



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a regular Board meeting at 2:00 pm Central Time, Wednesday, October 19, 2022.

The Board is conducting this meeting subject to the Open Meeting Law by in-person, 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 Room 215 at the Macalester College Ruth Stricker Dayton Campus Center, 1600 Grand Avenue, St. Paul, MN 55105. Executive Director Fick was physically present. Mr. Fick meets the state’s requirement for COVID-19 safety through vaccination, including boosters. 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 in-person and by 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 October 19, 2022

Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of June 15, 2022	Passed	Unanimous
Approve and Accept the Fiscal Year 2022 Audited Financial Statement and Communications Letter	Passed	Unanimous
Approve amendments to the Standing Rules of Operation	Passed	Unanimous

Resolutions	Result:	Vote:
Approve Delegating Certain Powers and Authority in Connection with Private Placement Financings	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 in-person (IP), by video link (“V”) or telephone (“T”):

Board Members: Gary Benson – IP
 Mary Ives - IP
 Nancy Sampair – IP
 Mary Yang Thao – V
 Ray Vin Zant – IP
 Poawit Yang - V
 Stacy Holland, Minnesota Private College Council, ex officio w/o vote – V

Absent: Bonnie Anderson Rons
 Mikeya Griffin
 David Rowland

Other Attendees: Mark LeMay - IP
 Michelle Carlson - IP

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

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

Agenda Item I – Minutes of the June 15, 2022, Board meeting.

The first item on the agenda is the review and consideration of the minutes of the June 15, 2022, Authority Board meeting.

Non-substantive edits previously provided by Mark LeMay were noted and Board Member Nancy Sampair noted one non-substantive edit she would provide after the meeting to be incorporated into the June 15, 2022 Minutes. Board members reported no substantial changes to the June 15, 2022 minutes.

A motion was made by Mary Ives to approve the June 15, 2022, minutes. The motion was seconded by Nancy Sampair. Chair Benson asked if there were any questions, discussion, or further changes to the minutes of the June 15, 2022, Board meeting. There were no further 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
	Nancy Sampair	Yes
	Mary Yang Thao	Yes
	Mary Ives	Yes
	Raymond Vin Zant	Yes
	Poawit Yang	Yes

There were no votes against the motion and the Minutes of the June 15, 2022, MHEFA Board meetings were approved.

Agenda Item II – Fiscal Year Ended June 30, 2022 Results

Chair Benson called on Matt Mayer, Partner with BerganKDV, the firm engaged by the Authority to conduct the annual audit of the Authority financial records. Mr. Mayer reviewed the work that BerganKDV did in their audit of the Authority's accounting records. Mr. Mayer noted that the audit was conducted virtually, with documents transferred electronically by the Authority to a secure site accessible by authorized BerganKDV staff. This is the third year in a row that the financial audit of the Authority has been conducted virtually. This has proved to be a cost effective and thorough approach to conducting the audit of the Authority's financial records. The need for in-person review is limited as the Authority has no inventory and does not sell physical goods.

Mr. Mayer noted that the audit staff received excellent cooperation from the Authority in the review of records by BerganKDV staff. He noted that the preparation of financial statements for the Authority are the responsibility of the Authority and that BerganKDV does not prepare the financial statements of the Authority.

Mr. Mayer reported that BerganKDV's responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion on the fair presentation of financial information.

Mr. Mayer reported that in the opinion of BerganKDV, the financial statements of the Minnesota Higher Education Facilities Authority as of June 30, 2022, present fairly, in all material respects, the respective financial position of the Authority and the respective changes in financial position and its cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Mr. Mayer noted that the Authority continues to have a significant deficiency in internal controls, due to lack of segregation of accounting duties. This is the result of the small size of the staff of the Authority, which precludes greater segregation of duties. The Authority has taken steps to compensate for the lack of segregation, including detailed activity review by the Executive Director and significant oversight by Board Members of the Authority.

Mr. Mayer discussed specific items in the financial statements, noting that operating performance was positive due to the number of conduit bond sales and lower operating expenses. A large component of the reduced operating expense was a reduction in the accrued pension cost, which is a

noncash item. The positive change in net position resulted in end of year unrestricted assets totaling approximately \$2.110 million, a \$41K improvement from the prior year.

Mr. Mayer noted that in FY22 the authority changed the treatment of lease and rent expenses to comply with updated accounting rules. This reduced rent and lease operating expenses with a similar increase to depreciation.

Mr. Mayer concluded his presentation. Mr. Benson asked members of the Board if they had any questions for Mr. Mayer. A question regarding the lack of segregation of duties was asked. The specific question was whether or not the Board has significant oversight of the accounting function and what is meant by significant oversight. Staff noted that Board members are presented monthly statements of activity and cash flow and are free to request review of any transactions shown on the statements provided. Board members are also able to request information about any items of Authority activity that they would like to review or receive additional information about.

Mr. Mayer noted that BerganKDV will continue to monitor this deficiency and staff encourages the Board to review the material provided to them and ask any questions they would like.

There were no further questions and Mr. Benson asked for a motion to accept and approve the FY2022 Audited Financial Statements and Communications letter from BerganKDV. A motion was made by Raymond Vin Zant to approve and accept the FY22 Audited Financial Statements and Communications Letter. The motion was seconded by Nancy Sampair.

Chair Benson asked Executive Director Fick to conduct a Roll Call vote on the Motion. A roll call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Mary Ives	Yes
Mary Yang Thao	Yes
Raymond Vin Zant	Yes
Nancy Sampair	Yes
Poawit Yang	Yes

There were no abstentions or votes against the Motion and the FY2022 Audited Financial Statements and Communications Letter were accepted.

Agenda Item III – Policy Updates

Chair Benson called on Operations Manager Amanda Lee to discuss recommended policy updates to Authority Standing Rules of Operation. Ms. Lee noted that staff is proposing five updates. Each policy is designed to either comply with current accounting regulations (Leases and rents) or to enhance efficiency in MHEFA Operating procedures.

Staff proposes to adopt a new Policy on Lease Accounting. The policy sets forth guidance on parameters used to guide the Authority on compliance with GASB No. 87, Lease Accounting. Adoption of the Policy will provide information on the Authority's decision process to determine how to account for current and future leases.

Staff proposes to modify the current Checking Account Balances policy to authorize staff to make transfers between the double-signature account and the single signature account of up to \$15,000. The limit since 1988 has been \$10,000. The reason for the proposed change is to enhance efficiency and reduce the number of transfers required during the year.

Staff proposes to modify the current Credit Card Use Policy to increase the credit limit from \$2,500 to \$5,000 per credit card. This change is to promote efficiency and increase the audit trail for tracking expenses of the Authority. It reflects the higher costs of operations, including travel and conference expenses.

Staff proposes to modify the current Fixed Asset Capitalization Policy to change the dollar amount for purchased items to be depreciated over a number of years or expensed in a single year. The current level for capitalization is \$500. The proposal is to change the dollar threshold for capitalization to \$2,000. This change has been suggested by the auditors, who noted that the general price level changes since the Authority policy was last amended have changed significantly. The change would reduce complexity and more accurately reflect the matching of the useful life of acquired items with the accounting period during which the item is purchased.

Staff also reviewed the Deposit and Investment Policy, but do not recommend any changes to this policy. As discussed at the June Authority meeting, the Authority will look at the purchase of US Treasury Securities in addition to Certificates of Deposit for investment of Authority designated

fund balances. This will enhance the diversification of the Authority's designated fund balance portfolio and may improve the overall yield on the portfolio, with no reduction in safety.

Operations Manager Lee asked if there were any questions from Board members. Board members had no questions but did favorably note the changes and commented that the proposed changes are reasonable.

There were no further questions and Mr. Benson asked for a motion to adopt the motion to revise the Standing Rules of Operation. A motion was made by Nancy Sampair to adopt the motion to revise the Standing Rules of Operation. The motion was seconded by Raymond Vin Zant.

Chair Benson asked Executive Director Fick to conduct a Roll Call vote on the Motion. A roll call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Mary Ives	Yes
Mary Yang Thao	Yes
Raymond Vin Zant	Yes
Nancy Sampair	Yes
Poawit Yang	Yes

There were no abstentions or votes against the Motion and the motion to revise the Standing Rules of Operation was approved.

Agenda Item IV – Professional Services Update and Discussion

Authority staff presented updates on professional services related to Arbitrage Rebate and the use of Municipal Advisors for Authority issued financings. The discussion with the Board was to provide an update on Arbitrage Rebate Services and review use of Municipal Advisors on Authority financings.

Arbitrage rebate services are provided by Baker Tilly Municipal Advisors (BTMA) as transferee from Springsted Incorporated. It has been a number of years since the Authority requested bids for Arbitrage Rebate Services. When a Municipal Advisor RFP was issued in 2020, a similar RFP for

Arbitrage Rebate Services was not issued. With changes to personnel at BTMA, staff is asking if Board members recommend considering the issue of a Request for Proposal to provide Arbitrage Rebate Services in the next few months. Board members discussed the idea of issuing an RFP and the consensus was that Authority staff should prepare an RFP for review and consideration by the Board at a future meeting of the Board.

With the establishment of a roster of Municipal Advisors (MA) and changes in the use of MA's during the past few years, the Authority is looking ahead at ways to minimize transaction costs and continue to provide professional services to borrowers. Authority staff requested advice and consent from the Board regarding the use of an MA on financings. Staff outlined the options and future use of an MA on Authority financings. At the conclusion of the presentation, Mr. Fick asked if there were questions from the Board. The Board asked about cost savings and how advisory services could be affected. Mr. Fick noted that costs would be no higher than under the current policy and would likely be reduced with the adjustment to the policy. Advisory services would not be compromised, as the MA would continue to be responsible for reviewing the Application and providing a Plan of Finance review for all Authority financings. There were no other questions from the Board.

No action on these items is required, as the policies are not changed, and the Board by consensus approves the staff moving forward with the requested actions.

Agenda Item V – Old Business

Chair Benson asked if there were any Old Business items from Board members for discussion.

There were no Old Business items from staff or from Board members for discussion.

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. Executive Director Fick noted that staff have a new business item for Board Consideration.

Recently, the Authority is working with borrowers who wish to modify their outstanding Bank Purchase or Private Placement agreements. These modifications do not result in either a "reissuance" of the financing for IRS purposes, nor do they change any material component of the

Revenue Note. They are changes to administrative items such as method of calculation of interest rates, substitution of indexes for variable rate fixing, replacement of LIBOR with an alternative reference rate, extension of mandatory tender dates, and related non-substantive changes to the terms of the agreement.

They do not involve changes to the final maturity, the principal repayment schedule, interest rates, or any substantive terms of the Revenue Note.

There is some question if the Authority needs to approve or consent to these non-material changes. The Authority position is that the Authority should approve or consent to the changes.

Authority consent is vital to maintain accurate records and reporting for financial accounting purposes. Authority approval or consent is necessary to allow Bond Counsel on the original transaction to work on behalf of the Authority and to work with the Authority to verify/confirm the non-substantive nature of the proposed changes.

Staff proposes and recommends adoption of a resolution which will designate to the Executive Director or the Chair of the Authority Board, the signing authority for Private Placement (Commercial Bank Financing) administrative changes to Revenue Notes of the Authority. Any substantive changes would continue to be brought to the full Board for consideration and approval.

Mr. Fick asked if there were questions from Board members. Board members asked some clarification questions, including confirmation that either the Executive Director or the Board Chair may sign the administrative change, but the proposed change does not require both signatures. This understanding was affirmed.

There were no further questions and Mr. Benson asked for a motion to adopt the Resolution to Delegate signature Authority for Private Placement (Commercial Bank Financing) of Administrative Changes to the Executive Director or the Board Chair. A motion was made by Raymond Vin Zant to adopt the Resolution. The motion was seconded by Mary Ives.

Chair Benson asked Executive Director Fick to conduct a Roll Call vote on the Motion. A roll call vote was conducted, and the Board members voted as follows:

Gary Benson

Yes

Mary Ives	Yes
Mary Yang Thao	Yes
Raymond Vin Zant	Yes
Nancy Sampair	Yes
Poawit Yang	Yes

There were no abstentions or votes against the Motion and the Resolution to Delegate signature Authority for Private Placement (Commercial Bank Financing) of Administrative Changes to the Executive Director or the Board Chair was approved.

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

It does not appear that a Special Session is going to be called in the next month, so we are planning to go back to the legislature in 2023, where the chance for passage of our bill is very good. We have had discussions with one of our House sponsors, who provided guidance on some fine-tuning of our bill language that we will incorporate, along with improved explanatory material.

Rating Agency Update

- Moody’s Investors Service has published their ESG scores
- These include assignment of a Credit Impact Score (CIS)

Borrower Assistance and Financing Application Update

- We are engaging in preliminary discussions with several schools about financing projects in the next one to two years
- We are collaborating with multiple schools on Moody’s rating updates
- We continue to support schools in their compliance with Continuing Disclosure obligations

- If the projected school financings are completed in the next fiscal year, we will be very close to our bonding limit of \$1.3 billion. This means we'll want to go back to the Legislature in 2023 at minimum for an expansion of our bonding limit to somewhere around \$2 billion.

Borrower Staffing Update

Vacancy exists for the CFO position at Bethel. St. Scholastica, MCAD and NW Health Sciences have filled their financial staff vacancies. Presidential search continues at the University of St. Thomas.

Various Items of Interest

Executive Director Fick attended and presided as President at the National Association of Health and Educational Facilities Financing Authorities (NAHEFFA) in Bozeman, MT this past September.

Mr. Fick has been appointed to a second term on GFOA Debt Management Committee beginning September 15, 2022.

In his capacity as President of the National Association of Health & Education Facilities Finance Authorities, (NAHEFFA), Executive Director Fick met with the Municipal Securities Rulemaking Board and Senior Staff in late July and met with the SEC Office of Municipal Securities Director to discuss conduit municipal issues.

Chair Benson asked if there was any further business to come before the Board. There was none.

The meeting was suspended at 3:53 pm, CDT, and will reconvene at the Pool and Yacht Club for a Board appreciation and past Board member service recognition dinner,


Prior to reconvening the Board meeting, Board members and members of the Public were invited to visit the Authority's new office location at 860 Blue Gentian Road, Suite 145, Eagan, MN 55121 immediately after suspension of the Authority meeting to view and tour the new office location.

The meeting was reconvened at 5:45 at the Pool and Yacht Club. Prior Board Member Mark Misukanis attended the Board appreciation and recognition event. Chair Benson and Executive Director Fick thanked Mr. Misukanis for his years of exemplary service to the Board and higher education in Minnesota. In addition, all Board members were recognized for their service in assisting the Authority with its mission to assist non-profit institutions of higher education in Minnesota

access low-cost financing to keep costs of attendance lower than would otherwise be possible without Authority assistance.

There were no other items for the Board to consider. A motion to adjourn was made by Mary Ives with a second provided by Nancy Sampair. The Board acted by voice vote to adjourn the meeting at 9:15 pm, Central Time.

Respectfully submitted,



Assistant Secretary




1- Minutes for 19 Oct 2022 FINAL

Final Audit Report

2023-01-18

Created:	2023-01-18
By:	Amanda Lee (agl@mnhefa.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAA4hWJP3AgH1WR65unPm8Hsv0c87hdAfwO

"1- Minutes for 19 Oct 2022 FINAL" History

-  Document created by Amanda Lee (agl@mnhefa.org)
2023-01-18 - 10:26:53 PM GMT- IP address: 96.75.144.189
-  Document emailed to Barry Fick (bwf@mnhefa.org) for signature
2023-01-18 - 10:27:05 PM GMT
-  Email viewed by Barry Fick (bwf@mnhefa.org)
2023-01-18 - 11:36:07 PM GMT- IP address: 104.47.73.254
-  Document e-signed by Barry Fick (bwf@mnhefa.org)
Signature Date: 2023-01-18 - 11:36:18 PM GMT - Time Source: server- IP address: 96.75.144.189
-  Agreement completed.
2023-01-18 - 11:36:18 PM GMT