



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a Special Board meeting at 2:07 pm Central Daylight Time, Wednesday, November 15, 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 229 of the Mitchell Hamline School of Law, 875 Summit Avenue, Saint 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 at the entrance to the Authority office, located at 860 Blue Gentian Road, Suite 145, Eagan, MN 55121.

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.

**Executive Summary – Minnesota Higher Education Facilities Authority**

Meeting on November 15, 2023: Board Actions Taken:

<b>Motions:</b>	<b>Result:</b>	<b>Vote:</b>
Approval of Meeting Minutes of July 19, 2023	Passed	Unanimous
Approve the FY2023 Financial Report Audit	Passed	Unanimous
Approve the Standard Rules of Operation, Section 600 Updates	Passed	Unanimous

<b>Resolutions</b>	<b>Result:</b>	<b>Vote:</b>
None	N/A	N/A

The official meeting began with a roll call to establish a quorum. The following board members or their designees were participating and attending in-person (IP), by video link (“V”) or telephone (“T”):

Board Members:      David Rowland – IP  
                              Bonnie Anderson Rons - IP  
                              Nancy Sampair - IP  
                              Gary Benson - IP  
                              Paul Cerkvenik - V  
                              Mary Ives – IP (2:40 p.m.)  
                              Mary Thao – V  
                              Ray Vin Zant – V

Absent:                 Mikeya Griffin  
                              Poawit Yang

Other Attendees:    Andrew Grice, CPA, Bergan KDV

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

David Rowland, Chair, called the meeting order at 2:07 pm CDT. Executive Director Fick confirmed that a quorum was present.

**Agenda Item I – Minutes of the July 19, 2023, Board meeting.**

The first item on the agenda is the review and consideration of the minutes of the July 19, 2023, Authority Board meeting.

Chair Rowland asked for a motion to accept and approve the July 19, 2023 Minutes. A motion was made by Bonnie Anderson Rons to approve the July 19, 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 July 19, 2023, Board meeting.

Bonnie Anderson Rons asked a question for clarification of language in the minutes. She asked about the description of a recent bond sale by the Authority as a “public” sale when it was sold by an underwriting group. Executive Director Fick noted that the characterization of a sale as a public or private sale is an industry term of art. He noted that a “public” sale can be a competitive sale or a negotiated sale. In either case, the bonds are ultimately offered to public investors. This contrasts with a private sale where there is generally a single purchaser, and the single purchaser does not reoffer the bonds to the general public.

There were no other 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:	David Rowland	Yes
	Bonnie Anderson Rons	Yes
	Nancy Sampair	Abstain
	Gary Benson	Yes
	Mary Ives	Not Present
	Mary Thao	Yes
	Ray Vin Zant	Yes

There were no votes against the motion and the Minutes of the July 19, 2023, MHEFA Board meetings were approved.

## Agenda Item II – FY23 Audit Results

Chair Rowland asked Mr. Andrew Grice from the Authority's audit firm, Bergan KDV, to present the firm's findings and the results of their audit of the Authority's Fiscal Year 2023 Audit. Mr. Grice reviewed the work that BerganKDV did in their audit of the Authority's accounting records.

Mr. Grice 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 fourth year 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. Grice 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 is the responsibility of the Authority and that BerganKDV does not prepare the financial statements of the Authority.

Mr. Grice 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. Grice reported that in the opinion of BerganKDV, the financial statements of the Minnesota Higher Education Facilities Authority as of June 30, 2023, 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. Grice 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. Grice discussed specific items in the financial statements, noting that operating performance was slightly negative due to the number of conduit bond sales and higher operating expenses. The operating loss was offset by higher interest income as low-rate maturing Certificates of Deposit were invested in higher yielding Certificates. In addition, a positive mark to market valuations resulted in a positive adjustment to FY23 operations. The positive change in net position resulted in end-of-year unrestricted assets totaling approximately \$2.142 million, a \$32K increase over the prior year.

Mr. Grice concluded his presentation. Mr. Rowland asked members of the Board if they had any questions for Mr. Grice. There were no questions about the FY23 Audit or Communications Letter from Board members.

Mr. Grice 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. Rowland asked for a motion to accept and approve the FY2023 Audited Financial Statements and Communications letter from BerganKDV. A motion to approve the fiscal Year 2023 Audited Financial Statements and Communications letter was made by Nancy Sampair. The motion was seconded by Bonnie Anderson 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:

David Rowland	Yes
Bonnie Anderson Rons	Yes
Nancy Sampair	Yes
Gary Benson	Yes
Mary Ives	Yes
Mary Thao	Yes
Ray Vin Zant	Yes

There were no abstentions or votes against the Motion and the FY2023 Audited Financial Statements and Communications Letter were accepted.

### **Agenda Item III – Website Updates with Voom Creative**

The Authority maintains an award-winning website for the public, borrower schools, and investors. The website provides information and data, both current and historic, about the Authority, our borrowers, and the markets, including news about our borrowers, the Authority and events that affect the market.

The Authority has reviewed options to disseminate information more quickly to borrowers, investors, and the public. Rather than require them to go to the Authority website for information, we have looked at options for “pushing” information to others or allowing others to link to events published on the Authority website. Our review of options has led us to the idea of adding an MHEFA page to LinkedIn. This would allow us to have interested parties sign up to “follow” the Authority and receive information as it is posted to the website, which in turn will be linked to our LinkedIn page.

We have reviewed this strategy with other agencies similar to MHEFA and interviewed some agencies that use this strategy. We believe it would be very beneficial to our borrowers to access this resource. In addition, it could be helpful to expand the reach to non-professionals about the availability of bonds issued by the Authority and potentially increase demand for Authority bond issues.

The Authority lacks the expertise and staff to efficiently develop, test and implement a LinkedIn corporate page. Rather than develop an incomplete presence, the Authority is working with Voom Creative on developing a LinkedIn presence and connecting it with our website. Voom Creative has assisted the Authority in developing and deploying our website. They are familiar with our process, philosophy, and mission. Their proposed fee for assistance with this project is very reasonable.

We hope to have the LinkedIn site operational in January 2024.

Chair Rowland asked if there were any questions about this project from Board members. There were no questions. Mr. Rowland asked if the Authority has considered adopting a Social Media Use policy for this and other social media sites.

Mr. Fick noted that the Authority does not have a social media policy in place. It was the consensus of the Board members and Authority Staff that development and adoption of a social media Policy would be a positive step to assist in navigating the social media environment in the future. Authority

staff will research and develop a social media Policy for consideration and adoption by the Board. No specific timetable for adoption of a social media policy was requested, but staff will work diligently to develop a policy and bring it to the Board for consideration.

#### **Agenda Item IV – FY2024 Administrative Items Policy Update to Standing Rules of Operation Section 600**

Chair Rowland asked Operations Manager Amanda Lee to discuss and outline the proposed updates to the Standing Rules of Operation, Section 600. Ms. Lee noted that the Staff regularly reviews the Standing Rules of Operation and proposes updates to maintain conformity with State of Minnesota Rules of Operation and any items specific to the Minnesota Higher Education Facilities Authority.

The Authority staff presents regular reviews of different sections of the Standing Rules of Operation to the Board every year. Staff have worked through other sections in prior years, updating them to match current State Policy. This year the focus is on Section 600, Administration, Personnel and Facilities. The proposed policy updates for Section 600 are minor and administrative. They are updates to conform Authority policy to the most current version of State of Minnesota Personnel and Facilities policies. They include updates to the no smoking policy, code of conduct, internal control assessment, training and development, and achievement award policies.

Chair Rowland asked for a motion to accept the proposed updates and changes to Section 600 of the Standing Rules of Operation. Nancy Sampair motioned for approval, and Ray Vin Zant seconded. Mr. Rowland then called upon Executive Director Fick to conduct a Roll Call Vote to adopt the changes to Section 600. A roll call vote was conducted, and the Board members voted as follows:

David Rowland	Yes
Bonnie Anderson Rons	Yes
Nancy Sampair	Yes
Gary Benson	Yes
Mary Ives	Yes
Mary Thao	Yes
Ray Vin Zant	Yes

There were no abstentions or votes against the Motion and the updates to Section 600 of the Standing Rules of Operation were accepted.

### **Agenda Item V – 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 VI – New Business**

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

Paul Cerkvenik noted that the Minnesota Private College Council (“MPCC”) has hired a Chief Financial Officer. She is Karen Ohlberg and she begins at MPCC on December 1, 2023.

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

### **Agenda Item VII – Other Business**

Chair Rowland called upon Executive Director Fick to discuss Other Business and present the Executive Directors Report.

### **Legislative Update**

We met with a legislator to provide information and education on the purpose of the legislation and the limitations or “guardrails” included in the bill. We are working on drafting language to meet the concern expressed by the legislator.

We also plan to communicate with the Governor’s staff and OHE 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 worked with the schools to prepare material and are awaiting the decision of the Credit Committee.
  - St. Scholastica – Change in Outlook to Negative from Stable, kept Baa2
  - St. Olaf – Rating call held, awaiting result. No change expected
  - St. John's – Rating call held, awaiting result. No change expected
  - Concordia College – Rating call held, awaiting result. No change expected
  - Augsburg – Moody's discussion held re: FY23 Audit Results, no rating action anticipated

### Borrower Assistance and Financing Application Update

- Met with the St. Scholastica senior leadership and held a subsequent meeting with the St. Scholastica College Board to discuss and explain their bond covenants.
- We are engaged in preliminary discussions with a number of schools about financing projects in the calendar year 2024 and 2025.
- We are working with St. Olaf on a \$25 million Bank Placement Note. A Request for Proposal has been distributed to a number of banks and proposals are due Friday, Nov. 17. The financing is anticipated to close in January or February 2024.
- The University of St. Thomas has requested and received a Financing Application. They are expected to bring a request to the Board for a reallocation of projects on the Series 2022B Bonds.
- We have begun work on Continuing Disclosure for FY23. We have 6 schools who have filed Financial Statements and are working with the 5 schools who have filing deadlines of late November and late December

### Borrower Staffing Update

St. Olaf has appointed Mike Berthelsen as Vice President for Finance and CFO.

Ben Murray has left St Mary's to become the CFO for the Minneapolis Institute of Art. Two St. Mary's staff are acting as interim finance officers.

Brent Gustafson is leaving Hamline to take a position at Oregon State University. This is a return to public higher ed for Brent. Two Hamline staff are acting as interim finance officers.

### Various

The Board term for Mary Ives and Ray Vin Zant concludes in early January 2024. We will work with them to determine their preference for continuing as Board members. In discussions with the Governor's staff, we are on schedule for appointments or re-appointments to be made in April 2024. Ms. Ives and Mr. Vin Zant may continue to serve until June 30, 2024 under their current appointments unless they are reappointed or replaced on the board.

The annual student/staff art show and sale at MCAD is Thurs – Saturday, November 16 -18. Executive Director Fick will be attending and hope to acquire some artwork for the Authority office in Eagan. The goal is to support our borrower schools and highlight their education efforts and experience.

Chair Rowland asked if there was any further business to come before the Board. Board Member, Nancy Sampair, requested that we ask Paul Cerkvenik to present an overview of enrollment at the schools, for both fall and overall enrollment. Mr. Cerkvenik had to leave the meeting prior to this request, so Executive Director Fick will follow up with Mr. Cerkvenik to arrange for a presentation at a future Board meeting.

Operations Manager, Amanda Lee, opened a discussion around the December Authority Meeting date. The Authority Board Meetings are generally held the third Wednesday of every month, however, for December 2023, this means the meeting date would be December 20, 2023.

Many Board Members voiced their preference to move the meeting date one week earlier to December 13, 2023, due to travel and other personal conflicts with the December 20, 2023, date. Executive Director Fick will be traveling on December 13, 2023, but will attend via video.

Nancy Sampair motioned to have the December 20, 2023, meeting moved to December 13, 2023. David Rowland seconded the motion. A voice vote was conducted, and the motion passed unanimously.

The December 13, 2023, meeting will be conducted virtually, with one board member attending in-person at the Authority office with Operations Manager Amanda Lee. The public is free to attend in-person at the Authority office, online via video, or by telephone.

Chair Rowland asked for a Motion to suspend the Authority meeting and reconvene at 5:30 pm at the St. Paul Pool and Yacht Club for a Board appreciation and past Board member service recognition dinner. A motion to suspend the Authority meeting was made by Nancy Sampair. The motion was seconded by Bonnie Anderson Rons. Chair Rowland asked for a voice vote on the motion. The motion to suspend the meeting and reconvene at 5:30 pm at the Pool and Yacht Club was approved unanimously.

Prior to reconvening the Board meeting, Board members and members of the Public were invited to visit the Authority's office 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 5:30 at the Pool and Yacht Club. 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,



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Assistant Secretary




# 2- Minutes for 15 Nov 2023 FINAL

Final Audit Report

2023-12-15

Created:	2023-12-15
By:	Amanda Lee (agl@mnhefa.org)
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## "2- Minutes for 15 Nov 2023 FINAL" History

-  Document created by Amanda Lee (agl@mnhefa.org)  
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-  Document e-signed by Barry Fick (bwf@mnhefa.org)  
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