



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a Special Board meeting at 2:00 pm Central Daylight Time, Wednesday, July 19, 2023.

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.

The Authority Board meeting was held in Room 236 of the Weitz Creative Center, 320 3rd E, on the campus of Carleton College, Northfield, Minnesota. 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 attend the meeting in person, monitor the meeting by calling a toll-free number, and able to connect to the meeting 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. Board member Gary Benson attended in-person, meeting the non-pandemic requirements of one member attending in-person.

Executive Summary – Minnesota Higher Education Facilities Authority

Meeting on July 19, 2023 Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of June 21, 2023	Passed	Unanimous

Resolutions	Result:	Vote:
Approve Application Resolution from Carleton College	Passed	Unanimous
Approve Resolution Relating to Financing Terms for Carleton College, Series 2023 Bonds	Passed	Unanimous
Approve Series Resolution Relating to Carleton College Series 2023 Bonds	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
Bonnie Rons - V
Mary Ives – V
David Rowland – V
Mary Thao – V
Poawit Yang - V
Ray Vin Zant - V

Absent: Nancy Sampair
Mikeya Griffin
Paul Cerkenik

Other Attendees: Mark LeMay, Disclosure Agent

Carleton related: Eric Runestad, VP and Treasurer, Carleton College
Jane Rizzo, Dir, Budget & Financial Analysis, Carleton College
Shari Mayer, Associate Comptroller, Carleton College

Linda Weingarten, Assoc. VP of Facilities & Cap Planning, Carleton College
Paul Bernhardt, Audio & Video Tech Director, Weitz Ctr for Creativity,
Carleton College
Barbara Silk, Assistant to VP and Treasurer
Erik Kelly, Blue Rose Capital Advisors – IP
Max Wilkinson, Blue Rose Capital Advisors - IP
Peter Cooper, Taft Law – IP
Catherine Courtney, Taft Law – IP
Laura Janke, RBC Cap Mkts – IP
Christopher Good, RBC Cap Mkts – IP
Bryant Lewis, Barclays - V

Staff: Barry W. Fick, Executive Director, MHEFA – IP

Absent: Amanda Lee, Operations Manager, MHEFA

Chair Rowland and Mr. Fick, Executive Director of the Authority, asked if there were any members of the public present in person or by electronic access to the meeting who were not noted or who joined after the meeting was called to order. There were no other persons in attendance either in person or by video or telephone link.

David Rowland, 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 21, 2023, Board meeting.

The first item on the agenda is the review and consideration of the minutes of the June 21, 2023, Authority Board meeting.

Chair Rowland asked for a motion to accept and approve the June 21, 2023 Minutes. A motion was made by Mary Ives to approve the June 21, 2023, minutes. The motion was seconded by Gary Benson. Chair Rowland asked if there were any questions, discussion, or changes to the minutes of the June 21, 2023, Board meeting.

There were no questions or proposed changes to the minutes from Board members.

Chair Rowland 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
	David Rowland	Yes
	Mary Thao	Yes
	Mary Ives	Yes
	Bonnie Rons	Abstain
	Ray Vin Zant	Yes
	Poawit Yang	Yes

There were no votes against the motion and the Minutes of the June 21, 2023, MHEFA Board meetings were approved.

Agenda Item II – CARLETON COLLEGE APPLICATION FOR FINANCING ASSISTANCE

MHEFA Board Chair David Rowland opened the public hearing on the Application of Carleton College to the Minnesota Higher Education Facilities Authority for financial assistance to finance a number of projects to be constructed on the Northfield, Minnesota campus of the College.

MHEFA Board Chair David Rowland called on Mr. Eric Runestad, VP and Treasurer of Carleton College, to introduce himself, the members of the Carleton management team with him and to present Carleton's Application to MHEFA for assistance in financing the Projects included in the financing application made by the College to the Authority.

Mr. Runestad introduced himself, noting he is the Chief Financial Officer and Treasurer at Carleton College. He introduced the members of the Carleton staff who were present at the meeting and noted they were in attendance to answer questions from Board members if appropriate and to provide additional information if requested. Mr. Runestad thanked the Authority for its assistance to date and for consideration of the financing Application submitted by the College. He also welcomed the Authority Board members and participants in the Board meeting to Carleton College and thanked the Authority for meeting on the College campus.

Mr. Runestad began his presentation with a series of slides showing information about student demand at Carleton, financial performance of the College, along with an outline of the projects that Carleton plans to construct with the proceeds of a borrowing through the Authority.

He informed the Board that the College was founded in 1866, and is a private, co-educational, residential liberal arts college. The College is a national college enrolling approximately 2,007 students drawn from nearly all 50 states and over 35 different countries.

The College is a four-year college that offers a Bachelor of Arts degree. Widely regarded as a top college for undergraduate teaching, Carleton is known for its academic rigor and intellectual curiosity. Students can choose from more than 1,000 courses in 33 major fields of study across mathematics, the arts, humanities, natural sciences, and social sciences, as well as numerous interdisciplinary programs, off-campus study programs, area studies or concentrations.

Carleton has maintained a relatively stable enrollment over this timeframe, with a slight decline in fall 2020 (the result of a smaller incoming class at the onset of the COVID-19 pandemic combined with a large graduating class in 2020) that is expected to return to pre-COVID levels after the smaller class of 2024 graduates. Selectivity and application totals have also improved over the past decade, culminating in an acceptance rate of 16.6% from a pool of 8,583 applicants for the most recent incoming freshman class in fall 2022.

Carleton intends to utilize the proceeds of the 2023 Bonds to fund various improvements to the College's Northfield campus, including the demolition of existing buildings and the design, construction, renovation, improvement, and equipment of new student housing facilities along with a Student Health and Counseling Center. The projects will be financed through a combination of bond proceeds, College funds, and fundraising, and will be developed in two phases ("Phase A" and "Phase B"). Further details about the projects are provided below.

Phase A

Phase A of the College's projects consists of the following items:

- i) Construction of 107 new student beds near the Recreation Center at the former Lilac Hill
- ii) Demolition of Hunt Cottage and Hall House

- iii) Construction of 33 new student beds at the former Hunt Cottage/Hall House location, including integrated space for both a Black Center and a Multicultural Center.

Construction on elements of Phase A began in April 2023, and the College expects this phase of the projects to be completed in August 2024.

Phase B

Phase B of the College's projects consists of the following items:

- i) Demolition of Henry, Stimson, Williams, Berg, Clader, and Hernickson Houses
- ii) Construction of 44 new student beds
- iii) Construction of a new multi-purpose building to house Student Health and Counseling, Office of Accessibility Resources, Title IX, Community Standards, and Human Resources

Construction of Phase B is expected to commence in June 2024, and the College anticipates it to reach completion in August 2025.

The College's new housing units are designed and built to meet 'passive house' (or PHIUS, Passive House Institute of the US) standards, which is a highly energy efficient building standard. PHIUS standards include thick exterior walls, maximum insulation, and energy recovery ventilation that yield significant energy savings, carbon reduction, and excellent indoor air quality. With the addition of rooftop solar, the majority of the housing units will also be co-certified as Department of Energy Net Zero Energy Ready Homes (DOE ZERH). The Student Health and Counseling Center will be constructed to meet LEED Gold, which is the campus standard for construction.

Mr. Runestad concluded his presentation and asked if there were questions or additional information that the MHEFA Board would like to discuss. Board members asked a number of questions related to the possible private use of the facilities, the demand for the facilities and questions about the energy efficiency of the buildings to be constructed. Mr. Runestad answered the questions about private use noting that little to no private use is expected or planned for the project facilities. He noted that the planning process for the facilities has been long in gestation at the College and the projects meet a critical need for housing options and student health and support. He further noted that the College has been at the forefront of energy conservation measures, citing the geo-thermal

project financed through the Authority in the recent past. He noted that the projects included in this financing request will be very energy efficient as described above in the project description.

There were no other questions from Board members and Chair Rowland closed the Public Hearing. Chair Rowland then called on Erik Kelly and Max Wilkinson of Blue Rose Capital Advisors to discuss the review of the College's application for financing from the Authority.

Max Wilkinson of Blue Rose outlined the process used to review the application and recited a number of the same facts, operating statistics, and process used by Blue Rose to analyze the Application and prepare a professional opinion on the ability of the College to repay a loan of Bond Proceeds from the Authority. Based on the review by Blue Rose, they conclude that: "the financing can be successfully marketed by the underwriters and the resulting debt service can be funded comfortably by the College." Mr. Wilkinson concluded his presentation and noted he would answer questions from the audience.

Chair Rowland asked if there were any questions for Mr. Wilkinson. There were no questions and Mr. Rowland asked Bond Counsel to review the Application Memorandum. Ms. Catherine Courtney directed the Board to the Bond Counsel Memorandum related to the Application contained in the Board Information packet. Ms. Courtney reviewed the Memorandum, noting that a number of items required for a full and complete legal and tax analysis were not yet available or included with the original application. Ms. Courtney noted that the missing items were in the process of being gathered and will soon be provided to Bond Counsel and she expressed confidence that there were no major issue which would delay the review process or the financing. Ms. Courtney reviewed a number of items that the College will need to be aware of for the financing, including arbitrage calculation matters, construction fund spend-down timing, continuing disclosure obligations and similar matters. It was noted that the College is subject to these same requirements for its outstanding debt, so there should be minimal compliance issued for the College with the Series 2023 Bonds.

Ms. Courtney concluded her review of the Application Memorandum and stood for questions. Chair Rowland asked if there were questions for Ms. Courtney from the Board. There were no questions and Mr. Rowland asked Ms. Courtney to present the Resolution Relating to the Application.

Ms. Courtney directed the Board to the Resolution Relating to the Application that was included in the Board materials. She reviewed the paragraphs of the Resolution Relating to the Application,

including noting that “the Project and issuance of revenue obligations appear feasible.” The Application Resolution directs the Executive Director to work with the College and finance team members to prepare documents to facilitate the financing for the College. She then concluded her review of the Resolution Related to the Application and stood for questions from the Board. Chair Rowland asked if there were any questions from the Board. There were no questions from the Board.

Mr. Rowland then called for consideration of the Resolution Relating to Application for Carleton College.

A motion to approve the Application Resolution was made by Gary Benson. The motion was seconded by Ray Vin Zant. Mr. Rowland called on the Executive Director to conduct a roll call vote on the Resolution. A roll call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Bonnie Rons	Yes
Mary Ives	Yes
Mary Thao	Yes
David Rowland	Yes
Ray Vin Zant	Yes
Poawit Yang	Yes

There were no votes against the Resolution Related to Application and the Resolution was approved.

Chair Rowland asked Mr. Max Wilkinson and Mr. Eric Kelly, both of Blue Rose Capital Advisors, serving as financial advisor to Carleton College (the “College” or “Carleton”), to discuss the proposed financing plan. The financing is to fund and pay costs of issuance.

The Series 2023 Bonds will be issued as a public sale, on a negotiated basis. The College conducted an extensive Request for Proposal process and has selected Barclays Capital as the Senior Managing Underwriter for the financing. RBC Capital Markets will be a co-manager for the Series 2023 Bonds. The Series 2023 Bonds will be structured as a combination of serial and term bonds. The

principal will be structured so that when added to principal payments of outstanding debt, will result in somewhat level annual debt service.

Security for the Series 2023 Bonds will be a general obligation pledge by the College to charge fees and tuition sufficient to generate funds to pay debt service. There are no financial covenants related to the Series 2023 Bonds. There is no debt service reserve for the Series 2023 Bonds. The initial interest payment is expected to occur on March 1, 2024 and the initial principal payment is expected to occur on March 1, 2031. The final maturity is expected to be March 1, 2053.

The Bonds are rated by Moody's Investors Service. Moody's has assigned a rating of Aa2 with a stable outlook to the Bonds.

The Series 2023 Bonds are expected to be sold in August or September 2023, with a closing approximately 3 weeks after the sale date.

Chair Rowland asked if there were questions for the Blue Rose representatives. There were a number of questions related to the project and options that were considered by the College. Mr. Wilkinson and Mr. Kelly provided answers to the questions from the Board that were responsive to Board member follow-up questions.

Mr. Rowland next called on Ms. Catherine Courtney, Bond Counsel with the Taft Law Firm, to discuss the Resolution Related to Finance Terms for the Series 2023 Bonds. Ms. Courtney referred the Board members to the Resolution. Ms. Courtney described the various sections of the Resolution, noting that the Resolution establishes parameters for the bonds to be issued and authorizes the Authority, working with the College, its advisors, and the Underwriter, to proceed with the sale of the Bonds. The Resolution also authorizes the distribution of an Official Statement to provide investors with information to be used by them to make an investment decision.

After Ms. Courtney concluded her review of the Resolution, Chair Rowland asked if there were any questions. There were no questions from Board members. Mr. Rowland then called for consideration of the Resolution Relating to Financing Terms for Carleton College.

A motion to approve the Financing Terms Resolution was made by Mary Ives. The motion was seconded by Bonnie Rons. Mr. Rowland called on the Executive Director to conduct a roll call vote on the Resolution. A roll call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Bonnie Rons	Yes
Mary Ives	Yes
Mary Thao	Yes
David Rowland	Yes
Ray Vin Zant	Yes
Poawit Yang	Yes

There were no votes against the Resolution Related to Finance Terms and the Resolution was approved.

Chair Rowland asked Ms. Courtney to report on the Series Resolution for Carleton College.

Ms. Courtney reviewed the Bond Counsel's Series Resolution and memorandum, noting various items relating to tax law and highlighting a number of items that are pertinent to the financing.

Ms. Courtney noted that the Series Resolution includes the following elements:

- Outlines the parameters under which the Authority may issue the Bonds
- Recites the documents related to the Series 2023 Bonds
- Recites the authorization of the Authority to issue the Bonds
- Approves and authorizes execution of all required documents related to the Bonds
- Approves terms of the Notes and authorizes delivery of the Bonds
- Ratifies prior actions of the Authority related to the Bonds

Ms. Courtney concluded his presentation and asked if there were any questions. There were no questions related to the Series Resolution.

At the conclusion of Ms. Courtney's presentation, Chair Rowland asked if there were any questions for Ms. Courtney regarding the Series Resolution. There were no questions.

A motion was made by Mary Ives to approve the Series Resolution relating to the Series 2023 Bonds for Carleton College. The motion to approve the Resolution was seconded by Ray Vin Zant.

Chair Rowland called for a Roll Call vote regarding the approval and acceptance of the Series Resolution related to the Series 2023 Bonds for Carleton College. A Roll Call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Mary Ives	Yes
Bonnie Rons	Yes
Mary Thao	Yes
David Rowland	Yes
Ray Vin Zant	Yes
Poawit Yang	Yes

There were no votes against the motion and the Series Resolution Relating to the Series 2023 Bonds for Carleton College was approved.

Laura Janke and Christopher Good, both from RBC, and Peter Cooper and Catherine Courtney of Taft excused themselves from the meeting after final consideration of matters related to Carleton College.

Agenda Item III – Old Business

Chair Rowland 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 IV – New Business

Chair Rowland asked if there were any New Business items from Board members for discussion.

There were no New Business items from Board members for discussion.

Agenda Item V – Other Business

Chair Rowland called upon Executive Director Fick to discuss the Executive Directors Report.

Mr. Fick noted that this is David Rowland's first meeting as Chair of the Authority Board. Mr. Fick expressed his appreciation for Chair Rowland's willingness to serve as Chair.

Mr. Fick noted that the Governor has reappointed Gary Benson to the MHEFA Board as the Board member with expertise in construction and building. In addition, the Governor has reappointed Bonnie Rons to the position of Board Member, General Public to the MHEFA Board. Their re-appointments are effective July 19, 2023.

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

I met with our legislative advisors on June 23 to discuss options for the 2024 legislative session. We outlined a comprehensive plan to move the legislation forward in the 2024 legislative session. We plan to meet with Legislators and/or their staff to educate them on the purpose of the legislation and the limitations or "guardrails" included in the bill. The focus will be on our focused mission of only financing qualified not-for-profit organizations.

This will include education to assure legislators that the State of Minnesota credit is not in any way affected by bonds issued by MHEFA and that there is no direct, indirect, or moral obligation to support or pay debt service on bonds issued by MHEFA.

We also plan to communicate with the Governor's staff to determine if there is any support from the executive branch to help move our bill forward.

We also will discuss with the Higher Education and Bonding Committee legislators and staff from both the Senate and House of Representatives a separate bill to increase our outstanding debt limit.

Rating Agency Update

- Moody's Investors Service is conducting rating updates with a number of schools over the next few weeks. We are working with the schools to prepare material for the update calls.

Borrower Assistance and Financing Application Update

- We are engaged in preliminary discussions with other schools about financing projects in the calendar year 2024 and 2025

Borrower Staffing Update

Wade Holmberg has been appointed to the position of Associate Vice President of Finance and Controller at University of St. Thomas. Wade was previously the Assistant Controller at Bethel University

Bethel has appointed Joel Costa as Chief Financial Officer and VP of Operations. Joel has a 34+ year history of ascending leadership experience in the private sector, including healthcare, transportation, and energy.

Hamline and MCAD have filled staff accountant positions and are at full strength in their finance departments. St. Olaf is in the midst of conducting a search for a new CFO after Jan Hanson's retirement at the end of June.

Various

We are preparing for the annual Financial Audit fieldwork in August.

It was announced that Carleton College staff would lead a tour of the project sites on campus for anyone at the meeting who wished to take the tour.

Chair Rowland asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider, and Chair Rowland asked for a motion to adjourn the Board Meeting.

The motion to adjourn was made by Gary Benson and the second provided by Bonnie Rons. The Board acted by voice vote to adjourn the meeting at 3:11 pm, Central Daylight Time.

Respectfully submitted,

Bary W Fick

Assistant Secretary

1- Minutes for July 19 2023 FINAL

Final Audit Report

2023-12-06

Created:	2023-12-06
By:	Amanda Lee (agl@mnhefa.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAARY-IS0-3kiYf6llgg9H96iv8bc-CogH_

"1- Minutes for July 19 2023 FINAL" History



Document created by Amanda Lee (agl@mnhefa.org)

2023-12-06 - 8:08:19 PM GMT- IP address: 47.232.49.72



Document emailed to Barry Fick (bwf@mnhefa.org) for signature

2023-12-06 - 8:08:40 PM GMT



Email viewed by Barry Fick (bwf@mnhefa.org)

2023-12-06 - 9:57:45 PM GMT- IP address: 104.47.73.254



Document e-signed by Barry Fick (bwf@mnhefa.org)

Signature Date: 2023-12-06 - 9:57:57 PM GMT - Time Source: server- IP address: 47.41.124.129



Agreement completed.

2023-12-06 - 9:57:57 PM GMT



Adobe Acrobat Sign