



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a Special Board meeting at 2:00 pm Central Daylight Time, Wednesday, May 17, 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 the lower-level Conference Room at 860 Blue Gentian Road, Eagan, MN 55121. 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 Chair 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 May 17, 2023: Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of April 26, 2023	Passed	Unanimous
Adopt the Adjusted FY23 MHEFA Budget	Passed	Unanimous
Adopt the FY24 Board Meeting Schedule	Passed	Unanimous

Resolutions	Result:	Vote:
Approve Series Resolution Relating to the Minneapolis College of Art and Design Series 2023 Note	Passed	Unanimous
Approve Resolution 05-2023-02 relating to the Managerial Plan 2021-2023 for Achievement Awards 2022-2023 for Authority Staff	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 Anderson Rons - IP
Mary Ives – V
David Rowland - IP
Mary Thao – V
Paul Cerkenik - IP

Absent: Mikeya Griffin
Nancy Sampair
Ray Vin Zant
Poawit Yang

Other Attendees: Mark LeMay, Public – IP

MCAD related: Maxwell (Max) Wilkinson, Blue Rose – MA – V
 Justin Kreig, Blue Rose – MA- IP
 Bob Toftey, Bond Counsel – T

Staff: 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 April 26, 2023, Board meeting.

The first item on the agenda is the review and consideration of the minutes of the April 26, 2023, Authority Board meeting. Bonnie Anderson Rons and Mary Thao noted changes on pages 3 and 7.

Chair Benson asked for a motion to accept and approve the April 26, 2023 Minutes with changes noted by Ms. Rons and Ms. Thao. A motion was made by Mary Ives to approve the April 26, 2023, minutes. The motion was seconded by Bonnie Anderson Rons. Chair Benson asked if there were any questions, discussion, or further changes to the minutes of the April 26, 2023, 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
	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Mary Thao	Yes
	Mary Ives	Yes

There were no votes against the motion and the Minutes of the April 26, 2023, MHEFA Board meetings were approved.

Agenda Item II – Minneapolis College of Art and Design (MCAD) Finance Plan and Series Resolution

Chair Benson asked Mr. Justin Krieg and Max Wilkinson, both of Blue Rose Capital Advisors, serving as financial advisor to Minneapolis College of Art and Design (MCAD), to discuss the proposed financing plan. The financing is to fund MCAD's acquisition, renovation, furnishing, and refurbishing of an existing apartment building adjacent to the MCAD Minneapolis campus. Acquisition of the property is an integral part of MCAD's plan to require first year students to reside in campus housing.

The financing for the proposed Series 2023 Note is to be provided by Alerus Financial. They provided financing for the most recent prior MCAD borrowings through the Authority.

Mr. Krieg noted that the terms of the 2023 financing will be similar to the terms of the prior financings. Mr. Krieg referred Board members to a letter from Blue Rose Capital Advisors outlining the MCAD financing terms. The Series 2023 financing will be separated into two Notes. Series 2023A Note will fund the acquisition of the building that will serve as a residence hall for the College. It will be secured by a mortgage on the residence hall. The Series 2023B Note will fund a portion of the cost of the residence hall, due diligence costs, start-up expenses, and other project related costs of the building acquisition. The Series 2023B Note will be secured by a mortgage on certain college properties and investment securities pledged by the College as security, as necessary. The initial interest rate on the Notes will be set according to a formula agreed to between the College and the Bank. The Series 2023B Note may be prepaid at any time, in whole or in part, without penalty. The Series 2023B Note may be prepaid at any time but is subject to a declining pre-payment penalty that expires on June 1, 2028, when the College may prepay the Series 2023A Note without penalty.

Both Notes are subject to mandatory tender prior to their final maturity. On or before the mandatory tender date, the College and the Bank have the option to extend the bank commitment period. In addition, the College has the option to repay the note in full on or before the mandatory tender date. On the mandatory tender date, the College may choose to repay the note and refinance the Notes with a different lender. The mandatory tender rate of the Series 2023A Note is October 1, 2030. The mandatory tender date of the Series 2023B Note is October 1, 2028.

Mr. Krieg and Mr. Wilkinson noted that the College continues to be subject to financial covenants under the Series 2023A and 2023B Notes which are similar to the financial covenants in place with outstanding Alerus loans to the College. The primary differences include an increased minimum liquidity requirement of \$5 Million and a new Pledged Portfolio test, which would require the College to maintain an 85% Loan to Value ratio and the College could pledge additional collateral or repay principal to maintain the Loan to Value ratio. Mr. Krieg and Mr. Wilkinson concluded their presentation and asked if there were any questions about the finance plan for MCAD.

Chair Benson also 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 MCAD. Mr. Krieg and Mr. Wilkinson provided answers to the questions from the Board that were responsive to Board member questions. After the questions and answers period was concluded, Chair Benson closed the Public Hearing.

Mr. Benson next called on Mr. Robert Toftey, Bond Counsel with the Fryberger Law Firm, to discuss the Series Resolution for MCAD. Mr. Toftey reviewed the Bond Counsel's Series Resolution Private Placement Program Resolution and memorandum, noting various items relating to tax law and highlighting a number of items that are pertinent to the financing.

Mr. Toftey noted that the Series Resolution includes the following elements:

- Recites the basic terms of the Finance Plan and approves the Finance Plan
- Recites the documents related to the Series 2023 Notes
- Recites prior actions taken by the Authority Board related to the Series 2023 Notes
- Recites the authorization of the Authority to issue the Notes
- Approves and authorizes execution of all required documents related to the Notes
- Approves terms of the Notes and authorizes delivery of the Notes
- Ratifies prior actions of the Authority related to the Notes

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

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

A motion was made by David Rowland to approve the Series Resolution relating to the Series 2023A and Series 2023B Notes for MCAD. 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 Series Resolution related to the Series 2023A and Series 2023B Notes for 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 Thao	Yes

There were no votes against the motion and the Series Resolution Relating to the Series 2023A and Series 2023B Notes for Minneapolis College of Art and Design was approved.

Agenda Item III – St. Catherine University Financing

Executive Director Fick informed the Board that consideration of the next step for the St. Catherine financing will be deferred and considered at a future meeting, it is anticipated that the financing will be brought before the Board in June or July 2023. No Board action related to the St. Catherine financing is necessary at this time.

Agenda Item IV – FY2023 Administrative Items

FY2023 proposed Budget Adjustment

Chair Benson asked Operations Manager Amanda Lee to present and review the proposed FY23 Adjusted Budget. Operations Manager Lee noted that the Board annually reviews the current fiscal year budget and updates it to reflect changes to both revenue and expenses. For FY23, revenues will be lower than originally budgeted due to changes in the timing of financing requests from borrowers. Interest income will be higher than projected due to higher rates on reinvested Certificates of Deposit.

For expenses, most expense items are favorable to budget, with only one unanticipated expense item being incurred.

On balance, the net results projected for FY23 are \$7,700 less favorable than originally budgeted.

Chair Benson asked if there were questions for Operations Manager Lee about the updated FY23 Budget. Board members asked about certain line items and the timing of borrower financing applications. The Board questions were answered to the satisfaction of the Board.

Chair Benson asked for a motion to adopt the Adjusted FY23 Budget. A motion was made by David Rowland to approve the Adjusted FY23 Budget. 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 Adjusted FY23 Budget. 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 Thao	Yes

There were no votes against the motion and the Adjusted FY23 Budget was approved.

FY2023 Plan of Action Results

Chair Benson asked Executive Director Fick and Operations Manager Amanda Lee to present the FY2023 Plan of Action Results. Executive Director Fick and Operations Manager Lee reviewed the components of the FY2023 Plan of Action and noted that 16 of the 17 Plan of Action items were fully completed and only 1 item was not fully completed. All of the other components were fully completed and in the case of the Annual Conference, the Authority successfully executed 2 conferences in FY2023.

Chair Benson asked if there were any questions related to the FY2023 Plan of Action Results. There were no questions from Board members or the public related to the FY203 Plan of Action Results.

FY2023 Achievement Award Consideration

Chair Benson asked Executive Director Fick and Operations Manager Amanda Lee to present the FY2023 Achievement Award Resolution. Executive Director Fick and Operations Manager Lee reviewed the components of the FY2023 Achievement Award Resolution, noting that the Achievement Award is not automatically granted, but must be earned based on defined criteria. The Authority bases the award on how staff meets the FY Plan of Action. The award Resolution for FY2023 allocates the Achievement Award equally between the Executive Director and the Operations Manager. Staff requests the Board consider the proposed Achievement Award resolution.

Chair Benson asked if there were any questions related to the proposed FY2023 Achievement Award Resolution. There were no questions.

A motion was made by Bonnie Anderson Rons to approve the Achievement Awards Resolution. The motion to approve the Resolution was seconded by David Rowland.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the Resolution for Achievement Awards 2022-2023. 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 Thao	Yes

There were no votes against the motion and the FY2023 Achievement Awards were approved.

Agenda Item V – Administrative Items

FY2024 Plan of Action

Board Chair Benson asked Executive Director Fick to present the FY2024 Plan of Action. Executive Director Fick noted that the FY2024 Plan of Action continued to focus on the Authority Borrowers and meeting their needs as a primary focus. New focus areas for FY2024 include expanded DEI efforts and development of a long-term succession plan along with updated Position Descriptions for Authority staff. The FY2024 Plan of Action includes continuing and expanded national exposure for the Authority to keep on the leading edge of industry trends and events for the benefit of Authority Borrowers.

Chair Benson asked if there were questions from Board members about the FY2024 Plan of Action. There were no questions.

FY2024 Proposed Board Meeting Schedule

The next item for consideration was the FY2024 proposed Board Meeting Schedule. The policy of the Authority is to hold Board meetings on the 3rd Wednesday of the month, beginning at 2:00 pm Central time. If there is no business for the Board to consider, the meeting may be cancelled with adequate notice. Chair Benson asked Operations Manager Lee to outline the proposed FY2024 Board meeting schedule. Operations Manager Lee noted there are no holiday date conflicts in FY2024. That is, there are no meetings that fall during a holiday week. The proposed FY2024 meeting schedule includes a Board recognition at the October 18, 2023 meeting and the annual Authority Finance Conference at the April 17, 2024 meeting.

The Board discussed the timing of the FY2024 meetings and opted to leave all meetings on the 3rd Wednesday of the month, reserving the option to cancel or move any meeting at a later date.

Mr. Benson, as Board Chair, asked for a motion to adopt the FY2024 Board Meeting Schedule. A motion to approve the schedule was made by Bonnie Anderson Rons. The motion was seconded by David Rowland.

Chair Benson called for a Roll Call vote regarding the approval of the FY2024 Meeting Schedule. A Roll Call vote was conducted, and the Board members voted as follows:

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

There were no votes against the motion and the FY2024 Board Meeting Schedule was approved.

Chair Benson called on Operations Manager Lee to discuss FY2024 Board Officer Elections. Operations Manager Lee discussed the current Officer positions and noted that staff will be contacting Board members prior to the June Authority meeting to determine interest in serving as a MHEFA Board officer. A slate of officers will be prepared based on discussion with current officers and potential board officers. The slate of Board officers will be presented and voted on at the June Authority meeting.

Agenda Item VI – 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 VII – New Business

Chair Benson 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 VIII – Other Business

Chair Benson called upon Executive Director Fick to discuss Other Business. Mr. Fick presented his Executive Director's report. It included the following items regarding staff and Authority activity and events and personnel changes at the schools.

Legislative Update

Our efforts in the 2023 Legislative session were stymied by questions raised by the House Health Care Chair regarding the University of Minnesota's ability to use the Authority to issue debt and by questions related to for profit healthcare to access Authority financing. The answer is that neither the U of MN nor for profit healthcare can access Authority financing, but the uncertainty was sufficient to defer consideration by the House Health Committee of our bill. We plan to meet with legislators and their staff over the summer to provide additional information and education on the purpose and application of our bill, with the plan to introduce the bill again in the 2024 legislative session. Our bill was approved by the Senate and House Higher Education Committees, the Local Government Committees of the Senate and House and the Senate Healthcare Committee.

We hope to retain the same sponsors and add additional sponsors, both Democratic and Republican.

Rating Agency Update

- Moody's Investors Service has lost an Analyst from the Minnesota Higher Education team and will add another analyst this summer
- Executive Director Fick will meet with Moody's staff in NYC this summer to address the higher education analysts, discuss Moody's staffing plans, rating updates for 2023, and record a Podcast

Borrower Assistance and Financing Application Update

- We are engaged in preliminary discussions with four schools about financing projects in the calendar year 2023, which includes the Fiscal Year 2023 and the first ½ of the Authority's FY2024
- We continue collaborating with multiple schools on Moody's rating updates for this summer
- We completed compliance with Continuing Disclosure obligations for FY23

Borrower Staffing Update

No additional updates since April

Various

The Conference sponsored by the SEC was very successful. I again met with the head of the SEC Office of Municipal Securities, other OMS staff and a number of attorneys and regulatory staff for the first time since Covid.

Executive Director Fick will be attending the GFOA National Conference in Portland, OR next week where he is speaking on a number of panels.

Chair Benson asked Paul Cerkenik, President of the Minnesota Private College Council and ex-officio MHEFA Board member, to provide background information to the Board about the new State of Minnesota Public College tuition program. Mr. Cerkenik outlined the basic rules of the new program, noting it is based on income and is a “last dollar” aid, to be used after all other federal and state aid programs have been accessed. Executive Director Fick referred Board members to two news articles about the new program that were included in the Board information packet for May 2023. Mr. Cerkenik noted it will be some time before the effect and impact of the new program will be known. Mr. Fick noted that the program is one of many factors that the Minnesota private institutions of higher education consider in their budgets.

Chair Benson asked Operations Manager Lee to discuss the Budget vs. Actual Report for the period from January 1, 2023 through April 30, 2023. Operations Manager Lee noted that a number of the variances in the Budget vs. Actual report were modified in the revised FY23 Budget adopted earlier in the May 2023 Board meeting. Expenses for the fiscal year-to-date are generally lower than projected and revenues will be lower than projected due to timing of Authority bonds issued for borrowers which will occur in FY24 rather than FY23 as originally projected.

Chair Benson asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider, and Chair Benson asked for a motion to adjourn the regular Board Meeting And move to closed session. The purpose of the closed session is to evaluate the performance of the Executive Director. The motion to adjourn the Board meeting and go into closed session was made by Mary Ives and seconded by Bonnie Anderson Rons.

Chair Benson called for a voice vote regarding the adjournment of the regular meeting and moving to closed session. A Voice vote was conducted, and the Board members voted to adjourn the regular meeting at 3:45 pm Central Time and move to closed session to conduct a performance evaluation

of the Executive Director of the Authority. The Board asked Mr. Fick to excuse himself from the Closed Session.

During the Executive Session, the Board discussed Mr. Fick's self-assessment, added performance feedback, and approved submission of Mr. Fick's performance review with a rating of outstanding. After their discussion, the Board asked Mr. Fick to return to the meeting. Chair Benson spoke for the Board and noted that the Board agreed with Mr. Fick's self-assessment. The Board rated his performance "outstanding."

Chair Benson asked if there was any other business to come before the closed session. There was none.

Board Chair Benson asked for a motion to adjourn the closed session of the Board meeting. The motion to adjourn was made by Bonnie Anderson Rons and the second provided by David Rowland. The Board acted by voice vote to adjourn the closed session at 4:15 pm, Central Daylight Time.

Respectfully submitted,



Assistant Secretary

4- Minutes for 17 May 2023 FINAL

Final Audit Report

2023-07-07

Created:	2023-07-07
By:	Amanda Lee (agl@mnhefa.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAwMB-hvwol13ztOLbcsnmDk_sxk6-1stD

"4- Minutes for 17 May 2023 FINAL" History



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