



## **Listing of Mailout Material March 23, 2022**

-  **Forwarding Letter**
-  **Meeting Agenda**



*I. Review and approve minutes of the meeting of February 16, 2022*

-  **Minutes of February 16, 2022**

*II. Mitchell Hamline School of Law*

-  **Preliminary Financing Plan – North Slope Capital Advisors**
-  **Resolution Relating to Financing Terms – McGrann Shea**
-  **Series Resolution – McGrann Shea**

*III. University of St. Thomas*

-  **University of St. Thomas Series 2022 Application (excluding exhibits)**
-  **University of St. Thomas Presentation**
-  **Application Review – North Slope Capital Advisors**
-  **Application Memorandum – McGrann Shea**
-  **Resolution Relating to Application – McGrann Shea**

*IV. Old Business*

*V. New Business*

*VI. Other Business*

-  **Executive Director's Report**
-  **"University of St. Thomas Announces Leadership Change"**
-  **"College of St. Benedict and St. John's University name first joint president"**
-  **February 2022 Budget vs Actual**

# MEMORANDUM



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Date: 16 March 2022

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: March 23, 2022, Authority Board Meeting Preview

We have a full agenda for our Minnesota Higher Education Facilities Authority March 23, 2022, board meeting, which will be held by video link, and teleconference.

The focus of the March 2022 Board meeting will be consideration of final financing action for Mitchell Hamline School of Law and a financing application from the University of St. Thomas. Representatives from St. Thomas will participate in the Board meeting.

We have a number of updates to provide you with information on ongoing projects, our office relocation, new development with borrowers and more.

We will use our video link system for this meeting. Instructions for accessing the video link are available in Board packet material included with this email.

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



## Board Meeting Agenda

Wednesday, March 23, 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 February 16, 2022
- II. Mitchell Hamline School of Law
  - Preliminary Financing Plan – North Slope Capital Advisors
  - Resolution Relating to Financing Terms - McGrann
  - Series Resolution – McGrann
- III. University of St. Thomas
  - Conduct Public Hearing
  - Application Review – North Slope Capital Advisors
  - Application Memorandum by Bond Counsel – McGrann
  - Resolution Relating to Application – McGrann
- IV. Old Business
  - Legislative Update
  - Office Space Update
- V. New Business
- VI. 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: 055-776-752#  
or through this link: <https://www.gomeet.com/055-776-752>***



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 pm Central Time, Wednesday, February 19, 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:

<b>Motions:</b>	<b>Result:</b>	<b>Vote:</b>
Approval of Meeting Minutes of February 16, 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

<b>Resolutions</b>	<b>Result:</b>	<b>Vote:</b>
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 Cerkenik, 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. Niedweicki. 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. Niedweicki 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, Chari 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 Cerkenik if he had any updates from the MPCC's perspective. President Cerkenik 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,

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Assistant Secretary



North Slope Capital Advisors  
2000 S. Colorado Blvd.  
Tower 1, Suite 2000-412  
Denver, CO 80222  
303-953-4101

March 23, 2022

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

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

As the independent registered municipal advisor for the Authority, we are pleased to provide this *Preliminary Financing Plan Summary* for Mitchell Hamline School of Law's (the "School") proposed Series 2022A and Series 2022B Taxable Revenue and Refunding Notes issuance (the "Notes"). Below are the highlights of the preliminary financing plan followed by a detailed summary:

<b><i>Preliminary Financing Plan Highlights*</i></b>	
<b>Par Amount (Estimated as of 2-2-2022)</b>	Series 2022A - \$12,385,000 Series 2022B - \$1,265,000
<b>Financing Type</b>	New Money and Refunding
<b>New Money Project Description (the "Project")</b>	Update and automate building HVAC controls (\$1,000,000), and purchase and implement new Enterprise Resource Planning (ERP) system (\$4,000,000), including Student Information System (SIS).
<b>Refunding Description</b>	Refinance Series Seven-V (\$7,190,000) and terminate non-integrated interest rate derivative swap agreement (\$1,300,000).
<b>First Principal Payment Date</b>	September 1, 2022
<b>Mandatory Tender Date</b>	Series 2022A – September 1, 2032 (\$5,770,000) Series 2022B – September 1, 2029 (\$590,000)
<b>Final Maturity Date</b>	Series 2022A – September 1, 2037 Series 2022B – September 1, 2033
<b>Expected Underlying Rating</b>	N/A
<b>Notes Purchaser</b>	U.S. Bank
<b>Expected Pricing Date/Rate Lock Date</b>	March 7, 2022 (Rate Lock)
<b>Expected Closing/Delivery Date</b>	March 31, 2022

Based on our review of the preliminary financing plan, North Slope Capital Advisors is supportive of the proposed structure and is looking forward to a successful closing of the Notes in the coming weeks.

Respectfully submitted,

NORTH SLOPE CAPITAL ADVISORS by  
Steph M. Chichester, President

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

\*Preliminary, subject to change based on final pricing.

**PRELIMINARY FINANCING PLAN SUMMARY**  
**MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY**  
**\$13,650,000\***  
**REVENUE AND REFUNDING NOTES, SERIES 2022A and TAXABLE SERIES 2022B**  
**(Mitchell Hamline School of Law)**  
**March 23, 2022**

This Preliminary Financing Plan Summary (the “Summary”) represents North Slope Capital Advisors’ (“North Slope”) review of the financing structure and is based on the most recent discussions with Mitchell Hamline School of Law (the “School”), the Minnesota Higher Education Facilities Authority (the “Authority”), and U.S. Bank National Association (“U.S. Bank”), the sole purchaser of the Notes. As of the date of this Summary, the School has decided to issue fixed rate Notes to fund the Project, refinance the remaining outstanding Series Seven-V Notes (2013), and pay a swap termination fee. The Series 2022A Notes are expected to amortize over 15.5 years with a final maturity of September 1, 2037 and provide for level annual debt service; and the Series 2022B Notes are expected to amortize over 11.5 years with an expected final maturity on September 1, 2033. The Series 2022A Notes are subject to mandatory tender ten (10) years after issuance and the Series 2022B Notes are subject to mandatory tender seven (7) years after issuance. The structure provided below is preliminary and subject to revision prior to the closing of the Notes which is expected to occur on or around March 31, 2022.

Issuer:	Minnesota Higher Education Facilities Authority (the “Authority”)
Borrower:	Mitchell Hamline School of Law (the “School”)
Purpose of the Notes:	<p>The School will use the proceeds of the Notes to:</p> <ol style="list-style-type: none"><li>(1) finance updating and automating the School’s HVAC, including replacing and automating the HVAC, and implement a new Enterprise Resource Planning (ERP) system, including Student Information System (SIS);</li><li>(2) refinance all the remaining outstanding Series Seven-V Notes (2013), and pay the cost of terminating the swap agreement on the Series Seven-V Notes (2013); and</li><li>(3) fund the costs of issuing the Notes.</li></ol>
Issue Size:	The estimated par amount of the Series 2022A Notes is \$12.385 million and the estimated par amount of the Series 2022B Notes is \$1.265 million. Proceeds of the Series 2022A Notes will be used to fund the Project, fund an escrow account to refund the outstanding Seven-V Notes, and pay a portion of the costs of issuance. Proceeds of the Series 2022B Notes will be used to pay the cost of terminating the swap agreement on the Series Seven-V Notes (2013) and pay a portion of the costs of issuance. The estimated par of Notes is below the Authority’s not-to-exceed size of \$13.72 million as of the writing of this Summary.
Costs of Issuance:	Costs of issuance of up to 2% of the par value of the Series 2022A Notes may be funded with tax-exempt proceeds. At this time, actual costs of issuance are not expected to exceed 2% of the par amount of the Series 2022A Notes; however, a portion of proceeds of the Series 2022B Notes will be used to pay costs of issuance.
Type of Sale and Purchaser:	The Notes will be sold via a direct placement and the School has selected U.S. Bank National Association as the sole purchaser. The Series 2022A Notes will be issued

\* Preliminary; subject to change.

**Minnesota Higher Education Facilities Authority**  
**Revenue Refunding Notes, Series 2022A&B, (Mitchell Hamline School of Law)**  
Preliminary Financing Plan Summary  
Dated: March 23, 2022  
Page 3

as Federal and State of Minnesota tax-exempt fixed rate Notes and the Series 2022B Notes will be sold as taxable fixed rate notes, in which the interest paid will not be exempted from federal taxes.

Expected Pricing/Rate Lock Date:	March 7, 2022
Expected Closing Date:	March 31, 2022
TIC (True Interest Cost):	The School has opted for a fixed rate mode for the Notes. The estimated blended TIC, assuming rates locked on March 7, 2022, is 3.41% (tax-exempt rate for the Series 2022A Note is 3.35% and the taxable rate for the 2022B Note is 4.20%.)
Notes Denominations:	The notes will be denominated in amounts of \$100,000 or greater in increments of \$1,000.
Interest Payments:	Semi-annually, beginning September 1, 2022.
Principal Payments:	Annually beginning on September 1, 2022 with the Series 2022A amortized over 15.5 years and the Series 2022B amortized over 11.5 years with a mandatory tender date in ten (10) years for the Series 2022A Notes and seven (7) years for the Series 2022B Notes.
Notes Structure:	The Notes will be structured with level, annual debt service payments and the debt service on the Notes attributed to the refunding will not extend the existing maturity of the Series Seven-V Notes.
Redemption:	<p><u>Optional</u>: Any date at par.</p> <p><u>Mandatory</u>: Mandatory redemption of all remaining Series 2022A Notes in ten (10) years and mandatory redemption of all remaining Series 2022B Notes in seven (7) years.</p> <p><u>Extraordinary Upon Determination of Taxability</u>: Optional redemption may occur upon a Determination of Taxability of the Series 2022A Notes, in whole, at a price of par plus accrued interest. If an optional redemption does not occur, the rate on the Series 2022A Notes will be the product of: (i) the interest rate on the Series 2022A Note and (ii) the Taxable Rate Factor as defined in the Loan and Note Purchase Agreement.</p> <p><u>Extraordinary Upon Damage, Destruction, or Condemnation</u>: Optional redemption may occur should the financed project facilities suffer damage, destruction, or condemnation, in whole, at a price of par plus accrued interest.</p>
Rating:	The Notes will not be rated.
Bank Qualification:	The Notes will not be designated as a "qualified tax-exempt obligation."
Security:	The School's full faith and credit are pledged to the repayment of the Notes, with a covenant to set tuition, fees, rentals and charges to be sufficient to make the required Loan Repayments (e.g. debt service payments) and pay operating expenses and other obligations of the School as they become due.

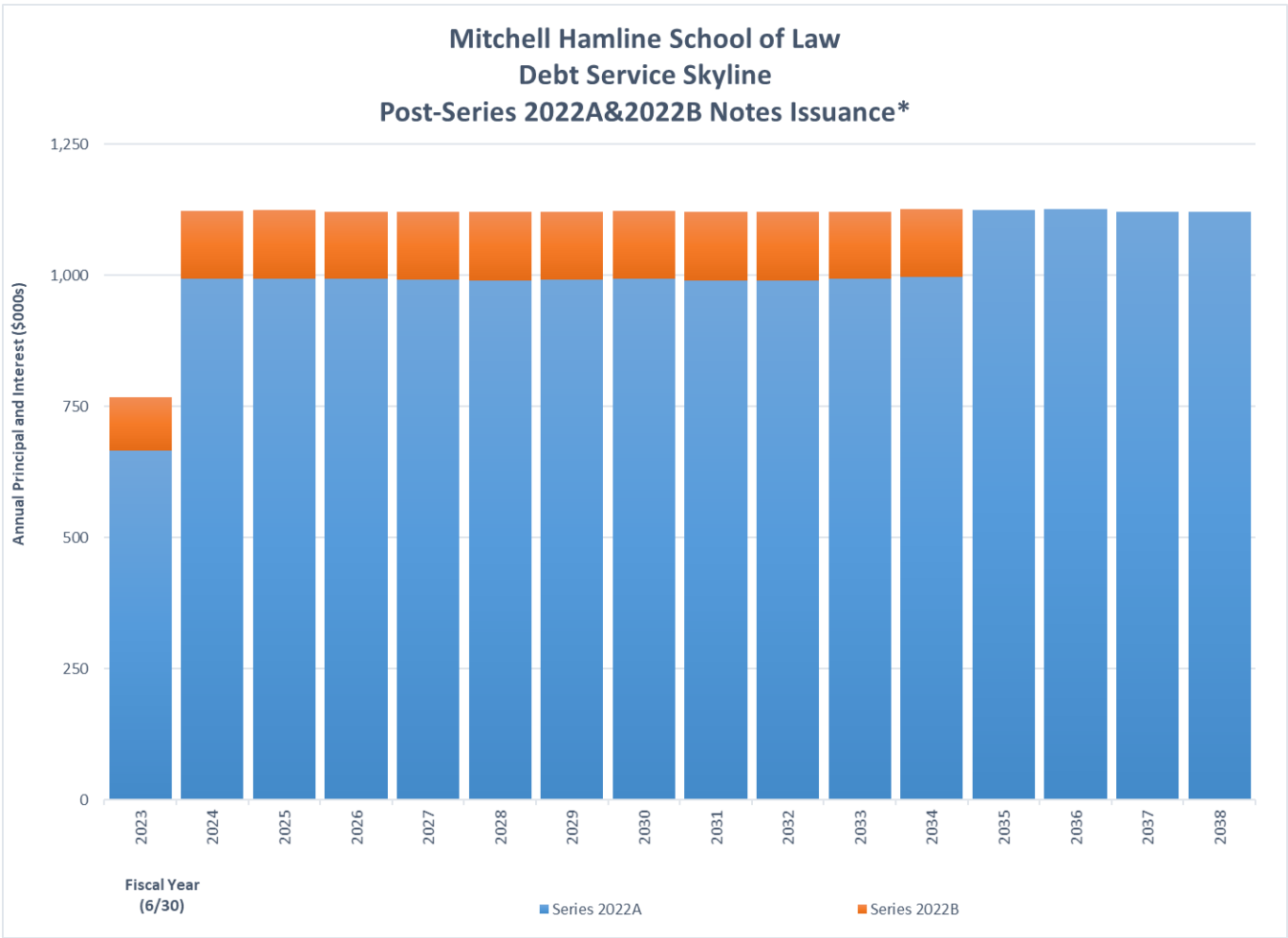


**Minnesota Higher Education Facilities Authority**  
**Revenue Refunding Notes, Series 2022A&B, (Mitchell Hamline School of Law)**  
Preliminary Financing Plan Summary  
Dated: March 23, 2022  
Page 4

Debt Service Reserve Account:	A debt service reserve fund will not be funded with proceeds from the Notes.
Financial Covenants:	The School has agreed to a continuing covenant agreement with U.S. Bank that sets limits for, among other restrictions: maximum other indebtedness, fixed charge coverage ratio, minimum liquidity, liquidity coverage ratio, and timely payments.
Continuing Disclosure:	The School will continue to comply with its existing Continuing Disclosure undertakings with regard to its Amended and Restated Credit Agreement with U.S. Bank.
Credit Enhancement:	None
Trustee/Registrar and Paying Agent:	U.S. Bank*
Permitted Investments:	Investments as permitted by Minnesota statutes.
Potential Impacts Resulting from Coronavirus (COVID-19):	<p>On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets.</p> <p>At this time, the School cannot predict the overall health, operational or economic impact of COVID-19 on the School, including but not limited to the impact, if any, on student enrollment or future operations. The School has implemented a comprehensive COVID-19 protocol for students, faculty and staff designed to comply with national and State guidelines. The School has established a section on its website to provide updated COVID-19 protocol information. The School continues to monitor for COVID-19 related health issues on campus and is ready to modify current plans to help contain any future cases.</p>
Schedules:	Exhibit A: Estimated debt service on the Notes.

\* Preliminary; subject to change.

Minnesota Higher Education Facilities Authority  
Revenue Notes, Series 2022A&B, (Mitchell Hamline School of Law)  
Preliminary Financing Plan  
Dated: March 23, 2022  
Exhibit A



\* Preliminary; subject to change.

RESOLUTION RELATING TO FINANCING TERMS  
FOR MITCHELL HAMLINE SCHOOL OF LAW

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

1. This Authority has received and held a public hearing with respect to, and adopted a Resolution Relating to Application for Mitchell Hamline School of Law, formerly known as William Mitchell College of Law, a Minnesota nonprofit corporation (the “School”), as owner and operator of Mitchell Hamline School of Law, an institution of higher education (the “Institution”), to finance costs of a project (the “Project”) consisting of (a) the acquisition, design, construction, renovation and equipping of various facilities, including improvements to the heating, ventilation and air conditioning (HVAC) systems, (b) acquisition and installation of a new student information system (SIS) and enterprise resource planning system (ERP), (c) the refunding of the Authority’s outstanding Revenue Note, Series Seven-V (William Mitchell College of Law), dated May 30, 2013, issued in the original principal amount of \$10,800,000 (the “Series Seven-V Note”), and (d) the funding of a payment arising from the termination of an interest rate swap, dated as of May 30, 2013, entered into by the School in relation to the Series Seven-V Note.

The Series Seven-V Note was issued to provide funds to finance the refunding of the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series Five-S (William Mitchell College of Law), dated October 2, 2003, issued in the original principal amount of \$15,800,000 (the “Series Five-S Bonds”). The Series Five-S Bonds were issued to provide funds to finance (a) construction, renovation and expansion of a student center, (b) construction, renovation and expansion of classroom space with enhanced technology, and (c) expansion and upgrade of facility infrastructure, consisting of approximately 27,000 additional square feet and approximately 22,000 square feet of remodeled space.

2. All of the projects, facilities, improvements and systems to be financed or refinanced by the Project are sometimes collectively referred to as the “Project Facilities.” The Project Facilities are or will be owned and operated by the School and located on the Institution’s campus, the principal street address of which is 875 Summit Avenue, Saint Paul, Minnesota.

3. The Authority has received assurances that all other conditions to be met by the School as provided in the Resolution referenced above (the “Resolution”) have been, or will be timely, met and complied with.

4. There has not been disclosed to the Authority any material adverse change in the financial condition, operations or status of the School or the Institution or in the Project or the Project Facilities or otherwise relating to the said Application that would affect the Resolution or the financing of the Project as proposed.

5. The Authority hereby ratifies and confirms all action heretofore taken with respect to the Application of the School.

6. North Slope Capital Advisors, as municipal advisor to the Authority, has reviewed the terms set forth in the Preliminary Financing Plan, dated March 16, 2022 (the

“Financing Plan”), recommending the issuance and sale of a Revenue and Refunding Note, Series 2022A (Mitchell Hamline School of Law), and a Taxable Revenue Note, Series 2022B (Mitchell Hamline School of Law), in the maximum aggregate principal amount of \$13,750,000 (together, the “Series 2022A/B Notes”) to provide financing for the Project, which terms are hereby approved.

7. At the request and with the consent of the School, and with the advice of the Authority’s municipal advisor, the Executive Director of the Authority has recommended the selection of U.S. Bank National Association to purchase the Series 2022A/B Notes (the “Purchaser”).

8. Upon the recommendation of the Authority’s municipal advisor and bond counsel and the approval of the School, the Executive Director may execute and deliver on behalf of the Authority an agreement or agreements whereby the Authority agrees to sell and the Purchaser agrees to purchase the Series 2022A/B Notes in an aggregate principal amount not to exceed \$13,750,000, with a maximum initial interest rate on each of the Series 2022A/B Notes not to exceed 5% and with a purchase price of not less than 98% of the principal amount of the Series 2022A/B Notes plus accrued interest (or in the alternative, providing for underwriting compensation of not more than 2% of the principal amount of the Series 2022A/B Notes plus accrued interest), all subject to the terms and conditions set forth herein.

9. The Executive Director shall direct bond counsel to the Authority or other legal counsel to prepare for review by the Executive Director, the School and the Purchaser all necessary bond documents, including a Loan and Note Purchase Agreement and all other documents deemed necessary or desirable consistent with the provisions of the Financing Plan and substantially similar to the bond documents for revenue notes most recently issued and sold by the Authority, but with appropriate changes.

10. No official statement shall be prepared, and no application for registration of the Series 2022A/B Notes shall be filed under Minnesota Securities Act, Chapter 80A. A Private Placement Memorandum may be prepared upon the recommendation of the municipal advisor and bond counsel with approval of the School, and an Investment Letter shall be obtained from the Purchaser which evidences that the sale and purchase of the Series 2022A/B Notes is exempt from federal and state securities laws, and which may cover other customary matters.

11. Notwithstanding the foregoing provisions, the Series 2022A/B Notes shall not be issued and delivered, and the bond documents shall not be executed and delivered without the further action and approval and adoption of a Series Resolution with respect to the Series 2022A/B Notes by the Authority.

12. The Authority and the School each respectively reserves its right to terminate the Project and the financing thereof under the Act as provided in the Indemnity Agreement.

Adopted: March 23, 2022.

MINNESOTA HIGHER EDUCATION  
FACILITIES AUTHORITY

By \_\_\_\_\_  
Gary D. Benson, Chair

By \_\_\_\_\_  
David D. Rowland, Secretary

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SERIES RESOLUTION

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE AND REFUNDING NOTE, SERIES 2022A  
(MITCHELL HAMLINE SCHOOL OF LAW)

and

TAXABLE REVENUE NOTE, SERIES 2022B  
(MITCHELL HAMLINE SCHOOL OF LAW)

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

1. Pursuant to the resolutions adopted on February 16 and March 23, 2022 (the “Prior Resolutions”), the Authority has (i) approved the Application of Mitchell Hamline School of Law, formerly known as William Mitchell College of Law, a Minnesota nonprofit corporation (the “School”), as owner and operator of Mitchell Hamline School of Law, an institution of higher education (the “Institution”), to finance costs of a project (the “Project”) consisting of (a) the acquisition, design, construction, renovation and equipping of various facilities, including improvements to the heating, ventilation and air conditioning (HVAC) systems, (b) acquisition and installation of a new student information system (SIS) and enterprise resource planning system (ERP), (c) the refunding of the Authority’s outstanding Revenue Note, Series Seven-V (William Mitchell College of Law), as more fully described therein, and (d) the funding of a payment arising from the termination of an interest rate swap entered into by the School in relation to the Series Seven-V Note, (ii) conducted a public hearing in connection therewith in accordance with law, (iii) authorized the issuance and sale of (a) the Authority’s Revenue and Refunding Note, Series 2022A (Mitchell Hamline School of Law) (the “Series 2022A Note”) and (b) the Authority’s Taxable Revenue Note, Series 2022B (the “Series 2022B Note,” and together with the Series 2022A Note, the “Series 2022A/B Notes”), and (iv) directed preparation of documents, including a Loan and Note Purchase Agreement. All provisions and findings of the Prior Resolutions are hereby ratified and confirmed except to the extent amended hereby and incorporated herein.

2. The Prior Resolutions authorized the Series 2022A/B Notes to be issued in the maximum principal amount of \$13,750,000. The School has requested that the Series 2022A/B Notes be issued as one or more series of notes in an aggregate principal amount not to exceed \$13,750,000, with the interest on the Series 2022A Note to be excluded from gross income of the bondholders pursuant to the Internal Revenue Code of 1986, as amended (the “Code”).

3. The forms of the following documents relating to the Series 2022A/B Notes have been prepared or reviewed by McGrann Shea Carnival Straughn & Lamb, Chartered, as bond counsel, and are on file with the Authority:

(a) Loan and Note Purchase Agreement (“Loan Agreement”) among the Authority, the School, and U.S. Bank National Association as purchaser (the “Purchaser”), expected to be dated as of March 1, 2022.

(b) Assignment of Loan Repayments and Rights (“Assignment Agreement”) between the Authority and the Purchaser, expected to be dated as of March 1, 2022.

(c) Continuing Covenant Agreement between the School and the Purchaser, expected to be dated as of March 1, 2022.

4. On May 20, 2009, the Authority adopted the Policy on Private Placement Financing. The proposed Loan Agreement and the issuance and sale of the Series 2022A/B Notes substantially comply with the general guidelines of the Policy, and the School wishes the Authority to sell the Series 2022A/B Notes in a private placement as permitted by the Policy.

5. The Project and the issuance of the Series 2022A/B Notes in an aggregate principal amount up to \$13,750,000 are therefore approved, subject to the following:

(a) The final maturity of the Series 2022A Note shall not be later than October 1, 2037, and the final maturity of the Series 2022B Note shall not be later than October 1, 2033; the aggregate principal amount of the Notes shall not exceed \$13,750,000; the maximum initial interest rate borne by the Series 2022A Note shall not exceed 4%, and the maximum initial interest rate borne by the Series 2022B Note shall not exceed 5%, with the interest rate borne by each Note determined from time to time as provided in such Note; the Series 2022A Note shall be subject to initial mandatory tender on March 29, 2032, and may be subject to mandatory tender thereafter; the Series 2022B Note shall be subject to initial mandatory tender on March 29, 2029, and may be subject to mandatory tender thereafter; and the aggregate purchase price shall be not less than 98% of the principal amount of the Series 2022A/B Notes plus accrued interest, if any (or in the alternative providing for an origination fee of not more than 2% of the principal amount of the Series 2022A/B Notes plus accrued interest).

(b) No Official Statement shall be prepared, no application for registration of the Series 2022A/B Notes shall be filed under the Minnesota Securities Act, Chapter 80A and no trustee shall be selected.

(c) The Authority and the School each respectively reserves its right to terminate the Project and the financing thereof under the Act as provided in the Indemnity Agreement.

This Authority hereby authorizes the issuance and delivery of the Series 2022A/B Notes and no further approval by this Authority is required.

6. 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 Loan Agreement and the Assignment Agreement, duly completed, for and in the name of the Authority, with all such changes and insertions therein as the officer executing the same shall approve, such approval to be evidenced conclusively by such officer’s signature.

7. The Series 2022A/B Notes shall be in substantially the form set forth in the Loan Agreement, and when printed in typeset or typewritten form shall be executed, sealed and delivered by the manual or facsimile signatures of the Chair or the Vice Chair and the Secretary or the Assistant Secretary of the Authority.

8. The selection of U.S. Bank National Association as Purchaser of the Series 2022A/B Notes pursuant to the Loan Agreement is hereby approved, ratified and confirmed.

9. Other than proceeds that will be used to pay a portion of the costs of issuance (including the Purchaser's origination fee), the proceeds of the Series 2022A/B Notes shall be deposited, held and disbursed in accordance with the terms of the Loan Agreement.

10. If a Note is mutilated, lost, stolen or destroyed, the Authority may execute and deliver to the person in whose name such Note is registered (the "Holder") a new Note of like amount, date, unpaid principal amount and tenor as that mutilated, lost, stolen or destroyed; provided that, in the case of mutilation, the mutilated Note shall first be surrendered to the Authority, and in the case of a lost, stolen or destroyed Note, there shall be first furnished to the Authority and the School evidence of such loss, theft or destruction satisfactory to them, together with indemnity satisfactory to them. The Authority and the School may charge the Holder with their reasonable fees and expenses in replacing any mutilated, lost, stolen or destroyed Note.

11. The Series 2022A/B Notes or either of them shall be transferable by the Holder on the registration records maintained for the Notes, upon presentation for notation of such transfer thereon at the office of the Holder, accompanied by a written instrument of transfer in form satisfactory to the Authority and the Holder, duly executed by the Holder or its attorney duly authorized in writing. The Series 2022A/B Notes and either of them shall continue to be subject to successive transfers at the option of the Holder thereof. No service charge shall be made for any such transfer, but the Authority may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The person in whose name a Note shall be issued or, if transferred, shall be registered from time to time shall be deemed and regarded as the absolute Holder of such Note for all purposes, and payment of or on account of the principal of and interest on such Note shall be made only to the Holder thereof, and neither the Authority nor the School shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid. The Series 2022A/B Notes shall be initially registered in the name of the Purchaser.

12. As required by Sections 136A.25 to 136A.42, Minnesota Statutes, as amended (the "Act"), the officers of the Authority authorized to sign checks or otherwise handle funds of the Authority shall furnish a surety bond, executed by a surety company authorized to transact business in the State of Minnesota as surety and file the same in the office of the Secretary of State of Minnesota, subject to approval of the Attorney General, prior to delivery of the Series 2022A/B Notes, which officers and the amount of the surety bond shall be as set forth in the separate resolution adopted by the Authority on November 28, 1972.

13. Pursuant to the recommendation of bond counsel, the Authority hereby finds and determines that a combination of mortgagee's form or owner's form of title insurance policy, or



title insurance commitment, or owner and encumbrances reports, or title opinions, may be furnished by the School as evidence of title to the Project Facilities and priority of liens.

14. The terms and provisions of the documents listed in paragraph 3 of this Resolution as to which the Authority is a party and the Prior Resolutions are all approved, ratified and confirmed, except to the extent amended hereby. The officers of the Authority, the municipal advisor and bond counsel 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 bond document to the end that the Series 2022A/B Notes 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: March 23, 2022

MINNESOTA HIGHER EDUCATION  
FACILITIES AUTHORITY

By \_\_\_\_\_  
Gary D. Benson, Chair

By \_\_\_\_\_  
David D. Rowland, Secretary

# Application for Financing

## Higher Education



### Borrower Information

Name of Borrower: University of St. Thomas

Date: March 8, 2022

### Borrower Primary Contact Information:

Name: Mark Vangsgard

Title: Vice President for Business Affairs and CFO

Email mdvangsgard@stthomas.edu

Phone 651-962-6095

### Purpose of Financing (Select all that apply)

Building acquisition, construction or renovation, site or equipment acquisition

Refinancing of one or more Authority bond issues

Refinancing of one or more indebtedness not issued by the Authority

Each of the following should be treated as a separate element and described separately, starting with "Project A." If not located on the main campus, please include the street address.

- each new building or complex of buildings (square footage, beds or floors)
- renovations associated with a particular building or site
- equipment that is not related to either the proposed new buildings or existing buildings that are to be renovated
- each Authority bond issue to be refinanced, specifying the series name
- each other indebtedness that is to be refinanced, specifying the date incurred, the lender and the capital project that was financed

**Project A:**

The demolition of an existing building, improvements and the design, site preparation, construction, equipping and furnishing of a Science, Technology, Engineering, Arts and Math building (STEAM complex) and related work in regards to pre-STEAM staging and post-STEAM renovations (Brady Educational Center, Facilities and Design Building, O'Shaughnessy Science Center and Owens Science Center) on the University's Saint Paul Campus. This is currently estimated to require expenditures of up to \$117,358,000. A portion of this project will be funded by gifts to be received by the University.

**Project B:**

Renovations to Brady and Dowling residence halls and Koch Commons on the University's Saint Paul Campus. This is currently estimated to require expenditures of up to \$29,500,000.

**Project C:**

Renovations to the Summit Classroom Building on the University's St. Paul Campus to provide start-up space for the new nursing program beginning in the fall of 2022. This is currently estimated to require expenditures of up to \$12,700,000.

**Project D:**

Partial design of new athletic facilities for hockey and/or other sports and purchase of land for site. This is currently estimated to require expenditures of up to \$9,500,000.

**Project E:**

Purchase of residential home located at 2037 Summit Avenue. This is currently estimated to require expenditures of up to \$1,030,000.

**Project F:**

Refinance the existing \$32,568,593 of series Seven Z, 2017B, 2020A and 2020B.

**Estimated Cost Summary**

	Project A	Project B	Project C	Project D	Total
Construction cost					
Architectural, engineering and consultant costs					
Furnishings and equipment					
Site acquisition					
Principal amount of debt to be refinanced					
Other (excluding issuance costs and reserves)					
Total					

**See Attachment A**

## Estimated Financing Summary

	Project A	Project B	Project C	Project D	Total
Amount of funds from other sources					
Amount of project cost (excluding issuance costs and reserves) to be financed with Authority bonds					
Principal amount of debt to be refinanced					
Total					

Please give the approximate dates of any of the following steps that have already been taken:

	Project A	Project B	Project C	Project D
Construction has started				
Construction contract has been awarded				
Purchase contract for materials or equipment has been awarded				

Is any part of the facilities, now or in the future, to be managed or otherwise used by any person other than the borrower?

Yes                      No

If you checked "YES," please describe briefly the location and extent of the use and whether the user is an exempt organization under Section 501(c)(3) of the Internal Revenue Code:

University of St. Thomas is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Certain facilities may have private use, however the University will monitor to ensure that this private use stays within the parameters of exempt financing regulations.

Will any of the following actions violate any provisions of the articles of incorporation, the bylaws or constitution of the borrower or of any affiliated organization, any existing mortgage, deed, contract or other agreement, or any state, local or federal law, rule, regulation or ordinance?

Entering into a loan agreement with the Authority for the repayment of bond proceeds?

Yes                      No

Completing the proposed project or prepaying the Authority bonds or other debt that will be refinanced?

Yes                      No

Entering into a mortgage or security agreement to secure repayment to the Authority?

Yes                      No

#### Proposed Timing Summary

	Project A	Project B	Project C	Project D
Start date				
Completion date				
Acquisition date if the project is only for equipment				
Optional redemption date for refinancings				

**See Attachment A**

How will this bond issue be sold?

Competitive public sale

Negotiated public offering

Private placement

Undecided

When do you wish to close on the bond issue?

As soon as practical

No later than:

Not sooner than:

What is the expected source of funds to repay the loan of bond proceeds? (check all that apply)

Operating funds

Additional revenue from the project

Gifts from private donors

Grants from governmental sources

Other

If repayment is not expected to be entirely from operating funds, state the approximate amount from the other sources and whether such funds are temporarily or permanently restricted in any way as to use:

We are anticipating receiving \$75 million in gifts for the STEAM building, with \$50.4 million of funds having been raised to date.

Is credit or liquidity enhancement expected? (check all that may apply)

Bond insurance

Letter of credit

Standby bond purchase agreement for tendered bonds

Guaranty

What is the status of any application for the foregoing?

What are the preferred scheduled payment dates?

Month and earliest year for annual principal payments: To be determined at a later date

Earliest month and earliest year for interest payments: To be determined at a later date

Are revenues available to pay interest during the construction period? To be determined at a later date

Yes

No, interest should be capitalized for \_\_\_\_\_ months

Not Applicable

The following two questions apply to all refinancings. Please select "Not Applicable" if this does not apply.

Not Applicable

1. Has the original project been completed substantially in accordance with the plans and specifications?

Yes

No

2. Has there been a default by the institution or by any other party, in the performance of the covenants and conditions relating to the Authority bonds or other debt to be refinanced?

Yes

No

The following four questions apply to refinancing debt that is not Authority issued bonds. Please select "Not Applicable" if this does not apply.

Not Applicable

1. Will the proposed refinancing enhance and preserve the borrower and the facilities being refinanced or utilization thereof for educational purposes?

Yes

No, because:

2. Will the proposed refinancing extend or adjust maturities to correspond to the resources available for their payment?

Yes

No, because:

3. Will the proposed refinancing reduce the tuition charges or fees imposed on students for the use of such facilities or costs met by state or federal funds?

Yes

No, because:

4. Will the proposed refinancing enhance or preserve educational programs and research or other facilities eligible to be a project or part thereof?

Yes

No, because:

The table below applies to refinancing debt that is not Authority issued bonds. Please check "Not Applicable" if this does not apply.

Not Applicable

**Statutory Maximum to Refinance Debt Other Than Authority Bonds**

	Project A	Project B	Project C	Project D
(a) Original project costs				
(b) Principal amount of any debt (other than Authority bonds) to be refinanced				
(b) Accrued but unpaid interest on debt (other than Authority bonds) to be refinanced				
(b) Prepayment premium (or discount) on debt (other than Authority bonds) to be refinanced				
(c) Appraised value of project				
(c) Depreciated equipment				
Maximum allowable: the lesser of (a) original cost, (b) principal, interest and premium and (c) present value				

Check below if any of the projects are located in or involve any of the following:

Riparian frontage

Shoreland area

Delineated flood plain

State or Federally designated wild and scenic rivers district

Minnesota River Project Riverbend area

Mississippi River headwaters area

If there are any potential environmental issues, please summarize the major environmental issues: **None**



Governmental Approval Summary    See Attachment A

	Project A	Project B	Project C	Project D
<b>Zoning variance or change</b>	not applicable received pending	not applicable received pending	not applicable received pending	not applicable received pending
<b>Building permit</b>	not applicable received pending	not applicable received pending	not applicable received pending	not applicable received pending
<b>Other governmental approval</b>	not applicable received pending	not applicable received pending	not applicable received pending	not applicable received pending
<b>Environmental Assessment Worksheet</b>	not applicable received pending	not applicable received pending	not applicable received pending	not applicable received pending
<b>Environmental Impact Statement</b>	not applicable received pending	not applicable received pending	not applicable received pending	not applicable received pending

If one or more governmental approvals are pending, please describe the status of the application process and whether approval is expected before the bond closing:

The building permits for the STEAM projects is anticipated to be received May 2022. The Residence Hall projects and Nursing projects have received building permits. The Athletics projects is funding pre-design planning efforts required to engage the city and regulatory agencies in the development/entitlement phase and site acquisition cost.

**Borrower Contact Information:**

*Legal name of corporate borrower and street address:*

University of St. Thomas  
2115 Summit Ave.  
St. Paul, MN 55105

*President of College or University:*

Dr. Julie Sullivan

*Chief Financial Officer (please give name, title, preferred mailing address, telephone, fax and email address):*

Mark Vangsgard, VP Business Affairs and CFO  
2115 Summit Ave., AQU 216, St. Paul, MN 55105  
Telephone: 651-962-6095  
Fax: 651-962-6424  
email: mdvangsgard@stthomas.edu

*Additional staff assisting with the project (please give name, title, preferred mailing address, telephone, fax and email address):*

Katelyn Shehu, AVP of Finance and Controller  
2115 Summit Ave., AQU 219, St. Paul, MN 55105  
Telephone: 651-962-6142  
email: sheh9359@stthomas.edu

*Attorney (please give name of firm and the responsible individual as well as preferred mailing address, telephone, fax and email address)*

Vantage Law Group  
Tyler Adams  
Telephone: 612-353-1711  
email: tyler.adams@vantage.law

*Independent Auditor (please give name of firm and the responsible individual as well as preferred mailing address, telephone, fax and email address)*

Clifton Larson Allen  
Don Loberg  
220 South Sixth Street, Minneapolis, MN 55402  
Telephone: 612-376-4500  
email: don.loberg@claconnect.com

**Description of Accreditation and Degrees:**

If the principal institutional accreditation is not North Central Association of Colleges and Secondary Schools, please state the principal accreditor: **Higher Learning Commission**

**Degrees conferred are:**

Associate of Arts	Master of Business Administration	Doctor of Public Administration
Associate of Applied Science	Master of Education	Doctor of Psychology
Associate of Science	Master of Fine Arts	Juris Doctor
Bachelor of Arts	Master of Science	Others:
Bachelor of Fine Arts	Master of Social Work	
Bachelor of Music	Master of Physical Therapy	
Bachelor of Music Education	Doctor of Chiropractic Medicine	
Bachelor of Science	Doctor of Education	
Master of Arts	Doctor of Philosophy	

## Religious Affiliations

1. Does the institution receive support from any church body?

Yes

No

2. Does a church body or religious order control the election of any trustees or officers?

Yes

No

3. Is the consent of any religious order or any other corporation necessary before the institution may sell or mortgage its property or borrow money?

Yes

No

4. Are there any religious qualifications for faculty appointments?

Yes

No

5. If the institution teaches courses in religion or theology, does the institution confer a theology degree or otherwise prepare students for a religious vocation?

Yes

No

6. If the institution teaches courses in religion or theology, does the institution teach the distinctive doctrines, creeds or tenets of any particular religious sect?

Yes

No

7. Are the students required to attend chapel or other religious service?

Yes

No

Please explain if you have answered "YES" to any of the foregoing seven questions:

4. Faculty members are required to support the Catholic mission of the University but are not required to be members of the Roman Catholic Church or any church.

5. The Saint Paul Seminary prepares men for the priesthood but is under its own governing body. The School of Divinity is a graduate school in the University of St. Thomas offering courses and degrees in lay ministry.

6. The theology department teaches the doctrines of the Roman Catholic Church but also teaches other religions as well. Theology courses provide students with an opportunity to explore issues of faith but students are not required to adhere to any particular faith tradition.

## Teaching and Admission Standards

1. Does the institution and its faculty subscribe to the Statement of Principles of Academic Freedom promulgated by the American Association of University Professors and the Association of American Colleges?

Yes                      No

2. Are all courses of study, including any religion and theology courses, at the institution taught according to the academic requirements of the subject matter and the individual instructor's concept of professional standards?

Yes                      No

3. Does the institution admit students without regard to race, color, religion or national origin?

Yes                      No

Please explain if you have answered "No" to any of the foregoing three questions:

## No Discriminatory Practices

1. Does the institution unlawfully discriminate in any manner in the full utilization or benefit of the institution or its services because of gender, race, color, creed, national origin or other basis?

Yes                      No

2. Does the institution expel, limit or otherwise unlawfully discriminate against enrolled students because of gender, race, color, creed, national origin or other basis?

Yes                      No

3. Does the institution unlawfully discriminate in hiring, promotion, salary, and assignments or in any other matter in its employment practices, because of gender, race, color, creed, national origin or other basis?

Yes                      No

Please explain if you have answered "Yes" to any of the foregoing three questions:

## LIST OF EXHIBITS

(please number consecutively)

For traditional undergraduate and graduate programs and any nontraditional programs that provide substantial revenue: (A) Enrollment information (head count and full-time equivalent) submitted to the Office of Higher Education for the five-year period immediately preceding this application, (B) Projected head count and full-time equivalent enrollment for the five-year period following this application and (C) Applications, acceptances and matriculations for first year students during the past five fall terms.

attached as Exhibit \_\_\_\_

not attached because project is for equipment only under lease program

Most recent published tuition, room and board fee schedule, and any supplemental charges.

attached as Exhibit \_\_\_\_

not attached because project is for equipment only under lease program

List of all outstanding indebtedness (excluding debt that will be refinanced with new Authority bonds), including interest rates, amounts, repayment schedule and description of the mortgage or other collateral securing payment.

attached as Exhibit \_\_\_\_

not attached because project is for equipment only under lease program

Description of any debt limitation, covenant or restriction to which the institution is subject, with a statement by the Chief Financial Officer and supporting calculations as to compliance with such debt limitation, covenant or restriction.

attached as Exhibit \_\_\_\_

not attached because project is for equipment only under lease program

Audited financial statements for each of the past five fiscal years. May be provided by reference to your website (please state specific website address below), sent electronically, or on a labeled CD (mailed or delivered).

attached as Exhibit \_\_\_\_

Website address:

Current operating budget.

attached as Exhibit \_\_\_\_

Current college catalog for undergraduate and graduate programs. May be provided by reference to your website (please state specific website address below), sent electronically, or on a labeled CD (mailed or delivered).

attached as Exhibit \_\_\_\_

Website address:

Current faculty handbook. Please provide the website address, send electronically, or on a labeled CD (mailed or delivered).

attached as Exhibit \_\_\_\_

Website address:

List of current board members and officers.

attached as Exhibit \_\_\_\_

Copy of the current articles of incorporation. If the institution was incorporated under a special act, a copy of the special act with all amendments should be provided. Please include any amendments that are expected to be proposed for approval.

attached as Exhibit \_\_\_\_

Copy of the current bylaws of the corporation. Please include any amendments that are expected to be proposed for approval. Please include any other similar corporate guidelines such as a "constitution".

attached as Exhibit \_\_\_\_

Copy of the articles of incorporation and bylaws of any affiliated religious or other organization that must approve any action by the institution to sell or mortgage its property or to borrow money.

attached as Exhibit \_\_\_\_

not applicable

Copy of the most recent ruling or letter from the Internal Revenue Service confirming that the institution is an organization described in Section 501(c)(3) of the Internal Revenue Code.

attached as Exhibit \_\_\_\_

Copy of the most recent letter from the Office of Higher Education confirming registration under Minnesota Statutes, Section 136A.61 to 136A.71.

attached as Exhibit \_\_\_\_

Description of any pending litigation that is uninsured and would have a material adverse financial impact if resolved against the institution. In addition, please describe any charge filed against the institution by a state or federal agency or any individual or group alleging unlawful discrimination by the institution.

attached as Exhibit \_\_\_\_

no pending litigation

Either (A) a copy of a survey of the site (as built, if this is a refinancing) of the project, including the related legal description or (B) a plat map or other depiction of the project site that clearly shows the location of existing and proposed buildings and the relationship to a legal description. If a mortgage is necessary for this financing, a survey will be required and it must show any right-of-way necessary for access by the mortgagee or new owner to a public street or highway and all easements and other legal encumbrances.

attached as Exhibit \_\_\_\_

arrangements for a survey or plat map will be made before bonds are offered for sale

not attached because project is for equipment only under lease program

Either (A) a commitment to issue a title insurance policy in an owner's or mortgagee's form or (b) a preliminary opinion of title based upon an examination of real estate records covering the project site and certified to within approximately 30 days of the date of the opinion. All exceptions, liens and encumbrances should be noted on the commitment or opinion. The evidence should indicate that title or suitable ownership interest is held by the institution or a seller of any real estate to be acquired with this financing.

attached as Exhibit \_\_\_\_

arrangements for evidence of ownership will be made before bonds are offered for sale.

not attached because project is for equipment only under lease program

Copy of the resolution of the governing board (or the executive committee) of the institution in a form similar to Attachment A declaring official intent to reimburse itself from bond proceeds and authorizing submission of the Application.

attached (showing the effective date) as Exhibit \_\_\_\_

not attached but will be adopted on \_\_\_\_\_ (must be before public hearing)

not applicable because this application is solely for refunding Authority bonds.

Copy of the resolution of the governing board (or the executive committee) of the institution in a form similar to Attachment B authorizing submission of this Application.

attached (showing the effective date) as Exhibit \_\_\_\_

not applicable because a resolution similar to Attachment A is submitted

Certification by the architect in a form similar to Attachment C that the estimated costs of the items comprising the total structure costs are considered to be realistic and have been made according to accepted architectural practices for developing preliminary estimates.

attached as Exhibit \_\_\_\_

~~not applicable because no construction or significant renovation is proposed~~ - Not available at this time

*The following exhibits apply only to refinancing of debt that is not Authority bonds. Please select "Not Applicable" if this does not apply.*

Not Applicable

Copy of all loan agreements, promissory notes, financing agreements, indentures, mortgages or other documents relating to the debt (that is not Authority bonds) to be refinanced, together with all amendments or modifications. May be provided on a labeled CD.

attached as Exhibit \_\_\_\_

Copy of all leases, management agreements, use agreements or other documents relating to the capital project originally financed by the debt (that is not Authority bonds) to be refinanced, together with all amendments or modifications. May be sent electronically or provided on a labeled CD (mailed or delivered).

attached as Exhibit \_\_\_\_

Copy of current appraisal of capital project originally financed by the debt (that is not Authority bonds) to be refinanced prepared by an appraiser with the MAI designation or the equivalent.

attached as Exhibit \_\_\_\_

### Signature and Certifications

The undersigned officers of the borrower hereby certify that the Application, including the enclosed exhibits are complete and correct. We have reviewed and hereby accept the terms of the Indemnity Agreement as set forth in Attachment D.

(Chief Executive Officer) Julie Sullivan

Signature: Julie H. Sullivan

Title: President

And

(Chief Financial Officer) Mark Vangsgaard

Signature: Mark Vangsgaard

Title: Vice President for Business Affairs and CFO

Date of this Application: March 8, 2022

### Delivery Instructions

The following two items must be received by the Authority in order to proceed with the financing:



Signed Application, together with exhibits, for the Authority

- Email to bwf@mnhefa.org (cc: agl@mnhefa.org)
- Signed Application, together with exhibits, will be forwarded by the Authority to Bond Counsel and the Financial Advisor



\$1,000 Application Fee St. Thomas mailed check on March 2, 2022 to MNHEFA

- Checks should be made payable to: Minnesota Higher Education Facilities Authority
- Mail or Deliver check to:

Minnesota Higher Education Facilities Authority

380 Jackson Street, Suite 450

Saint Paul, MN 55101

651-296-4690

- Electronic payment is also available. Please contact the Authority for banking information if preferred.



Attachment A

Spring 2022 Issuance- Estimated Cost Summary

	STEAM Project A	Res Halls Project B	Nursing Project C	Athletics Project D	2037 Summit Project E	Refinance Project F	Total
Construction Cost	\$ 89,965,055	\$ 21,950,000	\$ 8,964,133	\$ -	\$ -	\$ -	\$ 120,879,188
Architectural, engineering and consultant costs	7,089,965	450,000	650,000	3,000,000	-	-	\$ 11,189,965
Furnishings & equipment	10,522,152	4,400,000	1,885,867	-	-	-	\$ 16,808,019
Site acquisition	-	-	-	6,500,000	1,030,000	-	\$ 7,530,000
Principal amount of debt to be refinanced	-	-	-	-	-	32,568,593	\$ 32,568,593
Other (excluding issuance costs and reserves)*	9,780,828	2,700,000	1,200,000	-	-	-	\$ 13,680,828
Total	<u>\$ 117,358,000</u>	<u>\$ 29,500,000</u>	<u>\$ 12,700,000</u>	<u>\$ 9,500,000</u>	<u>\$ 1,030,000</u>	<u>\$ 32,568,593</u>	<u>\$ 202,656,593</u>

\*Other = Project Contingency

Spring 2022 Issuance- Estimated Financing

	STEAM Project A	Res Halls Project B	Nursing Project C	Athletics Project D	2037 Summit Project E	Refinance Project F	Total
Amount of funds from other sources	\$ 43,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,300,000
Amount of project cost (excluding issuance costs and reserves) to be financed with Authority bonds	74,058,000	29,500,000	12,700,000	9,500,000	1,030,000	-	\$ 126,788,000
Principal amount of debt to be refinanced	-	-	-	-	-	32,568,593	\$ 32,568,593
Total	<u>\$ 117,358,000</u>	<u>\$ 29,500,000</u>	<u>\$ 12,700,000</u>	<u>\$ 9,500,000</u>	<u>\$ 1,030,000</u>	<u>\$ 32,568,593</u>	<u>\$ 202,656,593</u>

## Attachment A

### Spring 2022 Issuance- Construction Dates

	STEAM Project A	Res Halls Project B	Nursing Project C	Athletics Project D	2037 Summit Project E	Refinance Project F
Construction has started	2/5/2021	5/24/2021	12/16/2022	N/A	N/A	N/A
Construction contract has been awarded	1/7/2020	6/3/2021	11/9/2021	N/A	N/A	N/A
Purchase contract for materials or equipment has been awarded	TBD	9/17/2021	11/9/2021	N/A	N/A	N/A

### Spring 2022 Issuance- Proposed Timing Summary

	STEAM Project A	Res Halls Project B	Nursing Project C	Athletics Project D	2037 Summit Project E	Refinance Project F
Start date	2/5/2021	5/24/2021	1/3/2022	N/A	N/A	N/A
Completion date	9/1/2024	8/1/2022	10/1/2022	N/A	N/A	N/A
Acquisition date if the project is only for equipment	N/A	N/A	N/A	N/A	N/A	N/A
Optional redemption date for refinancing's	N/A	N/A	N/A	N/A	N/A	N/A

Attachment A

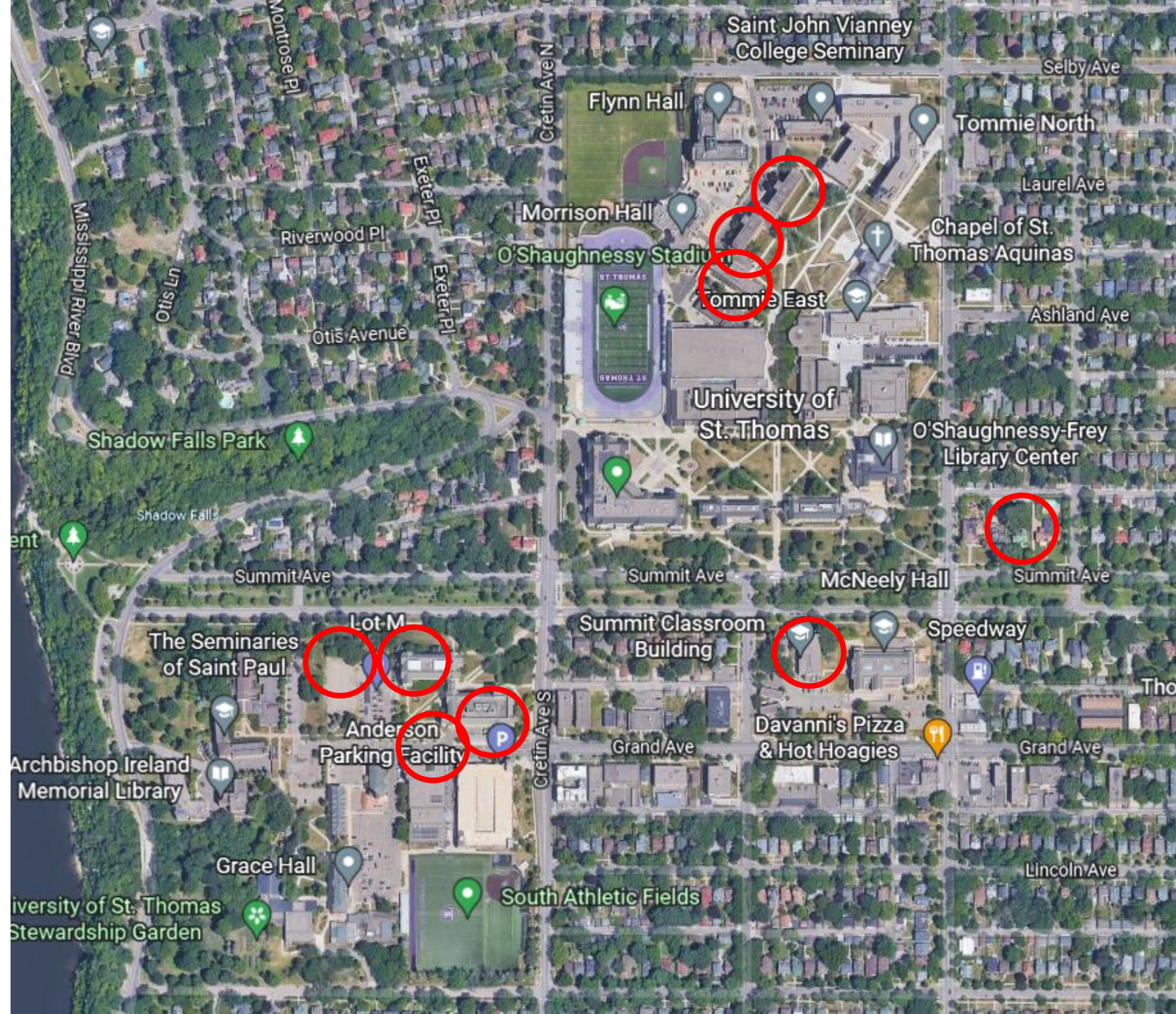
Spring 2022 Issuance- Governmental Approval Summary

	STEAM Project A	Res Halls Project B	Nursing Project C	Athletics Project D	2037 Summit Project E	Refinance Project F
Zoning variance or change	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
Building permit	pending	received	received	not applicable	not applicable	not applicable
Other governmental approval	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
Environmental Assessment Worksheet	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
Environmental Impact Statement	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable

# Minnesota Higher Education Facilities Authority

University of St.Thomas Bond Issuance  
March 23, 2022









# New STEAM Building Schoenecker Center



































# Residence Hall Renovations

## Dowling, Brady, Koch





# Dowling/Brady/Koch Renovation Project





# Dowling Residence Hall







# Dowling Residence Hall





# Dowling Residence Hall





# Renovation Summit Classroom Building





# Summit Classroom Building

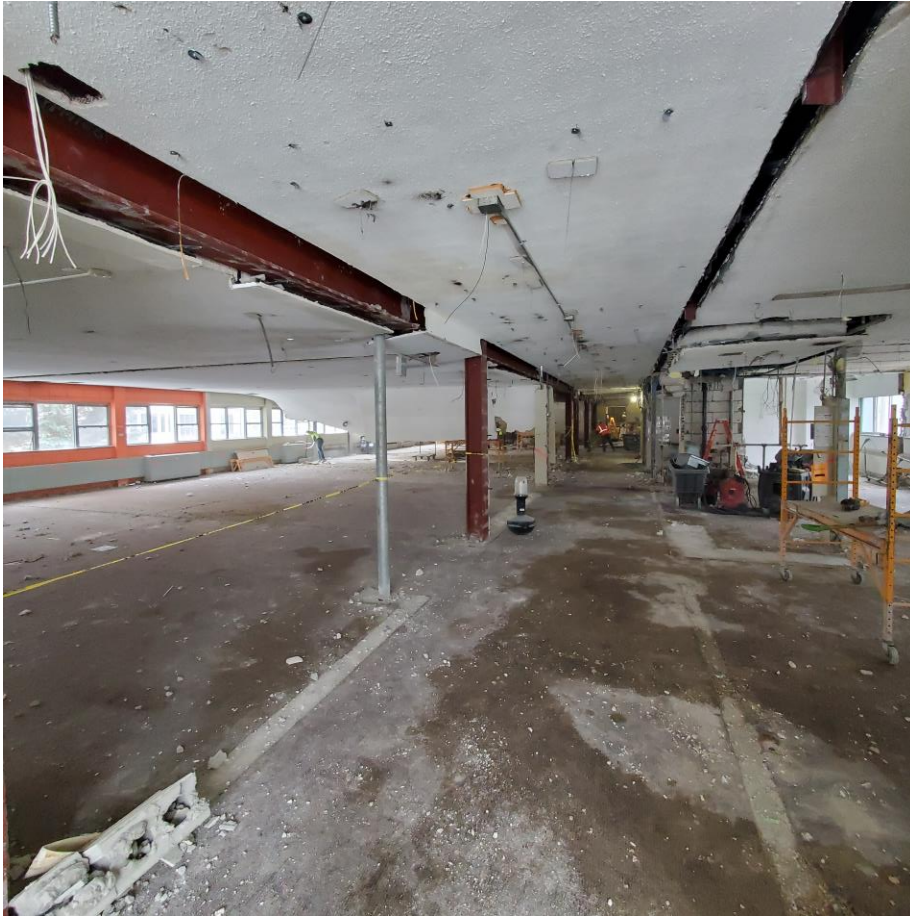


**McNeely Hall**

**Summit Classroom Building**



# Summit Classroom Building







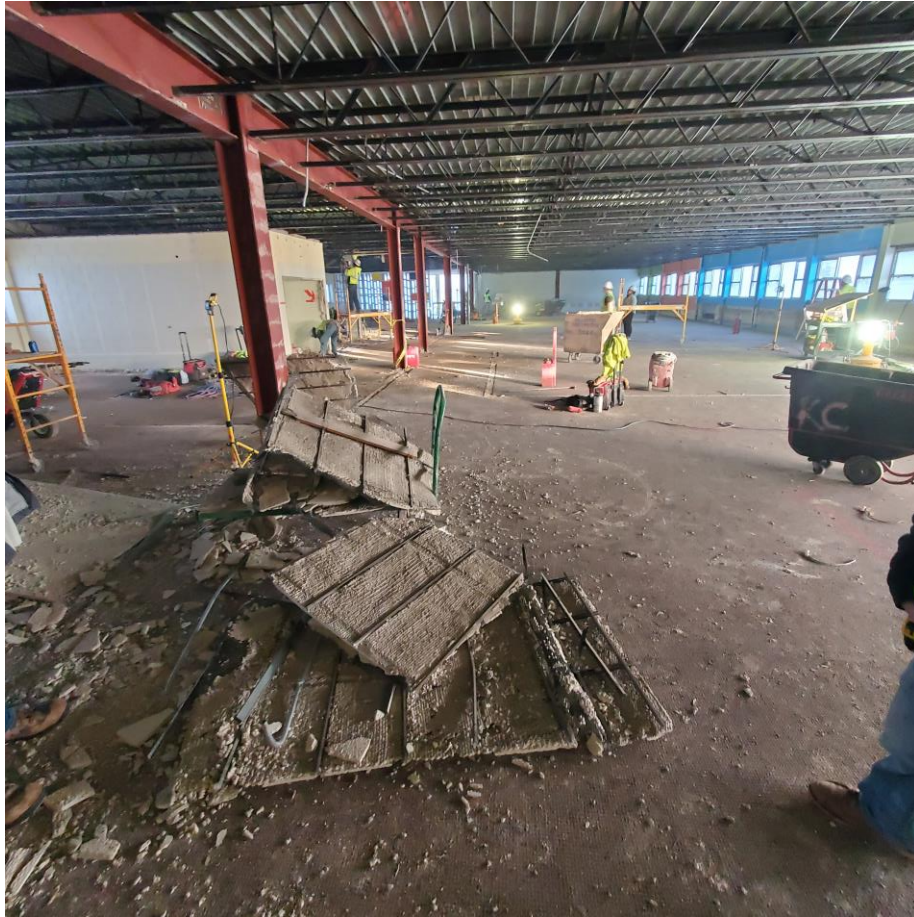
# Summit Classroom Building







# Summit Classroom Building





2037 Summit Avenue

# 2037 Summit Avenue







**Dining Room**



**Living Room**





**Living Room**



# ATHLETICS DESIGN

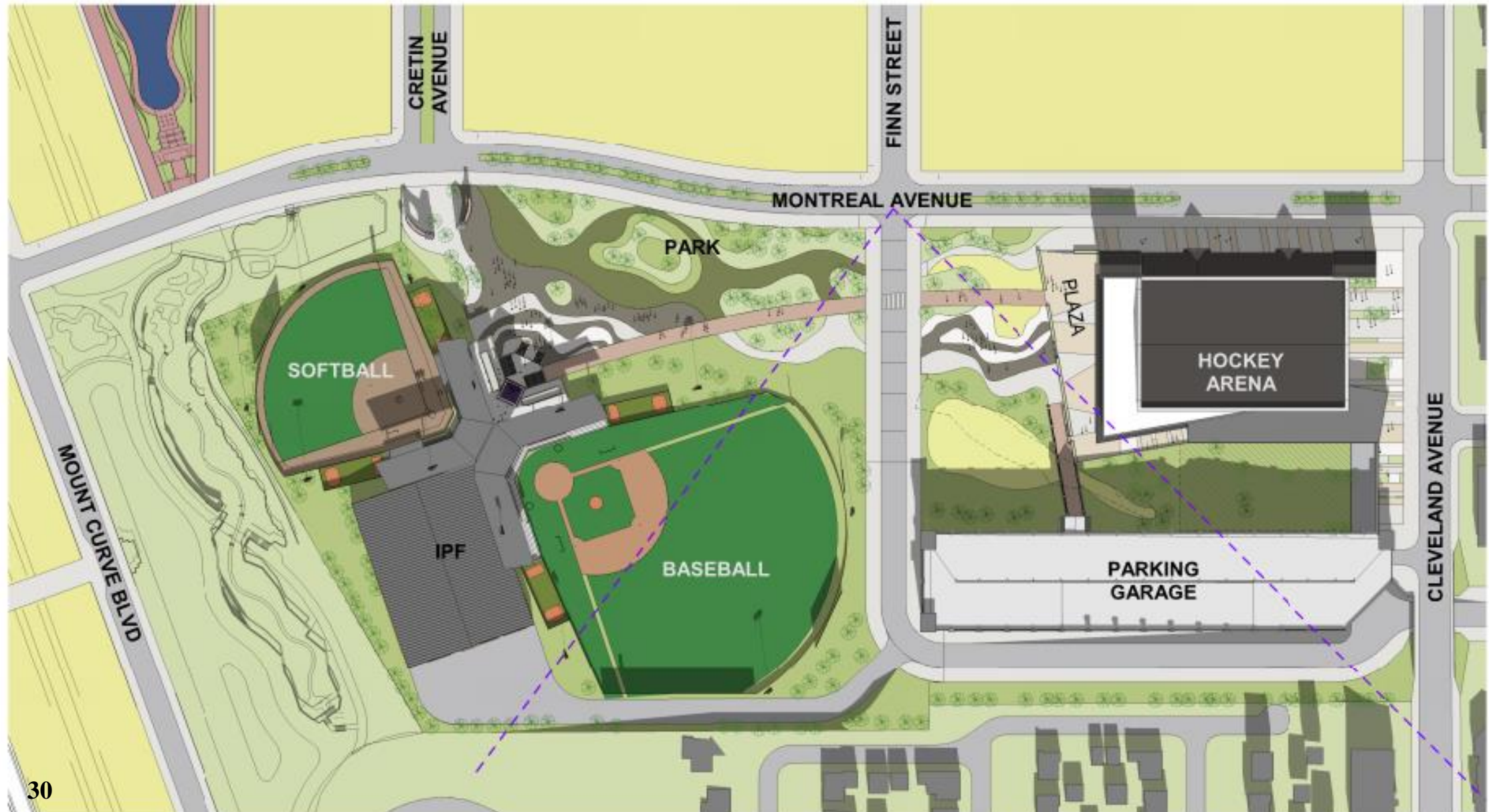


# Highland Bridge





# Pre-Concept Site Plan



# Rendering – View of Hockey Arena





# Rendering – View of Hockey Arena



# Minnesota Higher Education Facilities Authority

University of St. Thomas Bond Issuance  
March 23, 2022





North Slope Capital Advisors  
2000 S. Colorado Blvd  
Tower 1, Suite 2000-412  
Denver, CO 80222  
303-953-4101

March 23, 2022

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

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

As the independent registered municipal advisor for the Authority, we are pleased to provide the following review of the financing application submitted by the University of St. Thomas (the "University"). The University intends to issue its Series 2022A Revenue Bonds (the "Bonds"), the proceeds of which will be used for:

- (1) Construction of a new STEAM Center, renovation of various residence halls, renovations for the Summit Classroom Building, purchasing land for athletics to provide space for future facility expansion, and purchasing a residential parcel adjacent to President's residence; and,
- (2) Potentially refunding the University's outstanding Seven-Z, 2017B, 2020A, and 2020B Loans and Notes.

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

<i>Financing Summary</i>	
<b>Par Amount (Estimated as of March 1, 2022)</b>	\$150,000,000
<b>Financing Type</b>	New Money and Refunding
<b>New Money Projects</b>	STEAM Center (\$65MM), residence hall renovations (\$29.5MM), Summit Classroom Building renovations (\$12MM), purchase of land for athletics facilities (\$6.5MM), purchase of a residential parcel (\$1MM)
<b>Refinancing Projects</b>	Seven-Z, 2017B, 2020A, and 2020B (\$32.5MM)
<b>Prior MHEFA Bonds Outstanding (as of March 1, 2022)</b>	Series 2020A, 2020B, 2019, Seven-U, Seven-Z, Eight-L, Eight-M, 2017A, 2017B
<b>Current Underlying Rating</b>	A2 (Stable) as of August 2021
<b>Underwriter</b>	RBC
<b>Bond Counsel</b>	Dorsey and Whitney
<b>Issuance Date (Estimated)</b>	April 26, 2022

Based on our review of the material provided by the University, including the debt service pro formas provided by the Underwriter and the additional analysis completed on the following pages, North Slope's opinion is that a borrowing in the amount required to achieve the purposes above is fiscally feasible and a bond with adequate security can be structured. Accordingly, North Slope will be attending the Authority's meeting on March 23, 2022, to present our review of the University's application and answer any questions on the information contained in this letter.

Respectfully submitted,

NORTH SLOPE CAPITAL ADVISORS by  
Stephanie M. Chichester, President

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

cc: Mr. Mark Vangsgard, Vice President of Business Affairs and Chief Financial Officer  
Ms. Katelyn Shehu, Associate Vice President of Finance and Controller



## The University of St. Thomas

The University of St. Thomas (the “University”), until 1990 known as the College of St. Thomas, a Minnesota not-for-profit corporation, was founded in 1885 by Archbishop John Ireland as St. Thomas Aquinas Seminary. The University became a four-year institution of higher education in 1908 and conferred its first baccalaureate degrees in 1910. The University currently offers a broad range of academic programs leading to undergraduate and graduate degrees.

The main campus of the University is located in the West Summit Avenue area of Saint Paul, Minnesota, between the downtown districts of Saint Paul and Minneapolis. The University began its downtown Minneapolis presence in 1987. The University’s Minneapolis campus is comprised of four academic buildings, which include the following schools: the School of Law; the Opus University of Business; the Schulze School of Entrepreneurship; the School of Education; and the Dougherty Family University. The University also owns and operates the Bernardi facility in Rome, Italy.

The University is accredited by the Higher Learning Commission and is registered with the Minnesota Office of Higher Education in accordance with Minnesota Statutes.

### ***Enrollment***

The University’s full-time and headcount enrollment trends for the last five fall semesters are provided below.

<i>Fall</i>	2021	2020	2019	2018	2017
<b>Headcount</b>	9,347	9,828	9,871	10,035	9,878
<b>Change (#)</b>	-481	-43	-164	157	-105
<b>Change (%)</b>	-4.89%	-0.44%	-1.63%	1.59%	-1.05%
<b>FTE</b>	8,176	8,579	8,649	8,783	8,546
<b>Change (#)</b>	-403	-70	-134	237	-20
<b>Change (%)</b>	-4.70%	-0.81%	-1.53%	2.77%	-0.23%

*Source: Series 2019 Official Statement and University of St. Thomas Appendix I to 2022 MHEFA Application*

### ***Summary of Financial Operations***

Management’s strong fiscal oversight and conservative budgeting and planning practices has provided continued healthy operating performance over the last several years. A high dependence on student charges continues to be a key credit factor given low net tuition revenue growth, mitigated by the University’s excellent expense management. The University has a demonstrated commitment to cost containment, as evidenced by its low \$26,832 educational expenses per student, which is very close to the \$22,362 net tuition per student using fiscal year 2021 financials and Fall 2021 FTE’s.

Provided in Appendix A is a *Statement of Activities and Change in Net Assets* for the University’s three prior fiscal years ending June 30, 2021, 2020, and 2019 which presents information about the University’s operating activities derived from the audited financial statements. North Slope is working with the Authority and the University to develop a complete understanding of University financial operations and further analysis will be completed for the Plan of Finance review to be presented at a future Authority Meeting.

### ***Summary of Financial Position***

As demonstrated on the following page, the University increased its total assets by over 34% from Fiscal Year 2017 to Fiscal Year 2021. Liabilities increased 18% over that same period.

Minnesota Higher Education Facilities Authority  
Application Review Letter from North Slope Capital Advisors  
for Financing from University of St. Thomas (Series 2022A)  
Date: March 23, 2022  
Page: 2

ASSETS	2021	2020	2019	2018	2017
<b>Total Assets</b>	\$ 1,542,547,921	\$ 1,331,564,102	\$ 1,316,963,018	\$ 1,202,999,681	\$ 1,181,326,871
LIABILITIES					
<b>Total Liabilities</b>	319,494,678	336,043,805	338,053,534	252,915,991	268,919,832
NET ASSETS					
Without donor restrictions	539,896,699	451,273,969	446,863,085	437,415,054	425,223,009
With donor restrictions	683,156,544	544,246,328	532,046,399	512,668,636	487,184,030
<b>Total Net Assets</b>	1,223,053,243	995,520,297	978,909,484	950,083,690	912,407,039
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,542,547,921</b>	<b>\$ 1,331,564,102</b>	<b>\$ 1,316,963,018</b>	<b>\$ 1,202,999,681</b>	<b>\$ 1,181,326,871</b>

Source: University of St. Thomas Audited Financial Statements for FY2021, FY2019, and FY2018.

In Fiscal Year 2021, the increase in net assets of over \$228 million year-over-year was attributed primarily to an operating surplus of \$30 million and investment returns of approximately \$195 million. The University maintains healthy liquidity with cash and investments to operating expenses of over 3.5x for Fiscal Year 2021 (mapping to the "Aa" category).

Provided in Appendix B are the *Statements of Financial Position* for the University's prior five fiscal years ending June 30, 2021, through June 20, 2017, which presents information about the University's assets, liabilities and net assets derived from the audited financial statements.

### Summary of Outstanding Debt

As of June 30, 2021, the University had \$237 million of outstanding bonds issued by the Authority for the University's benefit as summarized below:

Series	Issue Date	Original Issue Amount	Outstanding Principal	Mode	Use of Proceeds
MHEFA Series 2020A&B	7/1/2020	\$ 18,745,000	\$ 18,150,000	Variable	Refund Series 2017C (McNeely Hall), Six-H (Center for Well Being & Ireland Hall Renovations)
MHEFA Series 2019	5/30/2019	80,525,000	80,525,000	Fixed	Tommie East & Tommie North
MHEFA Series 2017A	12/28/2017	60,750,000	56,000,000	Fixed	Anderson Student Center
MHEFA Series 2017B	12/1/2017	8,220,000	3,655,000	Variable	Refund Four-O and Five-C (Science and Engineering Center, John Roach Center, Morrison Hall)
MHEFA Series Eight-M	3/9/2016	15,305,000	2,465,000	Fixed	Advance Refund 6I (Opus Hall, Morrison Hall & Science & Engineering Center)
MHEFA Series Eight-L	3/9/2016	55,355,000	47,035,000	Fixed	Advance Refund 6W & 6X (Anderson Athletic & Rec. Complex & Anderson Parking Facility)
MHEFA Series Seven-U	3/28/2013	25,685,000	14,430,000	Fixed	Advance Refund 5L & 5Z (School of Law, Schulze Hall & Terrence Murphy Hall)
MHEFA Series Seven-Z	3/1/2014	24,210,000	14,953,593	Fixed	Refund Five-Y (Flynn Hall)
<b>Total Outstanding Principal</b>			<b>\$ 237,213,593</b>		

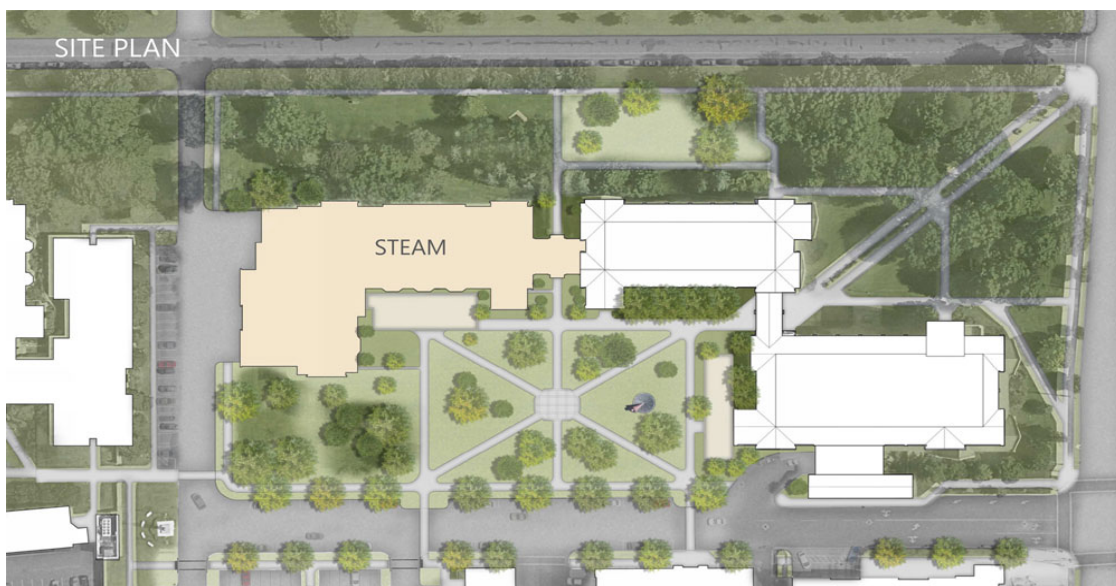
Source: University of St. Thomas FY2021 Audit

The proposed Series 2022A issuance of approximately \$110 million in principal amount (new money only) represents a 46% increase to the University's outstanding debt. The University's liquidity is expected to remain robust with cash and investments providing a strong 2.6x coverage of outstanding and proposed new debt. The University's operating cash flows provide for solid affordability for the existing and proposed debt service in the near-term; however, projected maximum aggregate annual debt service (~\$26 million) as a percent of operations would increase to 10.2% based on operating expenses for Fiscal Year 2021 (~\$256 million) which is slightly high for the University's rating category.

## The Project

The University of Saint Thomas intends to spend the proceeds on several projects to fill a wide range of needs for the University as described in detail below.

The first project, of which \$65,000,000 of the new money proceeds are to be allocated, will be the construction of a STEAM (Science Technology Art Engineering Mathematics) building. The University's current plan is to use roughly \$48,000,000 in donations and other funds in addition to the financed amount to construct the new STEAM building. The addition of the STEAM building will bolster the university's competitiveness for new student enrollment, which is increasingly STEAM driven. In addition to the construction of the new building funds will go towards demolition as well as associated renovations to accommodate dislocations of existing units both before and after the STEAM building's completion. Impacted spaces include Brady Education Center, Facilities and Design Building, O'Shaughnessy Science Center, and Owens Science Center. Below are renderings showing the building's footprint and façade.



*Proposed site plan for the STEAM Building  
Source: renderings provided to myvillager.com, article published 06/09/2021*



*Conceptual rendering of the façade of the new STEAM Building  
Source: renderings provided to myvillager.com article published 06/09/2021*



The second new money project, of which roughly \$29,500,000 of the new money proceeds are expected to be expended, will be for renovations of three residence life spaces. Two residence halls, Brady and Dowling as well as the Koch Commons, which connects the two buildings (all pictured below), will undergo renovations. This project aligns with the University's two-year on-campus living requirement. Now that the requirement is in place, the University needs to create quality parity across residence halls to accommodate additional students living on campus because of the requirement.



*Brady and Dowling Residence Halls along with Koch Commons pictured in the foreground adjacent to one another and abutting the quad.  
Source: University of St. Thomas website*

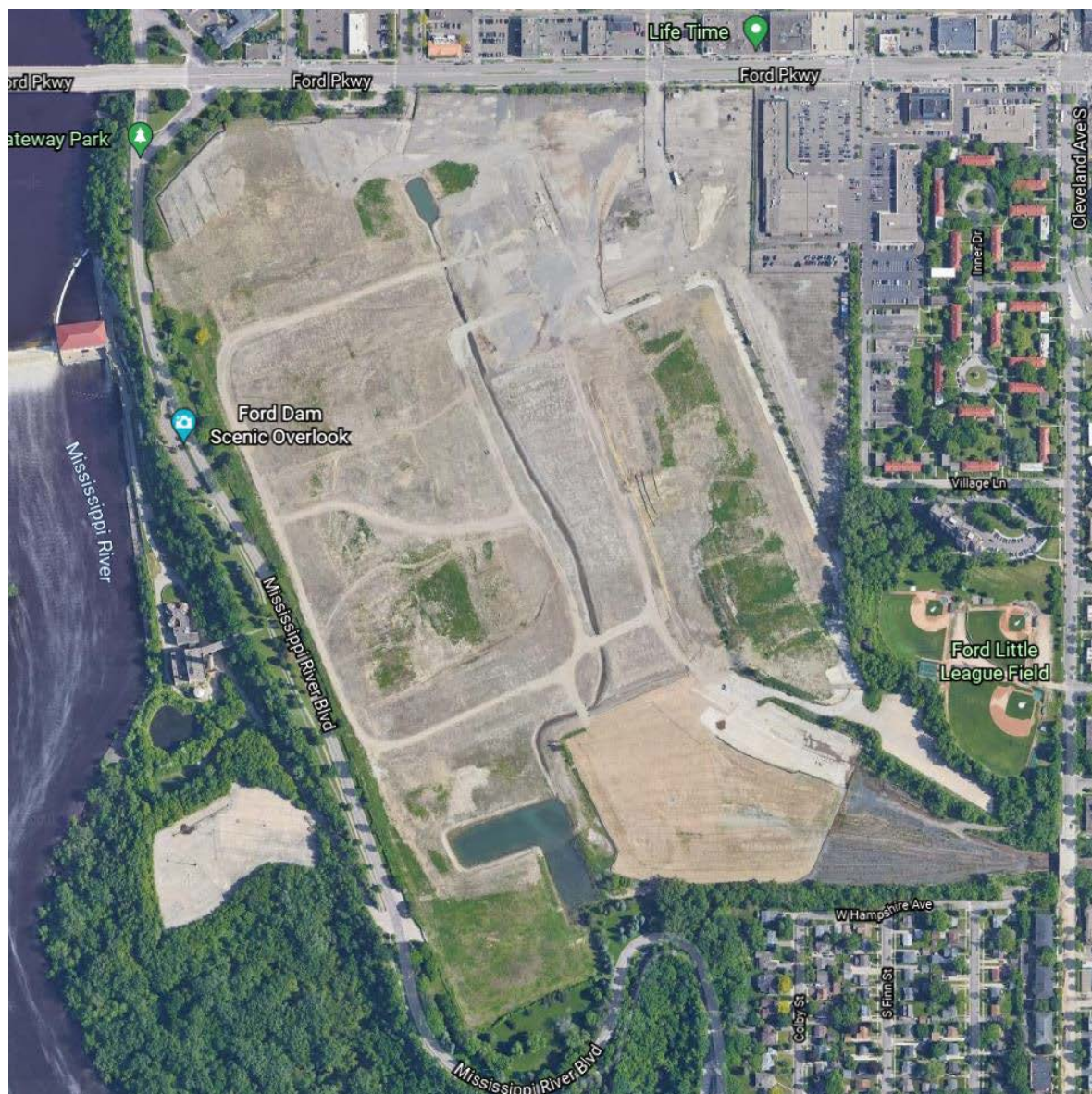
The third planned project is the renovation of the Summit Classroom Building on the University's Saint Paul campus. The purpose of the renovation will be to update the existing building to provide start-up space for the University's new nursing program. This project is expected to utilize roughly \$12,000,000 of the new money proceeds. The addition of the new nursing program will help drive enrollment gains for the university as well as position the university to produce additional workforce ready students.



*The front façade of the Summit Classroom Building  
Source: Google Maps*



The fourth project the University will put funding towards is the acquisition of land and partial design of new athletic facilities for hockey and/or other sports. This project is expected to utilize roughly \$6,500,000 of the new money proceeds. The land under consideration for acquisition is known as the CP Rail tract and is located adjacent to the Highland Bridge redevelopment area in Saint Paul (see below). The Highland Bridge redevelopment will eventually redevelop 122 acres along the Mississippi River where the Ford Motor Company had its Twin Cities Assembly Plant. The University's move to NCAA Division I from NCAA Division III in 2021 was an unprecedented in the modern history of the NCAA. And the University's current facility, St. Thomas Ice Arena, which they share with St. Thomas Prep School, is by far the smallest hockey arena in NCAA Division I with seating for only +/- 1,000 spectators. The University has identified the CP Rail tract as a potential acquisition as it is close to the campus and could be feasible for the future construction of a hockey arena sufficient for an NCAA Division I program as well as accommodate additional sports complexes such as a shared use facility for softball and baseball.



*An aerial view of the proposed plot of land (the "CP Tract") to be acquired for future development of athletics facilities  
Source: University of St. Thomas slide show for MNHEFA Board Meeting 3-23-2022*



The fifth project the University seeks funding for is the purchase of a residential home located at 2037 Summit Avenue in Saint Paul, MN (see below). The current owner approached the University about a potential sale and administration views the property as a suitable location for future student service offices, including Veteran Services. The property is located adjacent to the University president's residence. The purchase may require expenditures of approximately \$1,000,000 from the new money proceeds.



*The proposed residence to be purchased, currently a private home  
Source: Google Maps*

Finally, the University is contemplating a refinancing of approximately \$32,568,593 of its Series Seven-Z, 2017B, 2020A and 2020B Bonds. However, this refunding would be done primarily to ease financial covenants on the University arising from the Loan and Note agreements on the above series. A final determination has not been made with respect to the refinancing.

### **The Financing**

The University anticipates issuing bonds to: (i) finance the Project, (ii) potentially refund certain outstanding bank loans, (iii) fund capitalized interest (inclusion of capitalized interest and period to be covered TBD), and (iv) pay costs of issuance. While the University has not finalized the structure for the bond issue, the University has selected Royal Bank of Canada (RBC) to be the sole managing underwriter for the negotiated sale. RBC is experienced in negotiating sales of tax-exempt bonds not only for issuers in Minnesota but also across the country. Provided in Appendix C is a debt service 'skyline' for the University's outstanding debt service.

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***Sources and Uses (as of March 16, 2022)***

A preliminary estimate of sources and uses is provided below:

<b>Preliminary Sources and Uses for New Money Series</b>	
<b>SOURCES</b>	
Par amount	\$111,185,000
Reoffering Premium	10,932,129
<b>Total Sources</b>	<b>\$122,117,129</b>
<b>USES</b>	
Deposit to Project Fund	\$112,500,000
Deposit to Capitalized Interest Fund	9,014,084
Costs of issuance	603,045
<b>Total Uses</b>	<b>\$122,117,129</b>

*Source: RBC UST Financing Structure Discussion Handout (3-16-2022), Scenario 2, which assumes all fixed rate debt with 2 years of capitalized interest.*

A refunding of certain outstanding bank loans is under consideration, primarily for financial covenant relief, but the final determination to include this element of the plan of finance has not been made.

***Security for the Bonds***

The Bonds will be issued by the Authority and secured by loan repayments made by the University pursuant to a *Loan Agreement* between the Authority and the University, or from other amounts pledged pursuant to a *Trust Indenture*. The Bonds will be payable solely as a general obligation of the University from the general funds and any other legally available moneys of the University. There will not be a mortgage lien nor security interest in any property of the University; the bonds will not be secured by a debt service reserve fund, and there will be no 'negative pledge' on the University's real property, subject to permitted encumbrances. At this time, it is anticipated that the Bonds will be issued on parity with the University's outstanding bonds.

***Financial Covenants***

The University is subject to three financial covenants relating to their Series 2020A&B Loan and Note, their 2017B Loan and Note as well as their Seven-Z Loan and Note. The three financial covenants are included below along with a summary of the University's most 2021 fiscal year-end compliance certificates.

Shared Covenant for Series 2020A&B, Series 2017B, Series Seven-Z Loan and Note:

- *Fixed Charge Coverage Ratio.* The University shall maintain a Fixed Charge Coverage Ratio, as of the end of each Fiscal Year of University, of at least 1.10 to 1.00 for at least two out of every three Fiscal Years, and in no event shall the University fail to maintain Fixed Charge Coverage Ratio of less than 0.90 to 1.00 as of the end of any Fiscal Year.

Shared Covenant for the Series 2017B and Series Seven-Z:

- *Debt to Net Assets Ratio.* The University shall achieve a Debt to Net Assets Ratio, as of the end of each Fiscal Year of University commencing with Fiscal Year ended June 30, 2018, of not great than 0.85 to 1.00.

Covenant unique for the Series 2020A&B:

- *Liquidity.* The University shall maintain a ratio of Available Cash and Investments to Total Debt of not less than 1.00 to 1.00, measured annually commencing with the Fiscal Year ended June 30, 2021; *provided, however* that if such ratio is less than 1.00 to 1.00, but the University shall then (i)

have a Debt to Net Assets Ratio of not greater than 0.45 to 1.00, and (ii) a Fixed Charge Coverage Ratio of at least 1.10 to 1.00, the University will be considered in compliance.

The University has calculated covenant compliance as required under the financial covenants. The calculations show the University complies with the applicable covenants.

***Rating***

The University is currently rated "A2" with a stable outlook from Moody's Investors Service ("Moody's") which was affirmed in August of 2021 in conjunction with their annual surveillance. Moody's has not provided a rating on the Bonds as of the date of this Application Review Letter. It is anticipated that the rating conference with the University and Moody's will be scheduled in April, with the rating for the Bonds published before issuing the Bonds. Given the size of the issue, the University and is likely to pursue ratings from at least one other rating agency.

Finally, the University is evaluating the benefits of pursuing an ESG designation on a portion of the issue (for those funds that would be used to finance the STEAM Building and residence hall renovations). Further discussion on ratings and the pursuit of ESG designations for some of the bonds are ongoing.

Minnesota Higher Education Facilities Authority  
Application Review Letter from North Slope Capital Advisors  
for Financing from University of St. Thomas (Series 2022A)  
Date: March 23, 2022  
Appendix A

ST. THOMAS UNIVERSITY Statement of Activities 2021 through 2019									
	2021			2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES</b>									
Tuition and Fees	\$ 348,496,841	\$ -	\$ 348,496,841	\$ 334,990,983	\$ -	\$ 334,990,983	\$ 320,680,532	\$ -	\$ 320,680,532
Less: Student Aid	(165,664,340)	-	(165,664,340)	(151,293,754)	-	(151,293,754)	(140,177,275)	-	(140,177,275)
Net Tuition and Fees	182,832,501	-	182,832,501	183,697,229	-	183,697,229	180,503,257	-	180,503,257
Sales and Services of Auxiliary Enterprises	30,500,299		30,500,299	30,153,659	-	30,153,659	41,962,159		41,962,159
Private Gifts and Grant	9,260,259	24,840,390	34,100,649	8,281,889	13,992,043	22,273,932	6,959,786	13,037,463	19,997,249
Grants and Contracts	14,606,966	802,155	15,409,121	8,444,700	1,126,104	9,570,804	5,233,351	541,247	5,774,598
Endowment Distributed to Operations	2,040,619	15,109,493	17,150,112	2,933,738	14,009,960	16,943,698	2,708,440	14,663,542	17,371,982
Other Ordinary Investment Income	1,318,101	-	1,318,101	1,142,437	-	1,142,437	2,497,875	-	2,497,875
Sales and Services of Education Departments	2,181,398	-	2,181,398	3,120,041	-	3,120,041	4,398,482	-	4,398,482
Other Revenue	3,669,140	-	3,669,140	6,300,006	-	6,300,006	5,686,506	-	5,686,506
Net Assets Release from Restrictions	30,580,438	(30,580,438)	-	32,288,687	(32,288,687)	-	31,278,805	(31,278,805)	-
Total Operating Revenues	276,989,721	10,171,600	287,161,321	276,362,386	(3,160,580)	273,201,806	281,228,661	(3,036,553)	278,192,108
<b>OPERATING EXPENDITURES</b>									
Instruction and Other Services:									
Instruction	118,084,079	-	118,084,079	124,404,357	-	124,404,357	130,121,164	-	130,121,164
Auxiliary Enterprises	38,628,642	-	38,628,642	32,586,032	-	32,586,032	38,115,203	-	38,115,203
Student Activities and Services	33,780,038	-	33,780,038	33,534,359	-	33,534,359	33,554,395	-	33,554,395
Academic Support	15,045,184	-	15,045,184	15,242,149	-	15,242,149	15,288,970	-	15,288,970
Libraries	9,009,215	-	9,009,215	9,473,000	-	9,473,000	9,584,132	-	9,584,132
Public Service	3,103,461	-	3,103,461	3,125,089	-	3,125,089	3,386,309	-	3,386,309
Research	1,731,063	-	1,731,063	2,006,041	-	2,006,041	1,345,034	-	1,345,034
Total Instruction and Other Services	219,381,682	-	219,381,682	220,371,027	-	220,371,027	231,395,207	-	231,395,207
Management and General:									
General Administration and Support Services	28,231,650	-	28,231,650	33,931,747	-	33,931,747	34,329,504	-	34,329,504
Development	8,948,693	-	8,948,693	10,164,226	-	10,164,226	10,150,457	-	10,150,457
Total Management and General	37,180,343	-	37,180,343	44,095,973	-	44,095,973	44,479,961	-	44,479,961
Total Operating Expenditures	256,562,025	-	256,562,025	264,467,000	-	264,467,000	275,875,168	-	275,875,168
<b>NET OPERATING INCOME (LOSS)</b>	20,427,696	10,171,600	30,599,296	11,895,386	(3,160,580)	8,734,806	5,353,493	(3,036,553)	2,316,940
<b>NONOPERATING ACTIVITIES</b>									
Endowment Gifts	-	9,677,842	9,677,842	-	37,539,844	37,539,844	-	21,246,118	21,246,118
Endowment and Investment Earnings:									
Investment Ordinary Income	738,591	2,983,883	3,722,474	524,139	2,653,466	3,177,605	1,013,346	4,171,256	5,184,602
Net Capital Gain (Loss) on Investments	30,942,660	130,931,705	161,874,365	(2,358,576)	(10,474,846)	(12,833,422)	3,257,215	11,794,031	15,051,246
Less: Distributed to Operations	(2,040,619)	(15,109,493)	(17,150,112)	(2,933,738)	(14,009,960)	(16,943,698)	(2,708,440)	(14,663,551)	(17,371,991)
Net Nonoperating Endowment Gain (Loss)	29,640,632	118,806,095	148,446,727	(4,768,175)	(21,831,340)	(26,599,515)	1,562,121	1,301,736	2,863,857
Other Investment Capital Gain (Loss)	33,326,737	518,959	33,845,696	(2,210,681)	42,005	(2,168,676)	3,606,008	(49,591)	3,556,417
(Loss) Gain on Disposal of Property and Equipment	(1,343)	-	(1,343)	5,587	-	5,587	(815,330)	-	(815,330)
Net Unrealized Gain (Loss) on Interest Rate Exchange Agreement	469,097	-	469,097	(511,233)	-	(511,233)	(284,708)	-	(284,708)
Loss on Debt Refinancing	(47,261)	-	(47,261)	-	-	-	-	-	-
Donor Adjustments	-	(264,280)	(264,280)	-	(390,000)	(390,000)	26,447	(452,928)	(426,481)
Adjust Straight Line Rent Accrual	4,807,172	-	4,807,172	-	-	-	-	368,981	368,981
Net Nonoperating Income (Loss)	68,195,034	128,738,616	196,933,650	(7,484,502)	15,360,509	7,876,007	4,094,538	22,414,316	26,508,854
<b>CHANGE IN NET ASSETS</b>	88,622,730	138,910,216	227,532,946	4,410,884	12,199,929	16,610,813	9,448,031	19,377,763	28,825,794
Net Assets - Beginning of Year	451,273,969	544,246,328	995,520,297	446,863,085	532,046,399	978,909,484	437,415,054	512,668,636	950,083,690
<b>NET ASSETS - END OF YEAR</b>	\$ 539,896,699	\$ 683,156,544	\$ 1,223,053,243	\$ 451,273,969	\$ 544,246,328	\$ 995,520,297	\$ 446,863,085	\$ 532,046,399	\$ 978,909,484

Source: University of St. Thomas Audited Financial Statements for FY2021 and FY2020

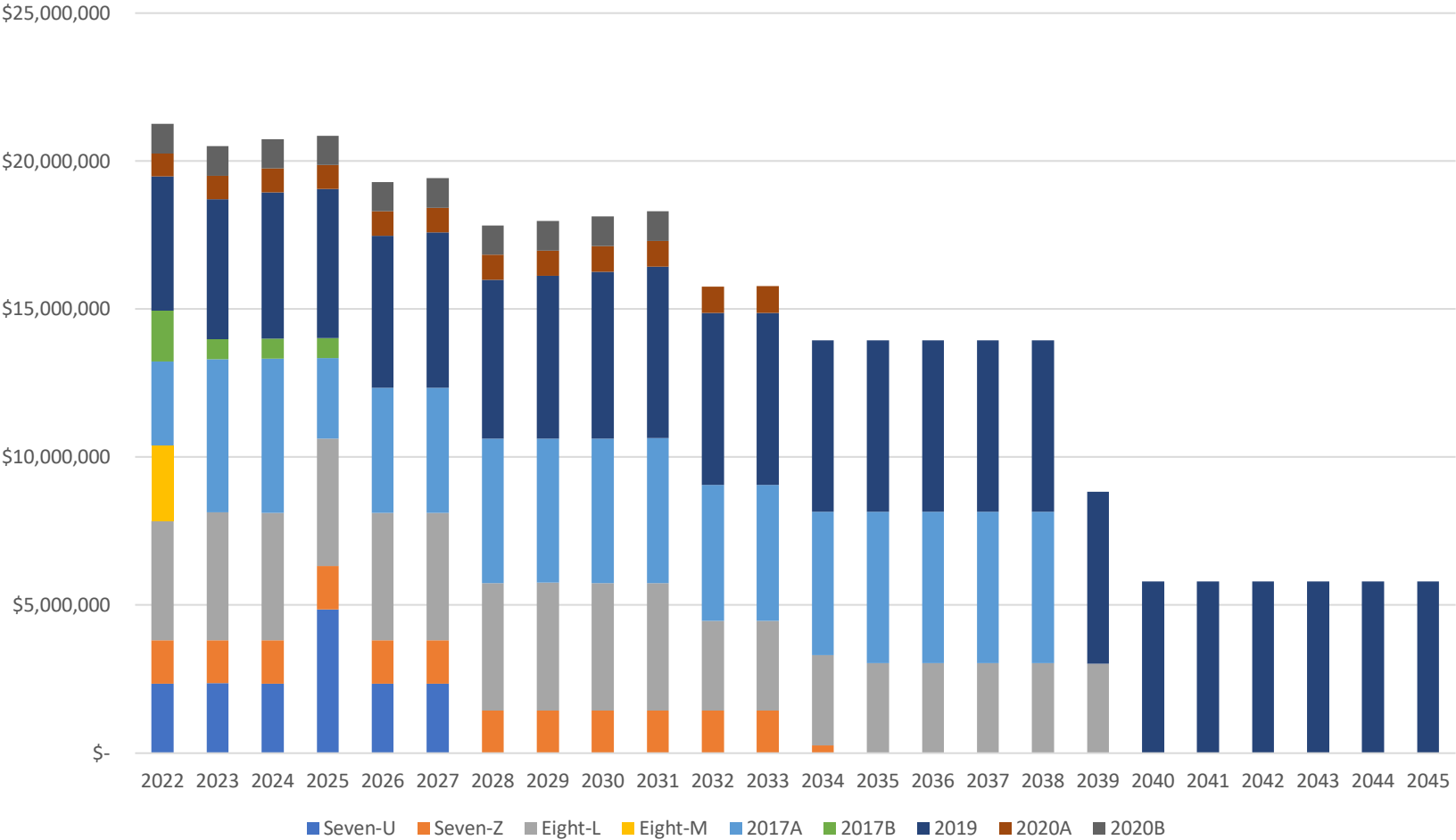


Minnesota Higher Education Facilities Authority  
Application Review Letter from North Slope Capital Advisors  
for Financing from University of St. Thomas (Series 2022A)  
Date: March 23, 2022  
Appendix B

ST. THOMAS UNIVERSITY					
Statement of Financial Position					
2021 through 2017					
ASSETS	2021	2020	2019	2018	2017
Cash and Cash Equivalents	\$ 1,786,005	\$ 12,440,706	\$ 2,876,817	\$ 5,407,249	\$ 1,750,406
Accounts Receivable, Net	12,108,585	7,755,061	13,376,819	11,330,825	12,552,640
Inventories, Prepaid Expenses, and Other Assets	6,630,121	5,392,421	6,300,331	6,663,104	5,457,482
Contributions Receivable, Net	111,516,898	119,348,707	122,852,026	151,284,836	147,405,436
Student and Other Notes Receivable, Net	2,082,971	3,535,774	4,385,401	5,204,116	5,352,992
Funds Held with Bond Trustees	750,996	26,932,350	92,602,591	29,010	5,434,789
Investments	910,054,532	665,388,171	670,657,251	615,270,362	589,490,672
Land, Building, and Equipment, Net	497,617,813	490,770,912	403,911,782	407,810,179	413,882,454
<b>Total Assets</b>	<b>\$ 1,542,547,921</b>	<b>\$ 1,331,564,102</b>	<b>\$ 1,316,963,018</b>	<b>\$ 1,202,999,681</b>	<b>\$ 1,181,326,871</b>
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 33,891,077	\$ 39,585,767	\$ 28,671,709	\$ 21,258,326	\$ 24,379,860
Unearned Tuition Income	5,551,853	7,663,335	6,347,330	6,481,857	8,064,370
Deposits and Other Liabilities	33,839,697	40,533,754	42,960,969	34,789,929	30,125,953
Assets Held in Custody for Others	1,208,246	986,037	985,747	1,031,601	1,171,374
Annuity Obligations	6,046,636	5,813,938	6,063,550	6,481,853	5,760,235
Bonds Payable	236,377,531	238,255,215	248,714,502	178,611,656	194,983,766
Advances from Federal Government for Student Loans	2,579,638	3,205,759	4,309,727	4,260,769	4,434,274
<b>Total Liabilities</b>	<b>\$ 319,494,678</b>	<b>\$ 336,043,805</b>	<b>\$ 338,053,534</b>	<b>\$ 252,915,991</b>	<b>\$ 268,919,832</b>
NET ASSETS					
Without Donor Restrictions	539,896,699	451,273,969	446,863,085	437,415,054	425,223,009
With Donor Restrictions	683,156,544	544,246,328	532,046,399	512,668,636	487,184,030
<b>Total Net Assets</b>	<b>1,223,053,243</b>	<b>995,520,297</b>	<b>978,909,484</b>	<b>950,083,690</b>	<b>912,407,039</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,542,547,921</b>	<b>1,331,564,102</b>	<b>1,316,963,018</b>	<b>1,202,999,681</b>	<b>1,181,326,871</b>

Source: University of St. Thomas Audited Financial Statements for FY2021, FY2020, and FY2018.

University of Saint Thomas Outstanding Debt Skyline



## MEMORANDUM

TO: Barry W. Fick, Executive Director  
Minnesota Higher Education Facilities Authority

DATE: March 16, 2022

FROM: McGrann Shea Carnival Straughn & Lamb, Chartered

RE: Application of the University of St. Thomas for MHEFA Financing

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We have reviewed the Application of the University of St. Thomas (the “University”) dated March 8, 2022 (the “Application”), and have found it to be complete and satisfactory from a legal standpoint, subject to the following:

1. Purpose. The Application relates to financing for a project (the “Project”) consisting of (a) the acquisition, design, demolition, construction, renovation, improvement, furnishing and equipping of various facilities, including (i) construction of a 5-level academic building for science, technology, engineering, arts and mathematics of approximately 129,600 square feet on the former site of Loras Hall which was demolished in 2021 for this purpose, to be known as the Schoenecker Center (the “Schoenecker Center”), to be used for classrooms, offices, laboratories, and related purposes, (ii) renovation of Brady Educational Center to provide faculty offices and student music practice spaces relocated from Loras Hall, (iii) renovation of the Facilities & Design Center to relocate Engineering workshops from O’Shaughnessy Science Hall; (iv) renovation of the Anderson Parking Facility to relocate the recycling center from the Facilities & Design Center to make room for the Engineering workshops; (v) renovation of O’Shaughnessy Science Hall to repurpose the space vacated by the Engineering workshops and modifications related to the Schoenecker Center central utility plant; (vi) renovation of Owens Science Hall to repurpose faculty offices that will be relocated to the Schoenecker Center and modifications related to the Schoenecker Center central utility plant; (vii) renovation of Brady Residence Hall and Dowling Residence Hall and Koch Commons connecting them; (viii) renovation of the Summit Classroom Building to provide start-up space for the University’s new nursing program, and (ix) acquisition of a single-family residence adjacent to the University’s Saint Paul campus (the “Residential Property”; all of the foregoing activities described in clauses (i) through (ix), inclusive, collectively, the “Main Campus Projects”); (b) acquisition of an approximately 22-acre tract of land (the “CP Rail Tract”) and preliminary design work for a University hockey arena, softball and baseball fields, and related athletic facilities, in the Highland Bridge redevelopment area in Saint Paul (the “Athletic Facilities Project”); and (c) the refunding on a current refunding basis of the following Authority obligations issued on behalf of the University: (i) the Authority’s Revenue Note, Series Seven-Z (University of St. Thomas), dated March 14, 2014, issued in the principal amount of \$24,210,000 (the “Series Seven-Z Note”); (ii) the Authority’s Revenue Refunding Note, Series 2017B (University of St. Thomas), dated December 29, 2017, issued in the principal amount of

\$8,220,000 (the “Series 2017B Note”); and (iii) the Authority’s Revenue Refunding Note, Series 2020A (University of St. Thomas), dated July 17, 2020, issued in the principal amount of \$9,610,000 (the “Series 2020A Note”), and the Authority’s Revenue Note, Series 2020B (University of St. Thomas), dated July 17, 2020, in the principal amount of \$9,135,000 (the “Series 2020B Note”).

The Series Seven- Z Note was issued to provide funds to be loaned to the Corporation to advance refund the Authority’s Revenue Bonds, Series Five-Y (University of St. Thomas), dated August 1, 2004 (the “Series Five-Y Bonds”). The Series Five-Y Bonds were issued to provide funds to finance the construction, equipping and furnishing of Flynn Residence Hall (formerly known as Selby Residence Hall), a seven-story student residential hall and related parking facility.

The Series 2017B Note was issued to provide funds to be loaned to the Corporation to current refund the Authority’s Revenue Bonds, Series Seven-O (University of St. Thomas), dated May 30, 2012 (the “Series Seven-O Bonds”). The Series Seven-O Bonds were issued to provide funds to finance the refunding of (A) the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series Four-O (University of St. Thomas) dated September 25, 1997, which were issued in the original principal amount of \$10,800,000 to finance (i) the construction, furnishing and equipping of Morrison Hall, a residence hall for approximately 350 beds, (ii) the construction, furnishing and equipping of an approximately 350 stall parking ramp beneath Morrison Hall, (iii) the construction, furnishing and equipping of a Commons Building connecting Brady Hall and Dowling Hall for administrative and office space and recreational facilities and related improvements to connecting areas of Brady and Dowling Halls, and (iv) the construction of a skyway between the Commons Building and Morrison Hall and related site improvements; and (B) the Authority’s Variable Rate Demand Revenue Bonds, Series Five-C (University of St. Thomas) dated October 28, 1999, which were issued in the original principal amount of \$10,000,000 to finance the renovation, furnishing and equipping of Albertus Magnus Hall for use as an office and classroom facility.

The Series 2020A Note was issued to provide funds to be loaned to the Corporation to refund the Authority’s Revenue Refunding Note, Series 2017C (University of St. Thomas), dated December 29, 2017, which was issued in the original principal amount of \$10,815,000 to provide funds to finance the refunding of the Authority’s outstanding Revenue Bonds, Series Seven-P (University of St. Thomas), dated May 30, 2012, which were issued in the original principal amount of \$12,300,000 to provide funds to finance the refunding of the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series Six-H (University of St. Thomas) dated February 16, 2006, issued in the original principal amount of \$12,300,000 to finance the construction, equipping and furnishing of McNeely Hall, an approximately 73,000 square foot undergraduate business building.

The Series 2020B Note was issued to provide funds to be loaned to the Corporation to finance the design, construction, renovation, improvement and equipping of various facilities, including renovation of John Ireland Hall and renovation of the Center for Well-Being.

The facilities and improvements being financed or refinanced by the Project are sometimes collectively referred to as the “Project Facilities.” The Project Facilities are or will be



owned and operated by the University and, except for the Residential Property and the Athletic Facilities Project, are or will be located on the University's main campus, the principal street address of which is 2115 Summit Avenue, Saint Paul, Minnesota. The Residential Property is located at 2037 Summit Avenue, Saint Paul, on a city block directly across Cleveland Avenue South from the University's Saint Paul campus on which other University buildings are located and next door to the University president's house. The CP Rail Tract relating to the Athletic Facilities Project is located near the intersection of Cleveland and Montreal Avenues in Saint Paul, within the Highland Bridge redevelopment area, approximately 2.5 miles from the University's Saint Paul campus.

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

Architect's Certification. The Application indicated that the architect's certification of estimated cost was not available at the time of submission. The Application requires an architect's certification of estimated cost to avoid tax concerns relating to over-issuance of tax-exempt debt and to assure that adequate funding from the anticipated financing will be available to complete construction. The University should provide the architect's certification of estimated costs for the construction of the Schoenecker Center and renovation of the other facilities constituting the Main Campus Projects, as soon as practicable.

Minnesota Office of Higher Education Letter. The University has provided a letter dated June 18, 2021. The letter is acceptable for purposes of the Application, but if a more current registration letter from the Minnesota Office of Higher Education becomes available, it should be provided for the closing.

Evidence of Title. Site plans relating to the Schoenecker Center and the Summit Classroom Building, County property tax information relating to the Residential Property, and a campus map showing the location of the Main Campus Projects, were submitted. No evidence of title was submitted. The University should provide title evidence, in the form of a title commitment, attorney's title opinions, or owners and encumbrances reports and an updated as-built survey, plat map, plot plan or other property depiction, prior to closing, which will need to be examined when received to confirm that the University has good title to (or other suitable interest in) all of the Project Facilities. We will work with the University and its counsel to determine appropriate evidence of title.

Board Officers. The University provided a current list of members of its Board of Trustees. The Board officers should also be identified.

Debt Limitations. The University provided calculations with respect to debt limitations and financial covenants and restrictions to which the University is subject. The University should provide a copy of a current compliance certificate relating to such calculations signed by the University's chief financial officer.

3. Financial Covenants; Prior Commitments. The Application and the notes to the University's most recent financial statements indicate that the University has a number of outstanding Authority bond and note issues. The financial statement notes also indicate that the University has access to a line of credit and has entered into an interest rate swap as well as operating leases and capital leases for facilities, equipment and vehicles. In connection with these obligations, the University has entered into certain agreements including specific financial covenants, and negative pledges with respect to certain real property. Prior to the issuance of the proposed revenue obligations, the University and its accountants and counsel should examine such prior covenants and pledges and provide the Authority with the information necessary to demonstrate both current compliance and whether issuance of the proposed revenue obligations will cause an event of noncompliance. Any prior liens, pledges and commitments which will remain in place following the issuance of the proposed notes should be identified within the context of the University's pledge of its full faith and credit or other collateral for the proposed notes.

4. Consent by Church. The University responded in the negative to the question in the Application which inquires as to whether the consent of any religious order is necessary before the University may sell or mortgage its property or borrow money. However, prior Authority bond counsel have noted their understanding that the Code of Canon Law (1983 Edition) requires the consent of church officials under certain circumstances where property exceeding a value of \$1 million is transferred or encumbered; thus, the imposition of any lien or encumbrance on any of the property encompassed by the Project Facilities, including a lien on revenues of the Project Facilities if such revenues are considered non-cash equivalents under Canon 1291(c), may also require such consent. Accordingly, if the contemplated security for payment of the proposed notes includes a mortgage on any of the facilities or a lien on revenues, the University should be asked to provide an opinion of counsel or other satisfactory evidence that such consent is not necessary with respect to such lien or mortgage.

5. \$150 Million Limit on Tax Exempt Non-Hospital Bonds Under Section 145(b) of Internal Revenue Code. In the Application, the University has stated that the University does not receive support from another religious body, no church body controls the election of trustees and the consent of another religious body is not required in order for the University to mortgage its property or borrow money.

The Application includes Articles of Amendment Amending and Restating the Articles of Incorporation and Amended and Restated Bylaws of the University, both adopted November 20, 2014. The Articles of Incorporation as amended and restated continue to state that the University is a "Catholic institution." The Amended and Restated Bylaws continue the requirement that the President of the University be a Roman Catholic priest, a Roman Catholic Religious or a Roman Catholic lay person.

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

A 1997 amendment to Section 145(b) excludes from the \$150 million limit tax-exempt non-hospital bonds issued after August 5, 1997, as part of an issue 95 percent or more of the net proceeds of which (including issuance costs) are to be used to finance capital expenditures incurred after that date. Proceeds of the proposed obligations relating to the Main Campus Projects and the Athletic Facilities Project will be used to finance acquisition, construction or renovation of property or facilities on or near the University's Saint Paul, Minnesota, campus. Thus, that portion of the proposed obligations will not be subject to the \$150 million aggregate limit by reason of the 1997 amendment. Proceeds of the proposed obligations relating to the Refunding Project will be used to refinance facilities on the University's Saint Paul campus. We note that the initial bonds issued by the Authority for certain of those facilities date back to September 1997. The post-1997 rule contains certain narrow exceptions, relevant primarily in the context of refunding of pre-1997 bonds. We will confer with the University and its counsel to confirm compliance with the \$150 million limitation with respect to the proposed obligations.

We do not interpret Section 145(b) so broadly as to include the Roman Catholic Church generally or other orders or instrumentalities of the Roman Catholic Church. Having said that, we will verify that no organizational changes have occurred with respect to the University which might change the conclusion that aggregation with other Roman Catholic organizations is not required. We will be preparing for the closing certificates a debt schedule to ensure that the \$150 million limit is satisfied. In furtherance thereof, we should be furnished with a schedule of outstanding tax-exempt debt of the University and any organization controlling or controlled by the University.

6. Establishment of Religion. As noted, the Amended and Restated Articles of Incorporation continue to state that the University is a "Catholic institution," and the Amended and Restated Bylaws require that the President of the University be a Roman Catholic priest, Roman Catholic Religious or Roman Catholic lay person. The articles and bylaws also reduced the maximum number of trustees from 50 to 42 (the minimum number remains at 15) and carried forward the requirement that three trustees be nominated by the Saint Paul Seminary in accordance with an Affiliation Agreement between the University and the Seminary.

In the Application, the University has indicated that students in the Saint Paul Seminary are preparing for a religious vocation, and that the School of Divinity is a graduate school of the University offering courses and degrees in lay ministry. In previous applications for MHEFA financing the University has indicated that there are religious qualifications for students enrolled in the Saint Paul Seminary division of the School of Divinity, and for a limited number of faculty appointments to the Saint Paul Seminary division of the School of Divinity.

Under the tests established in Tilton v. Richardson, 403 U.S. 672 (1970), Hunt v. McNair, 413 U.S. 734 (1973), and Roemer v. Board of Public Works in Maryland, 426 U.S. 736 (1976), and applied in Minnesota Higher Education Facilities Authority v. Hawk, 305 Minn. 97, 232 N.W. 2d 106 (1975), there is serious doubt that a loan from the Authority to the University to finance improvements for the use of the School of Divinity would be constitutionally permitted, even if sectarian projects were not prohibited by Section 136A.28, Subdivision 3. In order to finance any project at the University of St. Thomas, the Authority must be satisfied that the remainder of the University, other than the School of Divinity, continues to be nonsectarian. Along these lines, the chapel in the University's School of Law building was not financed or

refinanced with proceeds of Authority-issued debt; rather, a portion of the substantial equity contributed by the University to the project was expressly allocated to the chapel as evidenced by required certifications of the University and its general contractor.

The University indicates in the Application that its theology department teaches the doctrines of the Roman Catholic Church but also teaches other religions. It appears from the Application and supporting materials that the theology courses explore principles of the Judeo-Christian world view in Western civilization and are not designed to indoctrinate students into a particular denomination or sect. Faculty members are required to support the Catholic mission of the University but, similar to students, faculty members are not required to be members of a particular religious denomination or sect, and numerous denominations are represented in the faculty and administrative leadership.

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

On these facts, and under existing judicial interpretation of the Establishment of Religion Clause, we conclude that Authority financing of the Project proposed by the University will not violate Establishment of Religion clause limitations, despite the link to the Roman Catholic Church. However, the University should confirm that the Project Facilities to be financed with the proposed obligations will not be used primarily by students or faculty of the School of Divinity. In addition to constitutional concerns, the Authority’s enabling law, as noted, specifically excludes facilities used for sectarian purposes or religious worship from permissible projects to be financed. Accordingly, the financing documents should include provisions to the effect that no proceeds shall be expended for any facilities to be used primarily by the School of Divinity.

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

7. Use of Project Facilities by Business Enterprises. The University has indicated in its Application that it may have contracts with for-profit private enterprises to engage in revenue-generating activity with respect to the Project Facilities. We will need to review any such contracts to ensure compliance with guidelines relating to private use established in the Internal Revenue Code and related regulations in Revenue Procedures 97-13, 97-14, 2001-39 and 2016-44 (together, “Private Use Rules”). “Private use” could arise, for example, from agreements or



use with respect to parking or food service. We think some further inquiry would be prudent to determine whether there is or may be any “private use.” Discovery of “private use” may necessitate that the University use its own funds to finance the private use facility (and allocated common areas) and to follow the guidelines in the Private Use Rules to preserve tax-exempt financing for the rest of the financed facilities.

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

Subject to certain restrictions, the Private Use Rules would permit parts of the Project Facilities which are “used” by a private entity to be financed by tax-exempt obligations. If it is determined that there is any private use of the Project Facilities, we will need to examine the intended “use” of the Project Facilities to determine the applicable restrictions.

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

8. Litigation. The University has indicated that it has one sex discrimination claim under Title IX pending. If there is any change in the status of this matter, or if other litigation or claims, threatened or pending, should arise prior to closing, the University should promptly notify the Authority, the municipal advisor and bond counsel and provide a description of such litigation.

9. Rebate, Two Year, 18-month and 6-month Spend-Down Exceptions. The Application indicates that work on the Schoenecker Center commenced in February 2021 and is expected to be substantially completed in September 2024. Work on the Brady and Dowling Residence Halls and Koch Commons renovation was begun in May 2021 and is expected to be completed in August 2022. Work on the Summit Classroom Building to provide start-up space for the nursing program commenced in December 2021 and is expected to be completed in October 2022. The Refunding Project constitutes a current refunding and thus will be accomplished within 90 days of the issuance of the proposed obligations.

The requirement to pay arbitrage rebate for the bonds has three exceptions which are related to the speed in which the proceeds of the obligations are spent. The three exceptions are the 2-year exception, the 18-month exception, and the six-month exception. Looking at the schedule and other information provided by the University, it appears that each of the three exceptions may apply to different elements of the Project. Bond counsel and the municipal advisor will work with the University regarding the timing of the proposed issue and

reimbursement of prior construction expenses, the remaining construction schedule, and the current refunding schedule to determine whether and how the six-month exception, the 18-month exception and the 2-year exception may apply.

The following is a summary of each exception:

a. The Revenue Reconciliation Act of 1989 (the “1989 Act”), as amended by a technical corrections act in 1990, created a two-year exception (the “2-year exception”) from the requirement to pay arbitrage rebate for governmental and 501(c)(3) bonds which meet the definition of a “construction issue” - that is, a bond issue for which at least 75 percent of net proceeds will be expended for “construction expenditures.” “Construction expenditures” are costs of construction chargeable to the capital account (other than expenditures for land or existing real property). Construction expenditures include costs of fixtures such as heating, ventilating and air conditioning, costs of equipment depreciated over a period of a year, and certain computer software.

To comply with this exception, all available construction proceeds of the issue must be spent within two years from the date of closing on the issue: 10% within 6 months, 45% within one year, 75% within 18 months, and 95% to 100% within two years with an extension to three years for up to 5% retained from contractors. For the purposes of the proposed issue, “available construction proceeds” which must be spent on schedule generally includes investment earnings, but excludes amounts used to fund a reserve fund and issuance costs. Investment earnings on the reserve fund during the construction period must be spent on schedule for project costs, including interest but not principal on the obligations or, if the University so elects, must be rebated. This 2-year exception is in addition to the six month exception created under prior law. Rebate would still be payable on reserve fund investment income, if any (to the extent the yield of the investments exceeds the bond yield) after the construction period, but the 2-year exception offers potentially significant savings.

b. Under Treasury Department Regulations, a second exception was created for proceeds, including reasonably expected investment earnings as determined at closing, which are spent within 18 months (6 months - 15%, 12 months - 60% and 18 months - 100%), except for a *de minimis* amount or a reasonable retainage which must be spent within 30 months of the closing date. This exception is not limited to construction purposes.

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

10. Reimbursement Regulations. As noted above, the Application indicates that work on the Schoenecker Center and related projects commenced in February 2021; work on the residence hall renovations was begun in May 2021; and work on the Summit Classroom Building renovation commenced in December 2021 and is expected to be completed in October 2022.

The Internal Revenue Service has adopted rules for determining when an issuer may use bond proceeds to reimburse expenditures made before the bonds are issued. The University

adopted resolutions declaring official intent to reimburse on May 1, 2021, with respect to the Schoenecker Center and related projects, and on January 13, 2022, with respect to the Athletic Facilities Project and the Residential Property, and therefore, the University can be reimbursed for Project capital expenditures paid (as opposed to incurred but not paid) prior to the closing. In addition, the University may be reimbursed for certain preliminary expenditures and in amounts considered to be *de minimis*. We will work with the University to identify reimbursable costs and to protect the University's ability to finance expenditures made before the obligations are issued.

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

11. Project Contracts. The University should provide copies of a guaranteed maximum price cost contract or contracts for the construction and renovation portions of the Project.

12. Governmental Approvals. The University has indicated in the Application that the necessary building permits have been obtained or are pending, and an environmental assessment worksheet or environmental impact statement, or other governmental approvals, are not required.

13. Sinking Fund Proceeds; Replacement Proceeds. The Application indicates that the funds to pay debt service on the proposed obligations will be derived from the University's general operations and additional revenue from the projects, as well as gifts. No pledge of collateral is proposed. While this financial structure is similar to other recent Authority financings, it will nonetheless be necessary to analyze "replacement proceeds" concerns and whether any amounts are subject to rebate or yield limitations under Section 148 of the Internal Revenue Code.

The notes to the University's financial statements indicate that the University as of June 30, 2021, had substantial unrestricted, temporarily restricted, and restricted assets available for various purposes. The arbitrage regulations adopted by the Internal Revenue Service impose limits on the yield on investments of "gross proceeds" of tax-exempt notes. "Gross proceeds" include not only the actual proceeds received from the issuance and sale of obligations but also other monies characterized as "replacement proceeds." Amounts are "replacement proceeds" under the regulations if it is concluded that such amounts would have been used for the governmental purpose for which the obligations were issued (here, construction or renovation, or refunding prior obligations) had proceeds of the obligations not been used for that governmental purpose. Amounts also may be replacement proceeds if they are held or expected to be used to pay debt service on bonds, or are subject to a negative pledge or maintenance covenant. The mere availability or preliminary earmarking of funds for such purposes does not, in itself, necessarily lead to the conclusion that such funds would have been used for the governmental

purpose of the obligations and thus are replacement proceeds. We will confer with the University and its counsel to confirm compliance with the replacement proceeds rules.

The obligations to be refunded pursuant to the Refunding Project will be called for redemption within 90 days of the closing. Since the refunding is a current refunding, yield restrictions may not apply at all.

14. Restrictions on Advance Refunding Bonds. Prior to enactment of the Tax Cuts and Jobs Act of 2017, Pub. L. No. 115-97, Title I, Dec. 22, 2017, 131 Stat. 2054 (the “Tax Cuts Act”), to the extent principal of, interest on and premium, if any, with respect to bonds being refunded by the proposed obligations were not paid until more than 90 days from the date of issue of the proposed obligations, the proposed obligations would constitute “advance refunding bonds” within the meaning of Internal Revenue Code Section 149(d), and were subject to a number of stringent restrictions as set forth in that section of the Code.

Under provisions of the Tax Cuts Act, no tax-exempt bond may be advance refunded on a tax-exempt basis after December 31, 2017. As noted, the refunding pursuant to the Refunding Project will be on a current refunding basis.

RESOLUTION RELATING TO APPLICATION  
FOR UNIVERSITY OF ST. THOMAS

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

1. The Authority acknowledges receipt of the Application, dated March 8, 2022, of the University of St. Thomas, a Minnesota nonprofit corporation (the “University”), as owner and operator of the University of St. Thomas (the “Institution”), and exhibits thereto, including an Indemnity Agreement and an application fee in the amount of \$1,000 (the “Application”), to finance costs of a project (the “Project”) consisting of (a) the acquisition, design, demolition, construction, renovation, improvement, furnishing and equipping of various facilities, including (i) construction of a 5-level academic building for science, technology, engineering, arts and mathematics of approximately 129,600 square feet on the former site of Loras Hall which was demolished in 2021 for this purpose, to be known as the Schoenecker Center (the “Schoenecker Center”), to be used for classrooms, offices, laboratories, and related purposes, (ii) renovation of Brady Educational Center to provide faculty offices and student music practice spaces relocated from Loras Hall, (iii) renovation of the Facilities & Design Center to relocate Engineering workshops from O’Shaughnessy Science Hall; (iv) renovation of the Anderson Parking Facility to relocate the recycling center from the Facilities & Design Center to make room for the Engineering workshops; (v) renovation of O’Shaughnessy Science Hall to repurpose the space vacated by the Engineering workshops and modifications related to the Schoenecker Center central utility plant; (vi) renovation of Owens Science Hall to repurpose faculty offices that will be relocated to the Schoenecker Center and modifications related to the Schoenecker Center central utility plant; (vii) renovation of Brady Residence Hall and Dowling Residence Hall and Koch Commons connecting them; (viii) renovation of the Summit Classroom Building to provide start-up space for the University’s new nursing program, and (ix) acquisition of a single-family residence adjacent to the University’s Saint Paul campus (the “Residential Property”; all of the foregoing activities described in clauses (i) through (ix), inclusive, collectively, the “Main Campus Projects”); (b) acquisition of an approximately 22-acre tract of land (the “CP Rail Tract”) and preliminary design work for a University hockey arena, softball and baseball fields, and related athletic facilities, in the Highland Bridge redevelopment area in Saint Paul (the “Athletic Facilities Project”); and (c) the refunding on a current refunding basis of the following Authority obligations issued on behalf of the University: (i) the Authority’s Revenue Note, Series Seven-Z (University of St. Thomas), dated March 14, 2014, issued in the principal amount of \$24,210,000 (the “Series Seven-Z Note”); (ii) the Authority’s Revenue Refunding Note, Series 2017B (University of St. Thomas), dated December 29, 2017, issued in the principal amount of \$8,220,000 (the “Series 2017B Note”); and (iii) the Authority’s Revenue Refunding Note, Series 2020A (University of St. Thomas), dated July 17, 2020, issued in the principal amount of \$9,610,000 (the “Series 2020A Note”), and the Authority’s Revenue Note, Series 2020B (University of St. Thomas), dated July 17, 2020, in the principal amount of \$9,135,000 (the “Series 2020B Note”) (collectively, the “Refunding Project”).

The Series Seven- Z Note was issued to provide funds to be loaned to the Corporation to advance refund the Authority’s Revenue Bonds, Series Five-Y (University of St. Thomas), dated August 1, 2004 (the “Series Five-Y Bonds”). The Series Five-Y Bonds were issued to provide



funds to finance the construction, equipping and furnishing of Flynn Residence Hall (formerly known as Selby Residence Hall), a seven-story student residential hall and related parking facility.

The Series 2017B Note was issued to provide funds to be loaned to the Corporation to current refund the Authority's Revenue Bonds, Series Seven-O (University of St. Thomas), dated May 30, 2012 (the "Series Seven-O Bonds"). The Series Seven-O Bonds were issued to provide funds to finance the refunding of (A) the Authority's outstanding Variable Rate Demand Revenue Bonds, Series Four-O (University of St. Thomas) dated September 25, 1997, which were issued in the original principal amount of \$10,800,000 to finance (i) the construction, furnishing and equipping of Morrison Hall, a residence hall for approximately 350 beds, (ii) the construction, furnishing and equipping of an approximately 350 stall parking ramp beneath Morrison Hall, (iii) the construction, furnishing and equipping of a Commons Building connecting Brady Hall and Dowling Hall for administrative and office space and recreational facilities and related improvements to connecting areas of Brady and Dowling Halls, and (iv) the construction of a skyway between the Commons Building and Morrison Hall and related site improvements; and (B) the Authority's Variable Rate Demand Revenue Bonds, Series Five-C (University of St. Thomas) dated October 28, 1999, which were issued in the original principal amount of \$10,000,000 to finance the renovation, furnishing and equipping of Albertus Magnus Hall for use as an office and classroom facility.

The Series 2020A Note was issued to provide funds to be loaned to the Corporation to refund the Authority's Revenue Refunding Note, Series 2017C (University of St. Thomas), dated December 29, 2017, which was issued in the original principal amount of \$10,815,000 to provide funds to finance the refunding of the Authority's outstanding Revenue Bonds, Series Seven-P (University of St. Thomas), dated May 30, 2012, which were issued in the original principal amount of \$12,300,000 to provide funds to finance the refunding of the Authority's outstanding Variable Rate Demand Revenue Bonds, Series Six-H (University of St. Thomas) dated February 16, 2006, issued in the original principal amount of \$12,300,000 to finance the construction, equipping and furnishing of McNeely Hall, an approximately 73,000 square foot undergraduate business building.

The Series 2020B Note was issued to provide funds to be loaned to the Corporation to finance the design, construction, renovation, improvement and equipping of various facilities, including renovation of John Ireland Hall and renovation of the Center for Well-Being.

2. All the facilities and improvements to be financed or refinanced by the Project are or will be owned and operated by the University and, except for the Residential Property and the Athletic Facilities Project, are or will be located on the University's main campus, the principal street address of which is 2115 Summit Avenue, Saint Paul, Minnesota. The Residential Property is located at 2037 Summit Avenue, Saint Paul, on a city block directly across Cleveland Avenue South from the University's Saint Paul campus on which other University buildings are located and next door to the University president's house. The CP Rail Tract relating to the Athletic Facilities Project is located near the intersection of Cleveland and Montreal Avenues in Saint Paul, within the Highland Bridge redevelopment area, approximately 2.5 miles from the University's Saint Paul campus.

3. The Executive Director, in consultation with the Chair of the Authority, has selected a date for a public hearing to be held with respect to the Application in conjunction with a meeting of the Authority, and has caused notice of the public hearing to be given by posting electronically on the Authority's public website in an area used to inform the public of meetings of the Authority, no fewer than 10 days prior to the date of the hearing.

4. In accordance with Section 147(f) of the Internal Revenue Code and Rev. Proc. 2021-39, the Authority conducted a public hearing on March 23, 2022, on the proposal described in the Application to finance the Project, at which public hearing all parties who appeared in person or by toll-free teleconferencing, or who submitted written comments, were given an opportunity to express their views with respect to the proposal.

5. Officers of the University have presented to this Authority information concerning the need for the Project, the feasibility of the Project, the financing schedule for the Project, and responded to other matters concerning the Project, the Project Facilities, the Institution and the University.

6. The Executive Director of the Authority, McGrann Shea Carnival Straughn & Lamb, Chartered, bond counsel, and North Slope Capital Advisors, municipal advisor to the Authority, have reviewed the Application and the exhibits thereto, and recommend that the Authority approve the Application as submitted, subject to the conditions herein set forth.

7. On the basis of the information contained in the Application and its exhibits and presented orally to the Authority and to the Executive Director, bond counsel and municipal advisor, and on the basis of the recommendations made, the Authority hereby finds and determines that:

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

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

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

(d) Except for the School of Divinity, which is separable from the general undergraduate and graduate programs and other educational activities for which the Project Facilities are and will be used, the Institution is nonsectarian and does not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed and does not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect and all courses of study, including any religion and theology courses, are taught according to the academic requirements of the subject matter and the instructor's concept of professional standards.

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

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

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

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

8. The Project and the financing thereof by the issuance of revenue obligations of the Authority in the maximum aggregate principal amount of \$165,000,000 are therefore approved, provided that the University shall furnish any items which are needed to complete the Application or which are reasonably required by bond counsel in order to deliver an unqualified opinion as to the validity of the revenue obligations and tax status of the interest on the revenue obligations.

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

10. The Authority and the University each respectively reserves its right to terminate the Project and the financing thereof under the Act as provided in the Indemnity Agreement.

*[Signature page follows.]*

Adopted: March 23, 2022

MINNESOTA HIGHER EDUCATION  
FACILITIES AUTHORITY

By \_\_\_\_\_  
Gary D. Benson, Chair

By \_\_\_\_\_  
David D. Rowland, Secretary

Approved: \_\_\_\_\_  
Governor, State of Minnesota

Date Approved: \_\_\_\_\_

# EXEC. DIR. REPORT



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

Main Phone: 651.296.4690 Fax: 651.297.5751

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Date: March 16, 2022

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: Executive Director's Report

## Legislative Update

The 2022 Legislative session has been ongoing for a month and a half. Our bill has been through 1 committee and is scheduled to be heard by a second committee soon. Our chief legislative sponsor is confident that we are in good position, but there are many other bills for legislators to consider. We remain cautiously optimistic on our progress to date.

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 Have completed the MCAD private bank placement
- We are working with Mitchell Hamline on completing their project. Final consideration of their application will be held at our March meeting.
- We have received an application from the University of St. Thomas, for which the public hearing was held at the March meeting
- We are working with multiple schools on Moody's rating updates
- We continue to support schools in their compliance with Continuing Disclosure obligations



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The State of Minnesota has relaxed the mask mandate but maintains its “work from home” requirement until an indeterminate time in 2022. We expect that the Authority will adopt a hybrid-work policy to be used at our new location, consistent with any future State policy.

### Borrower Staffing Update

- St. John’s University and College of St. Benedict have appointed a new joint President. See the material included in your Board packet for information on him
- Hamline University has appointed Michelle Hegarty, Sr. Assoc. VP for Finance, as interim CFO
- Sue Palmer, CFO at the College of St. Benedict will retire at the end of the academic year. The Board has named the longtime #2 Anne Oberman, as the new CFO for the College.
- MCAD’s CFO resigned in late March. Mary Yang Thao has been appointed the interim CFO

### Various Items of Interest

We continue planning for the MHEFA Finance Conference, postponed from April 20 to a date later in the summer. The location is yet to be determined. We have confirmed that representatives from Moody’s will present at the conference. We have an Economic Update speaker from Piper Sandler. Other speakers are pending, including an arbitrage update presentation.



STORY

President's Office

# University of St. Thomas Announces Leadership Change

MARCH 01, 2022 • By [The Newsroom](#)

**Julie Sullivan selected to lead Santa Clara University, Rob Vischer named interim president**

After nine years, Dr. Julie Sullivan has announced she will step down as president of the University of St. Thomas at the end of the 2021-22 academic year. Sullivan has been selected to become Santa Clara University's next president beginning July 1. The St. Thomas Board of Trustees has appointed Rob Vischer, current dean of the St. Thomas School of Law, to serve as interim president beginning June 1; a national presidential search will soon commence.

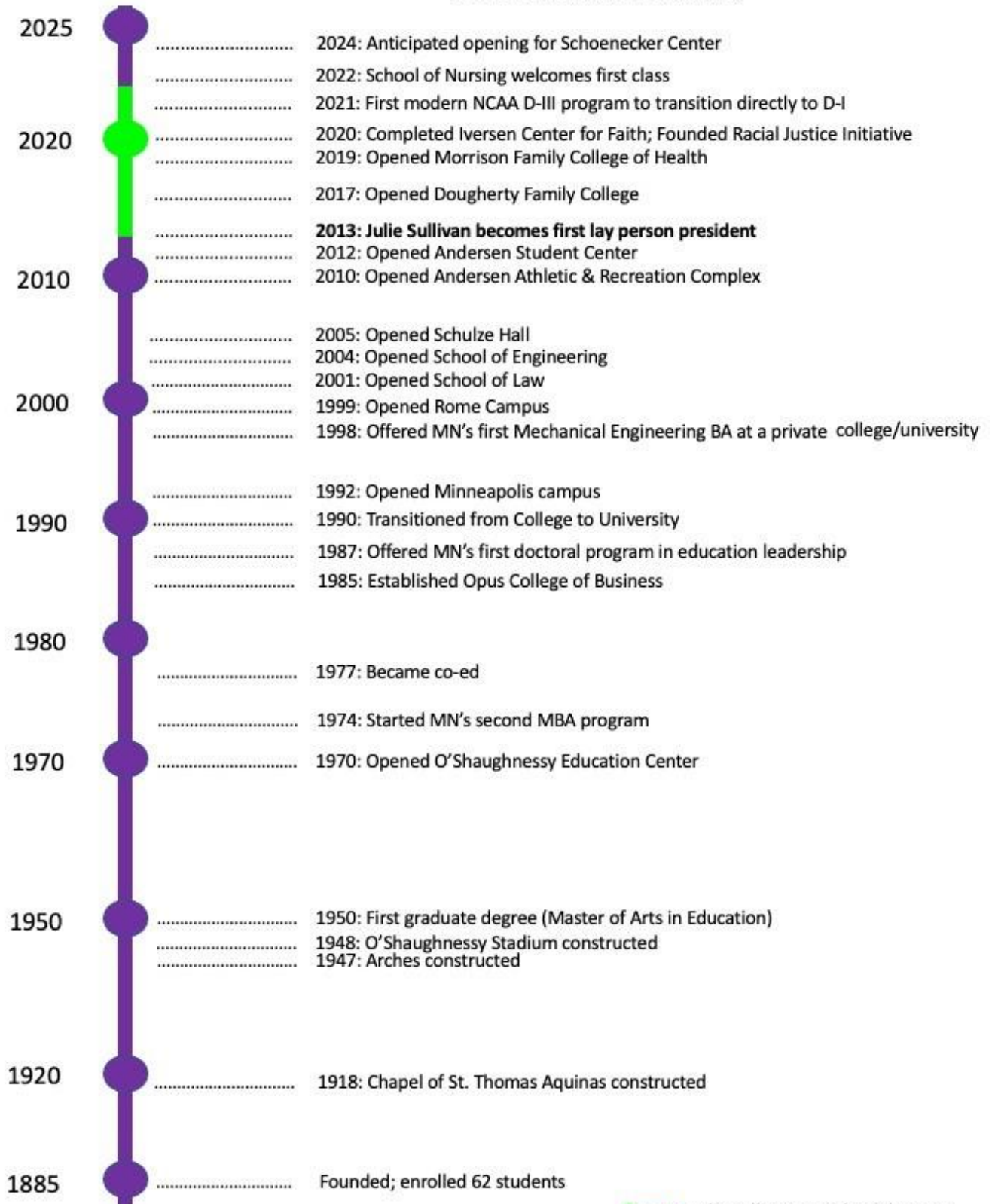
"Julie Sullivan has been a beloved and inspirational leader, and we are grateful for her incredible contributions to St. Thomas," said Pat Ryan, chair of St. Thomas' Board of Trustees. "She succeeded in elevating St. Thomas, building a team of strong leaders, and implementing several transformational priorities during her tenure."

In recent years, Sullivan and her leadership team launched the [Dougherty Family College](#), founded the [Morrison Family College of Health](#) and oversaw the university's historic transition from Division III to [D-I athletics](#). Under Sullivan's direction, St. Thomas raised nearly \$300 million in philanthropy, including \$100 million for scholarships, made the university one of the nation's most veteran-friendly campuses, elevated students' mental health needs by opening the Center for Well-Being, created a robust residency culture, continued a physical transformation with [new facilities and renovations](#), and placed [diversity, equity and inclusion](#) squarely in the middle of its mission.



## A decades-long transformation

*Since its founding as a college to serve Minnesota's immigrant population, St. Thomas has undergone decades of evolution from small liberal arts college to national Catholic university. Here are some notable milestones along the way.*



As she did at St. Thomas, Sullivan will again make history when she becomes Santa Clara's first lay leader, and first woman president. Sullivan will be closer to her husband, Bob, her children, and four grandchildren, all of whom were born during her tenure at St. Thomas.

"While we will miss her leadership, we are happy for her to join Bob and their children and grandchildren in California," said Ryan. "I am confident that as interim president, Rob Vischer, a trusted and known leader at St. Thomas, will continue the strong momentum that is embedded in our trajectory as a university."

Vischer will begin his role as interim president on June 1. In his 10th year as dean, Vischer has helped leverage the law school's mission to achieve critical objectives in student success and community impact. Over the course of his deanship, the law school has dramatically improved employment outcomes for its graduates, built a global student body by establishing partnerships with law schools in more than a dozen countries, redoubled its commitment to whole-person professional formation, maintained its top-25 ranking for scholarly impact, and made racial justice core to its mission. The Harvard Law School graduate was an inaugural recipient of the Minnesota Lawyer Diversity and Inclusion Award for his contributions to the advancement of diversity and inclusion in the practice of law.

"We look forward to working with Rob and the leadership team to implement the strategic priorities of the university, guided by our strong mission and convictions," said Ryan.

St. Thomas is in its second year of implementing [St. Thomas 2025](#), a comprehensive strategic plan of new and emerging priorities designed to propel the university toward a new level of impact. The plan calls for priorities that help St. Thomas build upon its strengths, invest in unprecedented opportunities and make a bolder impact on its students and the world. As Minnesota's largest private university with a network of over 120,000 alumni, St. Thomas has a unique advantage as a common



good community partner, and a producer of talent known for being principled leaders and creative problem-solvers.

“Leading St. Thomas has been an extraordinary privilege and opportunity,” Sullivan said. “Together with our accomplished and committed trustees, talented faculty and staff, and dedicated students and alumni, we continued St. Thomas’ longstanding trajectory to thrive and grow in new ways.

“The unique combination of leading an outstanding Jesuit, Catholic institution, along with the strong pull of my family, makes this an opportunity that I cannot pass up. I leave confident that the momentum we have collectively built will seamlessly continue with the strong leadership at St. Thomas.”

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## Article Spotlights

ST. CLOUD

# College of St. Benedict and St. John's University name first joint president

Brian Bruess will lead both private colleges starting July 1.

By Ryan Faircloth (<https://www.startribune.com/ryan-faircloth/6370411/>) Star Tribune |

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The College of St. Benedict and St. John's University have chosen their first joint president.

Brian Bruess will begin leading both Catholic liberal arts schools on July 1, the private colleges announced Tuesday. The two partner schools, located just miles apart, have streamlined their administrative functions in recent years to become more efficient; they began sharing trustees in January.

"I relish the opportunity to play a role in continuing the traditions of excellence and community found on both campuses, while at the same time harnessing our collective power to move forward in bold new ways that I believe can serve as a national model of cooperation, togetherness and superior educational quality," Bruess said.

While St. John's, in Collegeville, Minn., is a men's college and St. Ben's, in nearby St. Joseph, is for women, they operate in most ways like a single coed school, with shared courses, faculty, facilities, programs and social activities. Both institutions, founded by Benedictine monks and nuns, created a formal partnership more than 60 years ago. Residence halls are one of the few ways the schools are separated — women and men live on their respective campuses.

A growing number of Minnesota colleges have begun sharing resources without formally merging in recent years to cut costs and become more efficient. Inver Hills Community College and Dakota County Technical College share a president, a financial aid office and several dozen positions. And the Minnesota State colleges and universities system's board of trustees will be appointing a new president Wednesday to lead both Bemidji State University and Northwest Technical College.

Bruess comes from St. Norbert College in De Pere, Wis., where he served as president since 2017. He helped St. Norbert achieve record enrollment numbers, and he also led a fundraising campaign that nearly doubled the size of the college's endowment.

Before that, Bruess worked at St. Catherine University, a Catholic liberal arts women's college in St. Paul, for 21 years. He held a variety of roles there and was the college's executive vice president and chief operating officer for more than three years.

"With his successful experiences in higher education, President Bruess is an outstanding and unique match with Saint Ben's and Saint John's and what we do for both women and men," said Bennett Morgan, vice chair of the colleges' trustees.



COURTESY OF COLLEGE OF ST. BENEDICT AND ST. JOHN'S UNIVERSITY

Brian Bruess will be the first joint president for the College of St. Benedict and St. John's

# 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	666,443.80	435,000.00	-231,443.80	153.21 %	-53.21 %
4020 Application Fee Income	2,000.00	1,000.00	-1,000.00	200.00 %	-100.00 %
4030 Miscellaneous Income	0.02		-0.02		
Discounts given	-435,030.42		435,030.42		
<b>Total Income</b>	<b>\$233,413.40</b>	<b>\$436,000.00</b>	<b>\$202,586.60</b>	<b>53.54 %</b>	<b>46.46 %</b>
<b>GROSS PROFIT</b>	<b>\$233,413.40</b>	<b>\$436,000.00</b>	<b>\$202,586.60</b>	<b>53.54 %</b>	<b>46.46 %</b>
Expenses					
6000 Stipends	825.00	3,960.00	3,135.00	20.83 %	79.17 %
6001 Board Travel	285.10	5,000.00	4,714.90	5.70 %	94.30 %
6002 Communications	5,214.83	13,900.00	8,685.17	37.52 %	62.48 %
6003 Staff Travel	2,488.40	15,000.00	12,511.60	16.59 %	83.41 %
6004 Office Rent	32,100.33	49,213.97	17,113.64	65.23 %	34.77 %
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	3,608.94	8,000.00	4,391.06	45.11 %	54.89 %
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	1,871.60	3,000.00	1,128.40	62.39 %	37.61 %
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	7,312.10	13,050.00	5,737.90	56.03 %	43.97 %
6023 Postage/Delivery Expense	45.97	150.00	104.03	30.65 %	69.35 %
6100 Salaries	132,089.30	226,000.00	93,910.70	58.45 %	41.55 %
6101 Fringe Benefits	47,382.70	85,000.00	37,617.30	55.74 %	44.26 %
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	4,729.71	7,060.00	2,330.29	66.99 %	33.01 %
<b>Total Expenses</b>	<b>\$298,523.94</b>	<b>\$565,603.97</b>	<b>\$267,080.03</b>	<b>52.78 %</b>	<b>47.22 %</b>
<b>NET OPERATING INCOME</b>	<b>\$ -65,110.54</b>	<b>\$ -129,603.97</b>	<b>\$ -64,493.43</b>	<b>50.24 %</b>	<b>49.76 %</b>
Other Income					
4000 Interest Income	16,166.77	18,500.00	2,333.23	87.39 %	12.61 %
4050 Unrealized Gain/Loss Adjustment on Sale	-5,583.81		5,583.81		
<b>Total Other Income</b>	<b>\$10,582.96</b>	<b>\$18,500.00</b>	<b>\$7,917.04</b>	<b>57.21 %</b>	<b>42.79 %</b>
Other Expenses					
Other Miscellaneous Expense		20,000.00	20,000.00		100.00 %
<b>Total Other Expenses</b>	<b>\$0.00</b>	<b>\$20,000.00</b>	<b>\$20,000.00</b>	<b>0.00%</b>	<b>100.00 %</b>

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July 2021 - June 2022

	TOTAL				
	ACTUAL	BUDGET	REMAINING	% OF BUDGET	% REMAINING
NET OTHER INCOME	<b>\$10,582.96</b>	<b>\$ -1,500.00</b>	<b>\$ -12,082.96</b>	<b>-705.53 %</b>	<b>805.53 %</b>
NET INCOME	<b>\$ -54,527.58</b>	<b>\$ -131,103.97</b>	<b>\$ -76,576.39</b>	<b>41.59 %</b>	<b>58.41 %</b>

**Note**

8 months elapsed = 33% of year remaining