



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 pm Central Time, Wednesday, February 16, 2022.

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 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 the Conference Room at the Authority office, 380 Jackson St, Suite 450, St. Paul, MN 55101. Executive Director Fick and Authority Chair Benson were physically present, although not required due to the pandemic environment. Mr. Fick and Mr. Benson 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 Authority website and the door of the Authority office.

The public was able to monitor the meeting by calling a toll-free number and able to connect using the video link.

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 February 16, 2022

Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of January 19, 2022	Passed	Unanimous
Affirm Staff Recommendation on continuing with BerganKDV as the Authority’s auditing firm and approve signing a 3-year engagement	Passed	Unanimous
Review Lease for new office space and Authorize the Executive Director to sign a lease with Grand Oak Minnesota Realty LP on behalf of MHEFA	Passed	Unanimous

Resolutions	Result:	Vote:
Approve the Resolution Relating to the Application of Minneapolis College of Art and Design for financing of Revenue Note, Series 2022 (MCAD)	Passed	Unanimous with 1 abstention
Adopt Series Resolution Authorizing the Revenue Note, Series 2022 (MCAD)	Passed	Unanimous with 1 abstention
Approve the Resolution Relating to the Application of Mitchell Hamline School of Law for financing of Revenue Note, Series 2022A (Mitchell Hamline) and Series 2022B (Mitchell Hamline)	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

Bonnie Anderson Rons - V
David Rowland – V
Nancy Sampair - V
Mary Yang Thao – V
Poawit Yang, Office of Higher Education, ex-officio - V
Paul Cerkvenik, Minnesota Private College Council, ex officio w/o vote - V

Absent: Michael Ranum
Ray VinZant

Other Attendees: Peter Cooper, Bond Counsel (MHSL) – V
Robert Toftey, Bond Counsel (MCAD) - V
Mark LeMay – member of the public – V
Charles Smith, CFO MCAD – V
Tressa Reis, CFO MHSL – V
Anthony Niedwiecki, President MHSL – V
Dean Friesen, Alerus Financial - 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 2:06 pm CT. Executive Director Fick confirmed that a quorum was present.

Agenda Item I – Minutes of the January 19, 2022, Board meeting.

The first item on the agenda is the review and consideration of the minutes of the January 19, 2022, Authority Board meeting.

A motion was made by Mary Ives to approve the January 19, 2022, minutes. The motion was seconded by David Rowland. Chair Benson asked if there were any questions, discussion, or changes to the minutes of the January 19, 2022 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
	Bonnie Anderson Rons	Yes
	Mary Ives	Yes
	David Rowland	Yes
	Nancy Sampair	Yes
	Mary Yang Thao	Yes
	Poawit Yang	Yes

There were no votes against the motion and the Minutes of the January 19, 2022, MHEFA Board meetings were approved.

Agenda Item II – Minneapolis College of Art and Design

Chair Benson opened the Public Hearing and asked Mr. Chuck Smith, CFO of Minneapolis College of art and Design (MCAD), to discuss the proposed financing. The financing is to reimburse MCAD for the 2021 purchase of a residential property and a commercial property located adjacent to the MCAD campus. He noted that MCAD expects to use the residential property for administrative purposes and may use it in the future for student housing. The commercial facility will be used to store supplies for the MCAD physical plant and as a workshop for MCAD Grounds and Maintenance staff to make repairs on MCAD items. He noted that the properties had to be purchased in October and December 2021 to meet seller requirements.

MCAD has passed a reimbursement resolution allowing them to obtain financing to reimburse themselves for the purchase of the properties and to obtain financing from the Authority for improvements to the facilities to make them suitable for use by MCAD.

The financing for the proposed Series 2022 Note is to be provided by Alerus Financial. They provided financing for the most recent prior MCAD borrowing through the Authority. The terms of the 2022 financing are substantially similar to the prior financing. Mr. Smith concluded his presentation.

Board member Mary Yang Thao noted that she is the AVP of Finance at MCAD and will be participating in the discussion of the College's Application for Financing but will abstain from voting on the financing motions and resolutions that involve MCAD's Series 2022 Revenue Note.

Chair Benson asked if there were questions for Mr. Smith. Chair Benson asked if there were any questions from the Public for Mr. Smith. There were no questions and Chair Benson then closed the Public Hearing.

Mr. Benson next called on Mr. Bob Toftey, Bond Counsel to discuss the Application by MCAD. Mr. Toftey reviewed the Bond Counsel's Application Memorandum, noting various items relating to tax law and noting a number of items that remained open, but will be completed prior to the financing being closed. Mr. Toftey concluded his presentation and asked if there were any questions. There were no questions related to the Application Memorandum.

Chair Benson asked Mr. Toftey to review the Resolution relating to the Application. Mr. Toftey reviewed the terms of the Application Resolution, which outlines the findings of the Bond Counsel review of the Application for financing. Mr. Toftey asked if there were any questions related to the Application Resolution. There were no questions.

At the conclusion of Mr. Toftey's presentation, Chair Benson asked if there were any questions for Mr. Toftey regarding the Resolution related to the Application. There were no questions.

A motion was made by Bonnie Anderson Rons to approve the Resolution relating to the Application for MCAD. The motion to approve the Resolution was seconded by Mary Ives.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the Resolution related to the Application of MCAD. A Roll Call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	David Rowland	Yes
	Bonnie Anderson Rons	Yes
	Mary Ives	Yes
	Mary Yang Thao	Abstain
	Nancy Sampair	Yes

Poawit Yang

Yes

There were no votes against the motion and the Resolution Relating to the Application for Minneapolis College of Art and Design was approved.

Chair Benson next asked Mr. Toftey to review the Series Resolution. Mr. Toftey outlined the terms of the Series Resolution, noting that it authorizes the issue of the Series 2022 Note by the Authority, the lending of the proceeds to MCAD, and sets out the repayment terms for the Series 2022 Note. He pointed out the Series Resolution recites the terms of the Finance planned the basic terms of the documents related to the Series 2022 Revenue Note.

The Series Resolution includes findings that document the Authority actions related to the financing, describes actions taken previously related to the financing and provides for the approval of actions taken to date. It also authorizes signing all documents related to the Series 2022 Revenue Note and authorizes delivery of the Note. At the conclusion of Mr. Toftey' presentation, Chair Benson asked if there were any questions related to the Series Resolution.

David Rowland asked about whether a Municipal Advisor was used for this financing. Executive Director Fick noted that due to the size of the financing request and the use of substantially the same documents as used for the most recent MCAD financing, and the use of the same financial institution as the lender, the cost of a Municipal Advisor would be prohibitively expensive and add no material benefit to the review of the transaction. Mr. Fick noted that an independent third party is being used to verify the accuracy of debt schedules and interest rate calculations.

Dean Friesen of Alerus Financial, the lender for MCAD affirmed that Alerus has conducted significant due diligence and they are not concerned about the structure of the transaction. A motion was made by Bonnie Anderson Rons to approve the Series Resolution for the Minneapolis College of Art and Design (MCAAD) Series 2022 Revenue Note. The motion to approve the Series Resolution was seconded by David Rowland.

Chair Benson called for a Roll Call vote regarding the approval of the Series Resolution for the Minneapolis College of Art and Design. A Roll Call vote was conducted, and the Board members voted as follows:

Board Members:

Gary Benson

Yes

David Rowland	Yes
Bonnie Anderson Rons	Yes
Mary Ives	Yes
Mary Yang Thao	Abstain
Nancy Sampair	Yes
Poawit Yang	Yes

There were no votes against the motion and the Series Resolution for the Minneapolis College of Art and Design was approved.

At the conclusion of the MCAD discussion and after approval of the Series Resolution, Mr. Charles Smith, Bob Toftey and Dean Friesen thanked the Board for their approval and excused themselves from the meeting.

Agenda Item III – Mitchell Hamline School of Law

Chair Benson opened the Public Hearing regarding the Application of Mitchell Hamline School of Law for financing assistance from MHEFA. The Chair asked Ms. Tressa Ries, CFO of Mitchell Hamline School of Law (MHSL), to discuss the proposed financing. Ms. Ries introduced herself and MHSL President Anthony Niedwiecki, noting they would be presenting information about MHSL and be available to answer Board member questions. The financing consists of four components and is separated into two financings. The first component is to refinance outstanding variable rate debt of MHSL, originally issued through the Authority. The current Note is subject to a mandatory tender on October 1, 2022.

To avoid future potential interest rate increases, MHSL is choosing to refinance the outstanding debt now. The refinancing will be a variable rate financing, but the initial interest rate will be effective for 7 years. The total term of the new Note is expected to be approximately 15 years. A second component of the financing is a \$5 million new money piece. The new funds will be used to finance improvements and replacements for a number of HVAC components at MHSL. In addition, the new funds will be used to fund a portion of an Enterprise Resource Plan (ERP) computer system upgrade. The ERP improvements will help integrate various software packages used by MHSL and improve operating efficiency of MHSL information systems. The third component of the financing is to finance the costs of issue for the financing. The first three components will be included in a financing to be known as Series 2022A. This financing will be tax-exempt.

The fourth component will be to pay the breakage fee on the interest rate swap that is in place for the outstanding Note. The interest rate swap was entered into at the time of the original financing to mitigate risk of the variable rate bonds. With the refinancing of the variable rate bonds to a long duration variable rate, the interest rate swap is no longer needed to mitigate risk. Like all swaps, the swap has a market value, based on the relationship between current market rates and the interest rates on the swap. In this case, the market value of the swap is negative to MSHL. To eliminate the swap, MSHL will pay a breakage fee. The payment of the breakage fee will result in the financing of the breakage fee to be a taxable Note. It will be known as the Series 2022B Note. The 2022B Note will be sized to fund the breakage fee and transactions costs (component 3).

The financing for the proposed Series 2022A Note and the 2022B Note is to be provided by US Bancorp. It will be treated as a loan and held internally by US Bank. They provided financing for the Note being refinanced and are the party associated with the interest rate swap. The terms of the 2022A and 2022B financing are expected to be substantially similar to the Note being refinanced. Ms. Ries concluded her presentation.

President Niedwecki provided information about MSHL and the need for the improvements. He noted that the refinancing will reduce the overall interest rate MSHL pays on the debt and that the current low interest rate environment will keep financing costs for the new money and swap termination lower than if the financing were to be completed closer to the mandatory termination date.

Chair Benson asked if there were questions for Ms. Ries or Mr. Niedwecki. Board members asked a number of questions about enrollment, remote learning and if there are any ongoing financial or administrative connections between Hamline University and MSHL related to the transfer of the law school from Hamline University to MSHL. Mr. Niedwecki and Ms. Ries answered all questions to the satisfaction of board members. After determining that there were no additional questions, Chair Benson then closed the Public Hearing.

Mr. Benson next called on Mr. Peter Cooper, Bond Counsel to discuss the Application by MSHL. Mr. Cooper reviewed the Bond Counsel's Application Memorandum, noting various items relating to tax law and noting a number of items that remained open, but will be completed prior to the financing being considered at the March Authority meeting. Mr. Cooper concluded his presentation and asked if there were any questions. There were no questions related to the Application Memorandum.

Chair Benson asked Mr. Cooper to review the Resolution Relating to the Application. Mr. Cooper reviewed the terms of the Application Resolution, which outlines the findings of the Bond Counsel review of the Application for financing. Mr. Cooper asked if there were any questions related to the Application Resolution. There were no questions.

At the conclusion of Mr. Cooper's presentation, Chair Benson asked if there were any questions for Mr. Cooper regarding the Resolution related to the Application. There were no questions.

A motion was made by Nancy Sampair to approve the Resolution relating to the Application for MHSL. The motion to approve the Resolution was seconded by Bonnie Anderson Rons.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the Resolution Relating to the Application of MHSL. A Roll Call vote was conducted, and the Board members voted as follows:

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

There were no votes against the motion and the Resolution Relating to the Application for Mitchell Hamline School of Law was approved.

After the Resolution was approved, Ms. Ries, Mr. Niedweicki, and Mr. Cooper excused themselves from the Authority meeting. Mr. Poawit Yang excused himself from the meeting at 3:00 pm CT to attend to other matters.

Agenda IV – Audit Services Proposal

Chair Benson called on Executive Director Fick to review the proposal for audit services submitted by BerganKDV. Mr. Fick reviewed prior Board directions to staff related to the audit engagement. As a result of staff work, BerganKDV submitted a proposal for a 3-year engagement to provide

auditing services. The proposed fee schedule is, in the opinion of staff, very reasonable and consistent with the current fee charged MHEFA for audit services.

Chair Benson asked the Operations Manager, Amanda Lee, for her comments. Ms. Lee noted that the BerganKDV auditors are easy to work with, and that MHEFA has a very good professional working relationship with the BerganKDV staff. She also noted that BerganKDV has indicated that their fee schedule will not change if the Authority obtains additional issue authority for health care and senior living facilities.

Authority staff recommends the Board approve the 3-year engagement with BerganKDV to provide auditing services to MHEFA as set out in the February 9, 2022 letter to the Authority.

At the conclusion of the Authority staff presentation, Chair Benson asked if there were any questions regarding the Audit proposal. There were no questions.

A motion was made by Mary Ives to accept the Proposal to provide auditing services for MHEFA. The motion to approve the Proposal was seconded by Nancy Sampair.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the BerganKDV Proposal to provide auditing services to MHEFA. A Roll Call vote was conducted, and the Board members voted as follows:

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

There were no votes against the motion and the Proposal to provide auditing services for MHEFA was accepted and approved.

Agenda Item V – Old Business

Chair Benson asked Executive Director Fick to provide an update on expansion legislation. Mr. Fick noted that in discussions with the Minnesota Private College Council, the MPCC has proposed that the legislation be amended to make it clear that the allocation of the requested \$4 billion of debt issuance authority be allocated so that \$1.75 billion be reserved for higher education and \$2.25 billion be available for healthcare and senior living. Staff does not object to this suggestion and will work to so modify the proposed legislation.

Chair Benson asked Authority Executive Director Barry Fick to present the staff recommendation regarding lease negotiations with the Grand Oaks Minnesota, the lessor of the location approved by the Board as the relocation for Authority offices on or before the end of the current lease.

Mr. Fick reviewed the proposed lease that has been under discussion with Grand Oak Minnesota Realty LP. Mr. Fick noted that the lessor has agreed to Authority proposed changes to make the lease acceptable to the Authority and the needs of the Authority. At the conclusion of the lease discussion, Chair Benson asked if there were questions for Mr. Fick. There were no questions from Board members.

A motion was made by Mary Ives to approve and accept the staff recommendation to execute the negotiated lease between the Minnesota Higher Education Facilities Authority and Grand Oak Minnesota Realty LP. The motion was seconded by Nancy Sampair. Chair Benson asked if there were any questions, discussion, or changes regarding the Motion. There were no other questions for Authority staff regarding the recommendation and proposed actions.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the staff recommendations related to the office lease. A Roll Call vote was conducted, and the Board members voted as follows:

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

There were no votes against the motion and the motion to approve and accept the Staff Recommendation related to the new office was approved.

In other Old business, staff discussed the option of continuing to have the April 2022 Finance conference be an in-person event. Staff will finalize arrangements for the Conference in the next few weeks and report back at the March Meeting.

Agenda Item VI – New Business

Chair Benson asked if there were any New Business items from Board members for discussion. There were no other New Business items from Board members for discussion.

Chair Benson asked MPCC President Paul Cerkvenik if he had any updates from the MPCC's perspective. President Cerkvenik noted that Enrollment dipped and hasn't bounced back. Enrollment among student who receive the Pell Grant is down 12%, while non-Pell grant student enrollment is down only 2%. Schools are also dealing with the learning loss created by COVID-related issues in K-12. In good news, the number of high school graduates has flattened out in MN and no longer shows a cliff in graduates according to the company who does this forecast. That is not true across the country.

Staff noted that it is anticipated that the University of St. Thomas will submit a financing application by the end of February. To accommodate the University, Authority staff is recommending that the April 2022 MHEFA Board meeting be moved forward 1 week to Wednesday, April 13, 2022. This recommendation will be considered on at the March Authority meeting.

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

The 2022 Legislative session has begun. Our bill authors have been updated and the bill has been introduced in the legislature. Our Fiscal Note has been completed and as was the case last year, shows no fiscal effect to the State of Minnesota by passage of our legislation.

We continue to collaborate with our consultant and independently meet with a number of Legislators and their staff members. We continue to answer staff questions and will be meeting with staff over the next few weeks to educate them on our legislative proposal.

Borrower Assistance and Financing Application Update

- We are working with MCAD on a private bank placement, which was considered by the Authority Board at the February 2022 meeting
- We are working with Mitchell Hamline on a private bank placement as part of an upcoming Mandatory Tender of an outstanding Note. The public hearing on that financing was held at the February 2022 Board meeting
- We are working with multiple schools on Moody's rating updates, including
 - Concordia College – Reassigned within Moody's, to be completed in February 2022
 - College of St. Benedict – Completed Feb 9, 2022; rating affirmed at Baa1, Negative
 - Macalester College – March 2022
 - Augsburg University – Likely later in 2022
- St. Thomas has finished the SOQ and RFP phases of their financing program and is preparing for a Spring 2022 financing. We expect to receive an Application in the near future
- 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

- Hamline University is continuing with their CFO search

- The CFO at the College of St. Scholastica has retired, and the College will be conducting a search for a permanent CFO
- Bethel's CFO will be resigning March 4, 2022.

There were no other items from the Board and the Board then acted by voice vote to adjourn the meeting at 3:42 pm, Central Standard Time.

Respectfully submitted,



Assistant Secretary





3- Minutes for 16 Feb 2022 FINAL

Final Audit Report

2022-03-25

Created:	2022-03-24
By:	Amanda Lee (agl@mnhefa.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAA-ytRc71NM8dypV06vokDs63a9a9lBfou

"3- Minutes for 16 Feb 2022 FINAL" History

-  Document created by Amanda Lee (agl@mnhefa.org)
2022-03-24 - 5:07:43 PM GMT
-  Document emailed to Barry Fick (bwf@mnhefa.org) for signature
2022-03-24 - 5:07:59 PM GMT
-  Email viewed by Barry Fick (bwf@mnhefa.org)
2022-03-25 - 11:53:22 AM GMT
-  Document e-signed by Barry Fick (bwf@mnhefa.org)
Signature Date: 2022-03-25 - 11:53:35 AM GMT - Time Source: server
-  Agreement completed.
2022-03-25 - 11:53:35 AM GMT