their location, traffic patterns and develop an initial impression of the available properties. The independent visits by Authority staff were to all of the identified properties, not only the properties identified as suitable for further review.

Finalists - Based on the tours and discussions with managers of the properties about the modifications to the potential space to meet Authority needs, a preliminary proposal from the top two sites was requested. These have been received and are summarized in the document included with the Board materials packet.

A **buildout plan** for each of the two finalists was provided, reviewed, and modified based on submissions by Authority staff. The near-final build out plans for each finalist are included with the Board materials packet.

A detailed **comparison of the two finalists for cost** was prepared by Authority staff. It includes a comparison of the quantitative and qualitative factors for each finalist. This analysis is included with the Board materials packet.

Proposal Comparison Updated (1-10-22)



Grand Oak Office I

LL Best and Final 1-7-22

Court International

LL Proposal - 12-28-21

Premises:	Suite 145	Suite 460S
Total Rentable Square Feet:	1,808 rsf	1,724 rsf
Lease Term:	Eight-Nine (89) Months	Either Five(5) Year or Seven(7) Year Option
Free Rent:	Five (5) Months Gross Free	5 year: 2 Months Net Free 7 years: 4 Months Net Free
Lease Commencement:	4/1/22	April or May depending on lease signing
Year 1 Beginning Gross Rent (PSF):	\$15.00 psf	5 year: \$17.50 psf 7 years: \$15.50 psf
Year 1 Beginning Op. Ex. (PSF):	\$11.33 psf	\$14.02
Year 1 Gross Rent (PSF):	\$26.33 psf	7 Year: \$29.52
Annual Increases:	\$.50 psf Annual Increase	3% Annual Increases
Annual Gross Rent Year 1:	\$27,769	\$41,985
Improvement Allowance Proposed:	Turn-Key up to \$35 psf. This means Landlord would take on full cost of the build-out per the plan they provided, up to \$35 psf. We would be exposed to cost above \$35 psf.	Landlord to Deliver Turn-Key Build Out Per Rough Initial Plan
Anticipated TI Costs	Between \$32 psf and \$41 psf	N/A
Extension Option	One(1) Five (5) Year Renewal Option	One (1) Three (3) Year Renewal Option
Total Term Costs - 7 Year Lease	\$370,385	\$401,918
Average Annual Costs	\$49,939	\$54,807
Notes/Additional:	Initial year rent is extremely low due to 5 months gross free rent. This is initial proposal and we anticipate bettering terms. The turn- key build-out is ideal, although we will need to make choice on Alternates which would push us over budget.	Landlord seems open to turn-key build-out as they want to accommodate neighboring tenant as well so this works t our advantage. They have not been as aggressive on free rent and CAM in building is higher.

**Minnesota Higher Education Facilities Authority
New Office Lease Cost Comparison**

Grand Oak Business Park - Eagan

Transwestern Lease Proposal - Initial

\$351,903

Year	Term Months	\$0.50 Proposed Per Sq. Ft.	1,808 Base Rate	3.00% \$11.33 Oper/Tax *	Annual Rent	Monthly Rent	All-In Per Sq. Ft. Rent
1	6 - 12	\$15.50	\$28,024	\$20,485	\$28,297	\$4,042.39	\$15.65
2	13 - 24	16.00	28,928	21,099	50,027	4,168.93	27.67
3	25 - 36	16.50	29,832	21,732	51,564	4,297.01	28.52
4	37 - 48	17.00	30,736	22,384	53,120	4,426.68	29.38
5	49 - 60	17.50	31,640	23,056	54,696	4,557.97	30.25
6	61 - 72	18.00	32,544	23,747	56,291	4,690.94	31.13
7	73 - 84	18.50	33,448	24,460	57,908	4,825.64	32.03
7.5	85 - 89	19.00	34,352	25,194	59,546	4,962.13	32.93

Calhoun Counter-Proposal

\$318,606

Year	Term Months	\$0.25 Proposed Per Sq. Ft.	1,808 Base Rate	3.00% \$11.33 Oper/Tax *	Annual Rent	Monthly Rent	All-In Per Sq. Ft. Rent
1	6 - 12	\$13.50	\$24,408	\$20,485	\$26,187	\$2,182.28	\$14.48
2	13 - 24	13.75	24,860	21,099	45,959	3,829.93	25.42
3	25 - 36	14.00	25,312	21,732	47,044	3,920.35	26.02
4	37 - 48	14.25	25,764	22,384	48,148	4,012.34	26.63
5	49 - 60	14.50	26,216	23,056	49,272	4,105.97	27.25
6	61 - 72	14.75	26,668	23,747	50,415	4,201.28	27.88
7	73 - 84	15.00	27,120	24,460	51,580	4,298.31	28.53
7.5	85 - 89	15.25	27,572	25,194	52,766	4,397.13	29.18

* Annual operating cost & Real Estate taxes projected to increase 3% pear year.

Cray lease paymt is \$3,875.75 / Month (\$18.5 X 2,514 sq. ft.) or \$46,509 / Year all-inclusive.

**Minnesota Higher Education Facilities Authority
New Office Lease Cost Comparison**

Court International - Mpls/St. Paul

Court International Proposal - 13 Dec 2021

\$389,962

Year	Term Months	3.00% Proposed Per Sq. Ft.	1,724 Base Rate	3.00% \$14.02 Oper/Tax *	Annual Rent	Monthly Rent	All-In Per Sq. Ft. Rent
1	1 - 12	\$15.50	\$26,722	\$24,170	\$50,892	\$4,241.04	29.52
2	13 - 24	15.97	27,524	24,896	52,419	4,368.27	30.41
3	25 - 36	16.44	28,349	25,642	53,992	4,499.32	31.32
4	37 - 48	16.94	29,200	26,412	55,612	4,634.30	32.26
5	49 - 60	17.45	30,076	27,204	57,280	4,773.33	33.23
6	61 - 72	17.97	30,978	28,020	58,998	4,916.53	34.22
7	73 - 84	18.51	31,907	28,861	60,768	5,064.02	35.25

Grand Oak Business Park - Eagan

Transwestern Lease Proposal - 2

345,951.51

Year	Term Months	\$0.50 Proposed Per Sq. Ft.	1,808 Base Rate	3.00% \$11.33 Oper/Tax *	Annual Rent	Monthly Rent	All-In Per Sq. Ft. Rent
1	6 - 12	\$15.00	\$27,120	\$20,485	\$27,769	\$3,967.05	\$15.36
2	13 - 24	15.50	28,024	21,099	49,123	4,093.60	27.17
3	25 - 36	16.00	28,928	21,732	50,660	4,221.68	28.02
4	37 - 48	16.50	29,832	22,384	52,216	4,351.34	28.88
5	49 - 60	17.00	30,736	23,056	53,792	4,482.64	29.75
6	61 - 72	17.50	31,640	23,747	55,387	4,615.61	30.63
7	73 - 84	18.00	32,544	24,460	57,004	4,750.31	31.53
7.5	85 - 89	18.50	33,448	25,194	58,642	4,886.79	32.43

Rent - Court International is \$0.50 / Sq Ft higher than Grand Oak

O&M - Court International is \$2.69 / Sq Ft higher than Grand Oak

- Higher Hennepin County property tax
- Smaller Sq Ft of building to allocate fixed and semi-var O&M costs over
- Higher capital & Maintenance cost for parking (deck vs. surface)

* Annual operating cost & Real Estate taxes projected to increase 3% per year.

Cray lease paymt is \$3,875.75 / Month (\$18.5 X 2,514 sq. ft.) or \$46,509 / Year all-inclusive.

Minnesota Higher Education Facilities Authority
New Office Lease Cost Comparison

Transwestern Lease Proposal - FINAL AGREED UPON

Year	Term Months	\$0.00 Proposed Per Sq. Ft.	1,808 Base Rate	3.00% \$11.33 Oper/Tax *	Annual Rent	Monthly Rent	All-In Per Sq. Ft. Rent
1	7 - 12	\$0.00	\$0	\$20,485	\$20,485	\$1,707.05	\$11.33
2	13 - 24	0.00	0	21,099	21,099	1,758.26	11.67
3	25 - 36	0.00	0	21,732	21,732	1,811.01	12.02
4	37 - 48	0.00	0	22,384	22,384	1,865.34	12.38
5	49 - 60	0.00	0	23,056	23,056	1,921.30	12.75
6	61 - 72	0.00	0	23,747	23,747	1,978.94	13.13
7	73 - 84	0.00	0	24,460	24,460	2,038.31	13.53
7.5	85 - 89	0.00	0	25,194	25,194	2,099.46	13.93

* Annual operating cost & Real Estate taxes projected to increase 3% pear year.

Cray lease paymt is \$3,875.75 / Month (\$18.5 X 2,514 sq. ft.) or \$46,509 / Year all-inclusive.

Minnesota Higher Education Facilities Authority
New Office Lease Amenities Comparison

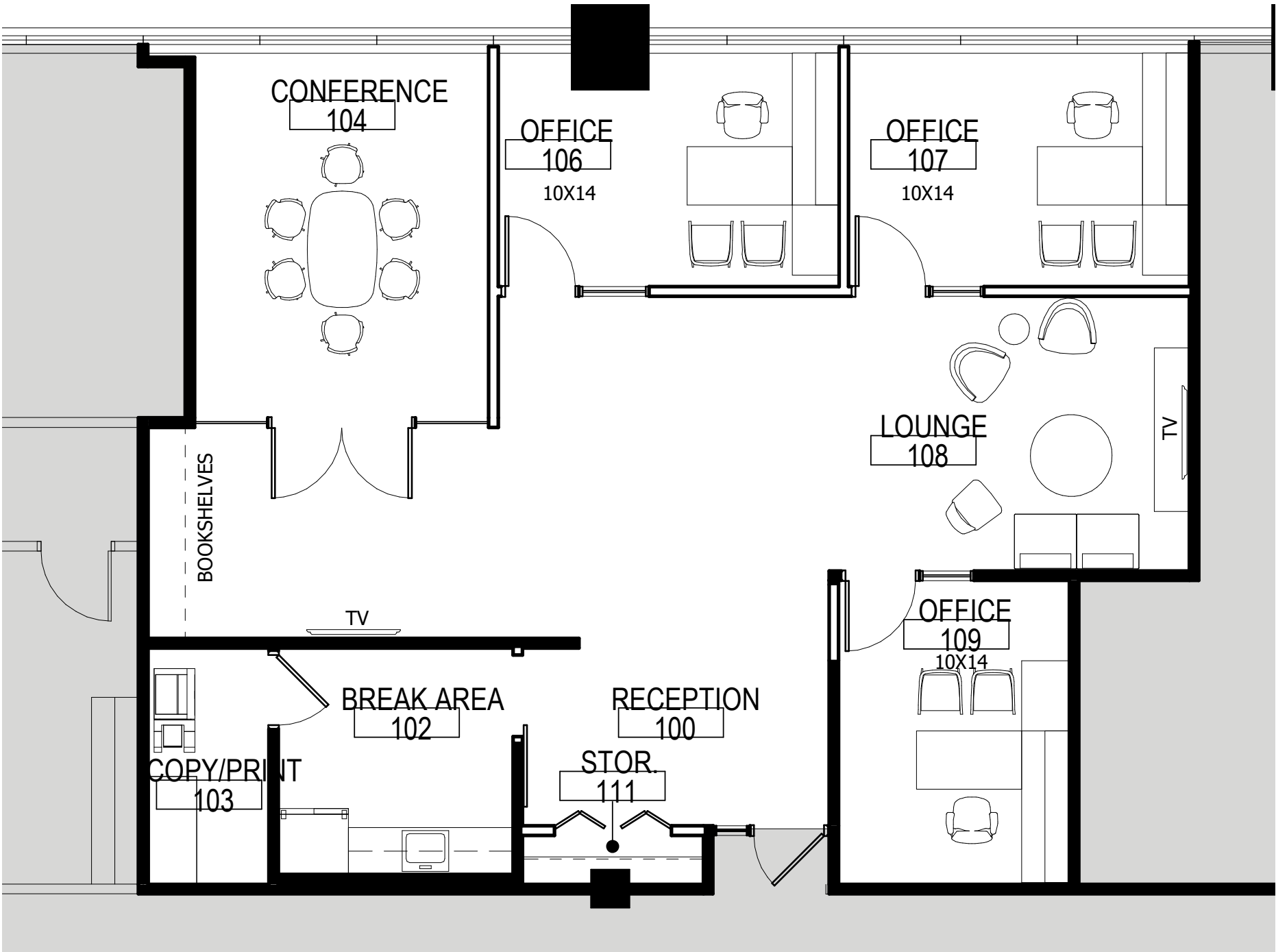
Grand Oak Business Park - Eagan

Close to major roads	Yes
Close to mass Transit	No
Visible from roads	Partial
Free surface parking	Yes
Security access eve/wknds	Yes
Secure underground parking	Yes
Board room onsite	Yes
Technology in Board Room	Yes
Exercise facilities onsite	Yes
Walking path onsite (1 mile)	Yes
Restaurant onsite	No
Lunch On-Line App	Yes
Convenience store onsite	No
Restaurants nearby	Yes
Coffee shops nearby	Yes
FedEx - UPS on site	Yes
Mailroom & storage	Yes
Breakroom in Suite	Yes
Conference Room in Suite	Yes
Reception area	Yes
Separate Climate-Control for IT Room	Yes

Court International - Mpls/St. Paul

Close to major roads	Yes
Close to mass Transit	Yes
Visible from roads	Yes
Free surface parking	Yes
Security access eve/wknds	Yes
Secure underground parking	Yes
Board room onsite	Yes
Technology in Board Room	No
Exercise facilities onsite	Yes
Walking path onsite (1 mile)	No
Restaurant onsite	Yes
Lunch On-Line App	No
Convenience store onsite	Yes
Restaurants nearby	Yes
Coffee shops nearby	No
FedEx - UPS on site	Yes
Mailroom & storage	Partial
Breakroom in Suite	No
Conference Room in Suite	Yes
Reception area	Partial
Separate Climate-Control for IT Room	No

Fit Plan SK-02

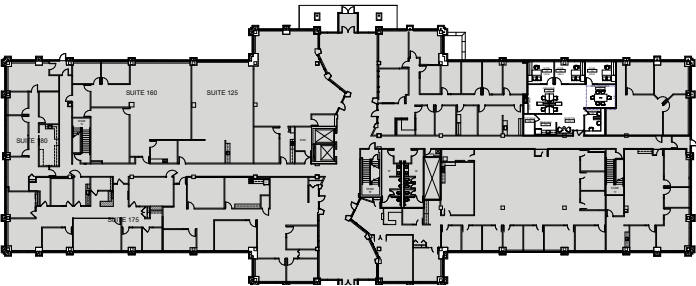


Program

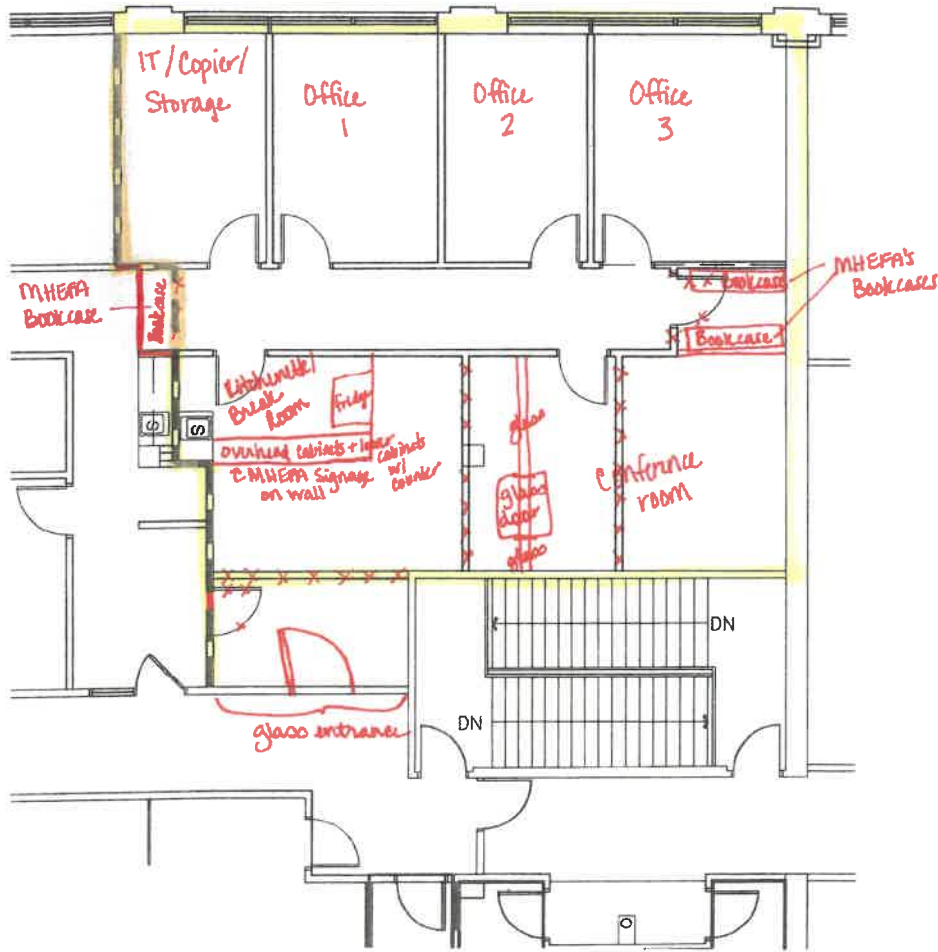
3	Offices
1	Conference Room
1	Lounge Space
1	Reception Space
1	Break Area
1	Copy/ Print Room
1	Storage Closet

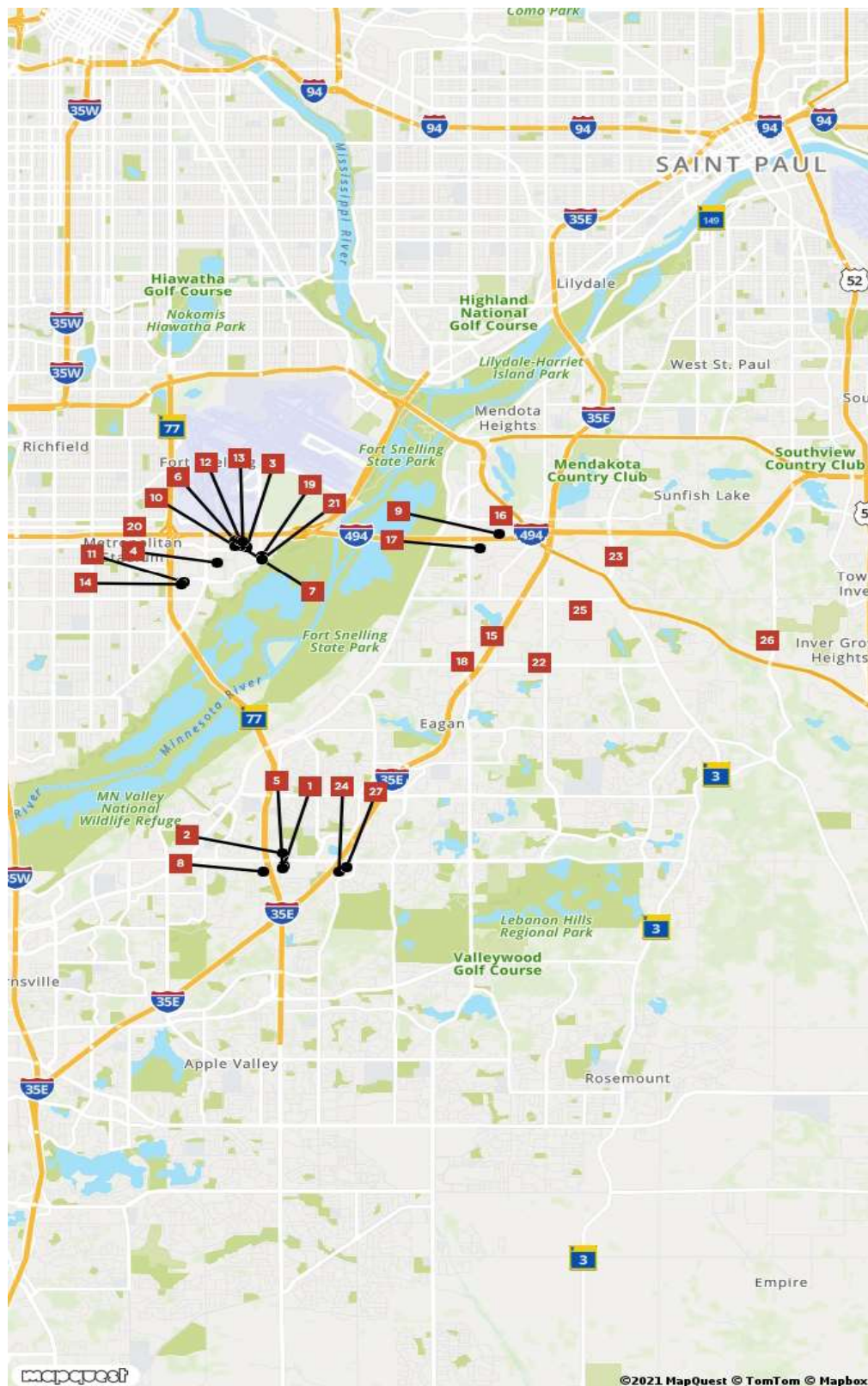
1,808 RSF

Key Plan



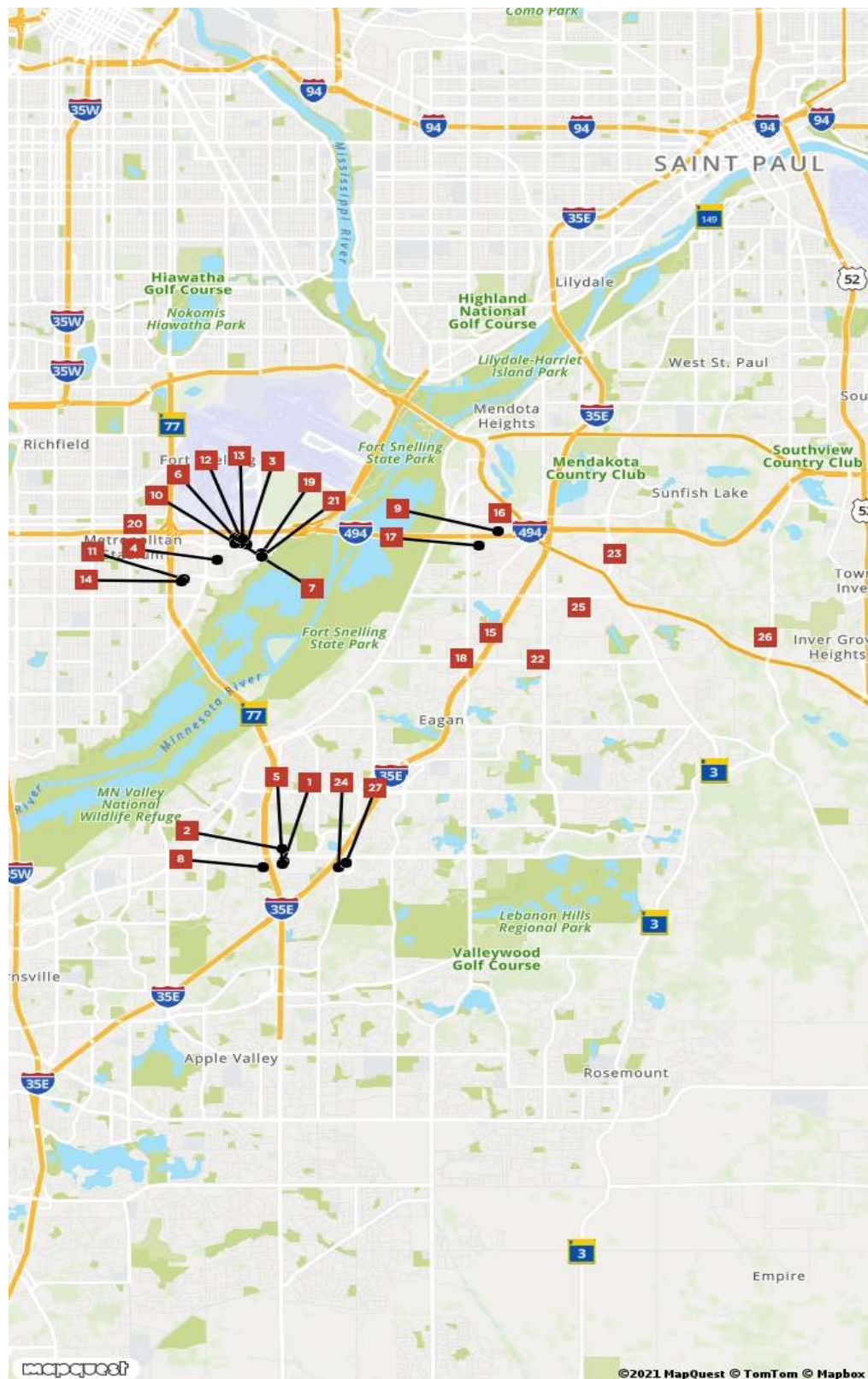
SUITE 430 S
1,409 SQ. FT.
1,620 SFR





1		2130 Cliff Rd Eagan, MN 55112 Bldg SF: 15,155 SF
2		2121 Cliff Dr Eagan, MN 55122 Bldg SF: 24,320 SF
3		7900 International Dr Bloomington, MN 55425 Bldg SF: 295,034 SF
4		2626 E 82nd St Bloomington, MN 55425 Bldg SF: 97,670 SF
5		4640 Nods Rd Eagan, MN 55122 Bldg SF: 15,180 SF
6		7850 Metro Bloomington, MN 55425 Bldg SF: 45,717 SF
7		3001 Metro Dr Bloomington, MN 55425 Bldg SF: 107,684 SF
8		4660 Slater Rd Eagan, MN 55122 Bldg SF: 21,022 SF
9		1270 Northland Dr Mendota Heights, MN 55118 Bldg SF: 116,277 SF
10		2901 Metro Dr Bloomington, MN 55425 Bldg SF: 104,555 SF
11		2051 Killebrew Dr Bloomington, MN 55425 Bldg SF: 214,770 SF
12		7851 Metro Pkwy Bloomington, MN 55425 Bldg SF: 42,657 SF
13		3050 Metro Dr. Bloomington, MN 55425 Bldg SF: 42,972 SF
14		2001 Killebrew Dr Bloomington, MN 55425 Bldg SF: 138,244 SF
15		3344 Sherman Ct Eagan, MN 55121 Bldg SF: 8,554 SF
16		1295 Northland Dr Mendota Heights, MN 55120 Bldg SF: 68,919 SF

Catylist Research



17		1305 Corporate Center Dr Eagan, MN 55121 Bldg SF: 156,500 SF
18		3440 Federal Dr Eagan, MN 55122 Bldg SF: 24,152 SF
19		8011 34th Ave S Bloomington, MN 55425 Bldg SF: 100,681 SF
20		1101 E 78th St Bloomington, MN 55420 Bldg SF: 66,706 SF
21		8101 34th Ave S Bloomington, MN 55425 Bldg SF: 41,163 SF
22		1185 Town Centre Dr Eagan, MN 55123 Bldg SF: 55,549 SF
23		2805 Dodd Rd Eagan, MN 55121 Bldg SF: 109,950 SF
24		1895 Plaza Dr Eagan, MN 55122 Bldg SF: 26,830 SF
25		3140 Neil Armstrong Eagan, MN 55122 Bldg SF: 120,000 SF
26		7781 Amana Trail Inver Grove Heights, MN 55077 Bldg SF: 7,770 SF
27		1875 Plaza Dr Eagan, MN 55122 Bldg SF: 22,068 SF

Catylist Research



2211 Riverside Avenue
Minneapolis, MN 55454

January 12, 2022

Barry Fick
Executive Director
Minnesota Higher Education Facilities Authority

RE: \$12,400,000 Minnesota Higher Education Facilities Authority Revenue Note
Series Eight-E (Augsburg College) Extension of the May 1, 2022 Tender Date

Dear Barry,

Augsburg University's Series Eight-E Revenue Note with BMO Harris Bank is currently subject to a Tender Date of May 1, 2022, and the University is looking to extend the Note with BMO Harris this spring in advance of that Tender Date. As you are aware, BMO has offered to extend the Tender Date to May 1, 2024, pursuant to the extension letter received earlier this month from the bank. We would appreciate your and the MHEFA board's assistance in proceeding to move this extension forward over the coming months. Please let me know if you need any other information from us to facilitate this process.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Coskran", with a long horizontal flourish extending to the right.

John Coskran
Chief Financial Officer
Augsburg University

WE ARE CALLED | AUGGIES

**Institutional Markets**

111 West Monroe Street
5th Floor East
Chicago, IL 60603

January 7, 2022

Delivery via Email

John Coskran
Chief Financial Officer
Augsburg University

RE: \$12,400,000 Minnesota Higher Education Facilities Authority Revenue Note,
Series Eight-E (Augsburg College) Extension of the Initial Tender Date

Dear John,

The Series Eight-E Note is currently subject to a Tender Date of May 1, 2022. I am pleased to share that we have secured the necessary internal approvals to extend the tender date to May 1, 2024. Schedule I of the Amendment to the Loan and Note Purchase Agreement is expected to be as follows:

Date	Principal Reduction	Principal Balance
5/1/2022	\$560,000	\$9,235,000
5/1/2023	\$570,000	\$8,665,000
5/1/2024	\$585,000	\$8,080,000

All other terms and conditions, including the rate and covenants, currently in place are to remain the same. This approval will expire if any material adverse change occurs with respect to the business, condition (financial or otherwise), operations, performance, properties or prospects of the University from that reflected in the financial statements of the Borrower dated May 31, 2021, if the University is unable to make the representations and warranties in the Continuing Covenant Agreement related to the Note as of the mandatory tender date, or if an event of default occurs under the related Continuing Covenant Agreement. We look forward to closing on this extension. Please do not hesitate to reach out with any questions or concerns.

Sincerely,

Kathleen M. Belden
Vice President

Cc: Barry Fick, Executive Director, Minnesota Higher Education Facilities Authority
Erik Kelly, President, Blue Rose Capital Advisors

SECOND SUPPLEMENTAL NOTE RESOLUTION

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE NOTE, SERIES EIGHT-E (AUGSBURG COLLEGE)

BE IT RESOLVED by the Minnesota Higher Education Facilities Authority, as follows:

1. Pursuant to the resolutions adopted on March 18, 2015 (the “Initial Resolutions”), the Authority (i) approved the Application of Augsburg University, formerly known as Augsburg College, a Minnesota nonprofit corporation (the “University”), as owner and operator of Augsburg University (the “Institution”) to finance costs of a project consisting of the refunding of the Authority’s outstanding Revenue Bonds, Series Six-J1 (Augsburg College), dated July 1, 2006 (the “Series Six-J1 Bonds”), which were issued in the original principal amount of \$15,655,000 to provide funds to finance various projects described therein; (ii) authorized the issuance and sale of the Authority’s Revenue Note, Series Eight-E (Augsburg College) (the “Series Eight-E Note”) to refund the Series Six-J1 Bonds; (iii) directed the preparation of, approved the form of, and authorized the execution of, certain documents related to the issuance of the Series Eight-E Note including, but not limited to that certain Loan and Note Purchase Agreement (the “Original Loan Agreement”), dated as of April 1, 2015, among the Authority, the University and BMO Harris Bank N.A. (the “Purchaser”); and (iv) authorized certain other actions for the issuance of the Series Eight-E Note.

2. Pursuant to the resolutions adopted on April 15, 2020 (the “First Supplemental Note Resolution”), the Authority authorized the amendment and reissuance of the Series Eight-E Note and the execution of certain documents related thereto, including a reissued Series Eight-E Note, dated May 1, 2020 (the “Reissued Note”) and an Amendment No. 1 to Loan and Note Purchase Agreement, dated as of May 1, 2020 (the “First Amendment to Loan Agreement”; the Original Loan Agreement as amended by the First Amendment to Loan Agreement, the “Loan Agreement”). All provisions and findings of the Initial Resolutions and the First Supplemental Note Resolution (collectively, the “Prior Resolutions”) are hereby ratified and confirmed except to the extent amended hereby and incorporated herein. Capitalized words not otherwise defined herein shall have the meanings given them in the Prior Resolutions, as applicable.

3. The University has requested that the Initial Tender Date (as defined in the Reissued Note) be extended from May 1, 2022, to May 1, 2024, and the Mandatory Principal Installment Prepayment Schedule attached to the Loan Agreement as Schedule I be modified, and that the Reissued Note be amended accordingly, as set forth that certain Amendment No. 2 to Loan and Note Purchase Agreement (“Second Amendment to Loan Agreement”) in the form prepared by McGrann Shea Carnival Straughn & Lamb, Chartered, as bond counsel, and which is on file with the Authority.

4. This Authority hereby authorizes the execution and delivery of the Second Amendment to Loan Agreement and amendment of the Reissued Note in accordance with the Second Amendment to Loan Agreement. The Chair, the Secretary and any officer authorized to act on behalf of the Chair or the Secretary are each, acting individually, authorized to execute, seal and deliver counterparts of the Second Amendment to Loan Agreement and the amendment to the Reissued Note in accordance therewith, duly completed, for and in the name of the Authority, with all such changes and insertions therein as the officer or officers executing the same shall approve, such approval to be evidenced conclusively by the signature(s) of such officer or officers.

5. The terms and provisions of the Second Amendment to Loan Agreement, the Loan Agreement, as amended thereby, the Reissued Note as amended in accordance with the Second Amendment to Loan Agreement, and the Prior Resolutions, are all approved, ratified and confirmed, except to the extent amended hereby. The officers of the Authority are hereby authorized and directed to execute and deliver all closing documents and do every other thing necessary or convenient to carry out the terms and provisions of each such document to the end that the Second Amendment to Loan Agreement and the amended Reissued Note shall be delivered, secured and serviced and to carry out the purposes and provisions of the Act with respect thereto without further resolution or other action by this Authority.

Adopted: January 19, 2022

MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

By _____
Gary D. Benson, Chair

By _____
David D. Rowland, Secretary

EXEC. DIR. REPORT



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

Main Phone: 651.296.4690 Fax: 651.297.5751

Date: January 12, 2022

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 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, expected to be before the Authority Board in February 2022
- We are working with William Mitchell on a private bank placement as part of an upcoming Mandatory Tender of an outstanding Note.
- We are working with multiple schools on Moody's rating updates, including
 - Concordia College
 - College of St. Benedict

-
- Macalester College
 - Augsburg University
 - We are working with St. Thomas to help determine their future capital needs and timing of funding for projects and have conducted a RFQ and RFP for underwriter. It is possible a financing will occur in Spring 2022
 - We continue to support schools in their compliance with Continuing Disclosure obligations

The State of Minnesota has extended its “work from home” requirement until an indeterminate time in 2022. 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 selected interim CFO Patricia Langer as permanent CFO
- Macalester College has promoted Dave Berglund to Assoc. VP of Finance
- Hamline University is continuing with their CFO search
- Mitchell Hamline School of Law has selected Tressa Ries, CPA, as the next VP of Finance and Administration, CFO. She starts January 17 at Mitchell Hamline.

Board Vacancy Update

We have received applications for the available Board position. We have identified a candidate who has agreed to serve if selected by the Governor. More information will be presented at the January 19, 2022 Board meeting.

Various Items of Interest

We continue planning for an in-person MHEFA Finance Conference on April 20, 2022. The location is yet to be determined. We have confirmed that representatives from Moody’s will present at the conference. Other speakers are pending.



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INTEREST RATE RISK

Rising interest rates tops list of muni concerns in 2022

By [Jessica Lerner](#) January 11, 2022, 10:36 a.m. EST 5 Min Read



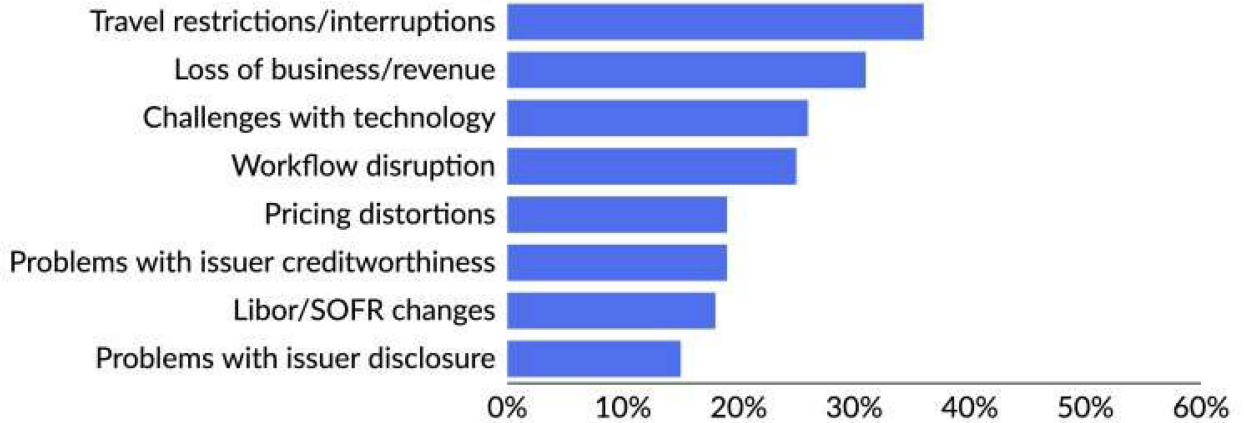
Major challenges for the public finance industry abound but rising interest rates is the largest concern for business in 2022, market participants said in a Bond Buyer/Arizent Research survey.

Nearly 60% of respondents said rising interest rates are their biggest worry, followed by regulatory requirements or changes at 45% and a lack of face-to-face communication and market volatility at 37% and 36%, respectively.

Ongoing threats from the coronavirus, inflation and legislative inertia on muni issues in Washington, among other factors, also led a majority of those in municipal finance to believe a full economic recovery won't be reached until at least July.

THE BOND BUYER

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Source: Arizent/Bond Buyer 2022 Predictions Survey

Thirty-five percent of respondents said they believe a full economic recovery will happen in the second half of 2022, while 40% said they don't believe it will happen until 2023. Fifteen percent believe it will occur during the first half of this year, and 10% believe the economy has already recovered.

Global Macro Outlook 2022-2023

Economy will gain steadier footing although supply troubles, inflation pose risks

SOURCE RSS FEED

While the municipal credit picture is dramatically better than right after COVID-19 hit in 2020, two-thirds of survey respondents think municipal credit will be negatively affected moving forward.

"Recovery is different depending on who you're talking to. We're looking at kind of 2019 as the starting point in the anticipated recovery efforts, and we had expected it to occur this year — 2022," said Guadalupe Gutierrez-Vasquez, managing director of capital funding for the city and county of

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Rising rates

"We've had an unprecedented era of low rates," said Stephen Akin, founder of Akin Investment, a registered investment advisor. "Inflation really could get away from the Federal Reserve; it's not out of the realm of possibility."

The Federal Reserve has begun reducing its asset purchase program and it expects to zero out those buys by June. At least three rate hikes are expected in 2022, with some analysts anticipating a fourth.

"That's going to cause people to look at their analysis and go, 'OK, where are we sitting?' Hopefully, they will come to the realization that even if rates rise a little bit, by any rational, historic comparison, they're still going to be very low," said Barry Fink, executive director of the Minnesota Higher Education Facilities Authority.

Infrastructure

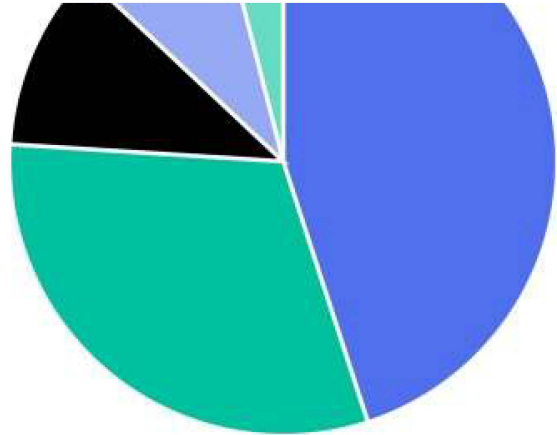
In terms of municipal bond volume in 2022, 90% of respondents believe it will match or exceed 2021 levels.

"Overall, in terms of issuance, we'll probably see a roughly similar year [to 2021] in terms of innovative procurements and other things like that, with most of that new activity happening in the back half of the year," said Jim Ziglar, a principal at Rebel, an infrastructure advisory firm.

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- Significant positive impact, 31%
- Limited negative impact, 11%
- Significant negative impact, 9%
- No impact, 4%



Source: Arizent/Bond Buyer 2022 Predictions Survey

President Joe Biden signed the \$1 trillion [Infrastructure and Investment and Jobs Act](#) into law in November and three-quarters of the respondents see the IIJA as having a positive impact on the public finance landscape.

But provisions the muni industry was seeking, such as the restoration of tax-exempt advanced refundings and a reboot of a direct-pay bond program, were left out of the package.

Their exclusion was felt as a setback for many in the industry. Reviving advanced refundings was the main legislative objective for nearly half of market participants, or 47%, who responded to the survey.

The next legislative vehicle for that and other provisions to be considered is through the Build Back Better [negotiations, which are contentious and fluid.](#)

“It’s possible that we could see an increase in issuance and volume this year, but that’s contingent on what happens with the Build Back Better bill,” Ziglar said.

THE BOND BUYER

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“With the muni provisions failing to get any love from the infrastructure bill, we may see a lot more taxable [debt]. That might happen,” said Rudy Salo, a partner at Nixon Peabody LLP, although it will depend upon interest rates and how far they go up.

Taxable refundings may increase due to a lighter year in 2021 when issuers were holding back in the hopes for the return of exempt refundings. Candidates for refundings that were not done may be pushed into the early part of 2022.

ESG and munis

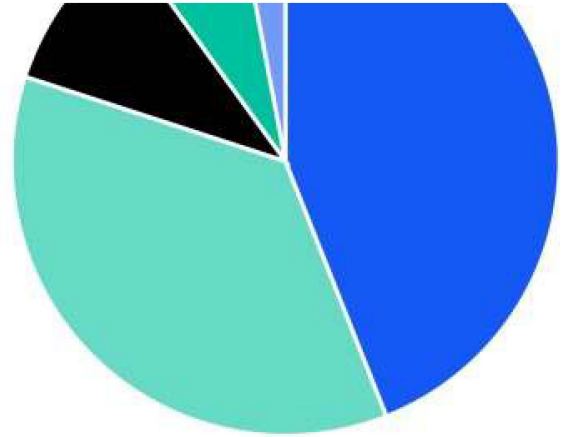
One of the [fastest-growing focus areas in the municipal market](#) is environmental, social and governance factors. Half of survey respondents expect the growing focus on ESG factors to accelerate growth, though one-in-eight believe it will reduce growth. Two-thirds of respondents would change their businesses if regulators focus on environment, social and governance issues.

While the industry lacks uniformity on ESG standards, many believe 2022 could be the year to spark further discussions on standardization as investors demand more information on ESG factors and regulators begin to delve into assessing them. The Municipal Securities Rulemaking Board’s [priorities for 2022](#) include responding to its recently released request for information on ESG.

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- Significant acceleration in growth, 7%
- Moderate reduction in growth, 10%
- Significant reduction in growth, 3%
- No impact on growth, 36%



Source: Arizent/Bond Buyer 2022 Predictions Survey

“Investors are looking for that more, so it's something that issuers are going to have to respond to,” Fink said.

“The industry has to come to grips with how they're going to treat the concept of ESG, and how it's going to be understood and valued,” Krist said. “Because that could wind up being one of the great hooks for nontraditional money — overseas investors, sovereign wealth funds — into the municipal market.”

Additionally, nearly 9-in-10 see electronic trading and artificial intelligence/machine learning having a larger role in the municipal market in the next five-plus years.

The report was conducted online during October among 137 participants, including qualified issuers, analysts, asset managers and others.

Jessica Lerner Markets Reporter, Bond Buyer

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	594,693.80	435,000.00	-159,693.80	136.71 %	-36.71 %
4020 Application Fee Income		1,000.00	1,000.00		100.00 %
4030 Miscellaneous Income	0.02		-0.02		
Discounts given	-388,392.92		388,392.92		
Total Income	\$206,300.90	\$436,000.00	\$229,699.10	47.32 %	52.68 %
GROSS PROFIT	\$206,300.90	\$436,000.00	\$229,699.10	47.32 %	52.68 %
Expenses					
6000 Stipends	330.00	3,960.00	3,630.00	8.33 %	91.67 %
6001 Board Travel	250.00	5,000.00	4,750.00	5.00 %	95.00 %
6002 Communications	4,030.80	13,900.00	9,869.20	29.00 %	71.00 %
6003 Staff Travel	2,486.00	15,000.00	12,514.00	16.57 %	83.43 %
6004 Office Rent	24,348.83	49,213.97	24,865.14	49.48 %	50.52 %
6005 Office Supplies		1,000.00	1,000.00		100.00 %
6007 Printing Expense	545.56	1,000.00	454.44	54.56 %	45.44 %
6008 Periodicals/Memberships	3,596.94	8,000.00	4,403.06	44.96 %	55.04 %
6009 Fiscal Consultant Fees		4,000.00	4,000.00		100.00 %
6010 Audit Fees	19,400.00	19,400.00	0.00	100.00 %	0.00 %
6012 Legal Fees	25,414.40	52,000.00	26,585.60	48.87 %	51.13 %
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	1,356.11	3,000.00	1,643.89	45.20 %	54.80 %
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	2,039.00	5,000.00	2,961.00	40.78 %	59.22 %
6021 IT	5,833.01	13,050.00	7,216.99	44.70 %	55.30 %
6023 Postage/Delivery Expense	39.98	150.00	110.02	26.65 %	73.35 %
6100 Salaries	100,406.10	226,000.00	125,593.90	44.43 %	55.57 %
6101 Fringe Benefits	34,698.88	85,000.00	50,301.12	40.82 %	59.18 %
6104 Worker's Compensation	170.00	170.00	0.00	100.00 %	0.00 %
6107 Office Contract Work	12,870.00	30,000.00	17,130.00	42.90 %	57.10 %
6200 Equipment Leases	3,681.27	7,060.00	3,378.73	52.14 %	47.86 %
Total Expenses	\$241,627.88	\$565,603.97	\$323,976.09	42.72 %	57.28 %
NET OPERATING INCOME	\$ -35,326.98	\$ -129,603.97	\$ -94,276.99	27.26 %	72.74 %
Other Income					
4000 Interest Income	11,743.66	18,500.00	6,756.34	63.48 %	36.52 %
4050 Unrealized Gain/Loss Adjustment on Sale	-1,647.14		1,647.14		
Total Other Income	\$10,096.52	\$18,500.00	\$8,403.48	54.58 %	45.42 %
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	\$10,096.52	\$ -1,500.00	\$ -11,596.52	-673.10 %	773.10 %
NET INCOME	\$ -25,230.46	\$ -131,103.97	\$ -105,873.51	19.24 %	80.76 %

Note

July 2021-December 2021 (50% of year remaining)