



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a Board meeting at 3:02 pm Central Standard Time, Wednesday, October 16, 2024.

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 of Grand Oak I, 860 Blue Gentian Road, Eagan, MN 55121. Executive Director, Barry Fick, and Operations Manager, Amanda Lee, were physically present, as well as several Board Members. 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 October 16, 2024 Board Actions Taken:

<b>Motions:</b>	<b>Result:</b>	<b>Vote:</b>
Approve Meeting Minutes of August 21, 2024	Passed	Unanimous
Approve the FY2024 Financial Report Audit	Passed	Unanimous
Approve the Standard Rules of Operation, Capital Assets Updates	Passed	Unanimous

<b>Resolutions</b>	<b>Result:</b>	<b>Vote:</b>

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:        Bonnie Anderson Rons -IP  
                               David Rowland - V  
                               Gary Benson - IP  
                               Mikeya Griffin - V  
                               Mary Thao - V  
                               Mary Ives – V  
                               Ken Westphal - IP

Absent:                    Nancy Sampair  
                               Poawit Yang  
                               Paul Cerkenik

Other Attendees:        Ryan Engelstad, BerganKDV / Creative Planning - IP

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

David Rowland, Chair, called the meeting order at 3:02 pm CDT. Executive Director Fick confirmed that a quorum was present.

**Agenda Item I – Minutes of the August 21, 2024, Board meeting**

The first item on the agenda was the review and consideration of the minutes of the most recent Authority Board meeting.

Chair Rowland asked if there were any changes or edits to the minutes of the August 21, 2024 MHEFA Board meeting. There were no suggested edits to the minutes of the August 21, 2024 MHEFA Board meeting.

Chair Rowland asked for a motion to accept and approve the August 21, 2024 Minutes. A motion was made by Mary Ives to approve the August 21, 2024 minutes. The motion was seconded by Ken Westphal. Chair Rowland asked if there were any questions, discussion, or changes to the minutes of the most recent prior Board meeting.

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:	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Gary Benson	Yes
	Mikeya Griffin	Yes
	Mary Ives	Yes
	Ken Westphal	Yes
	Mary Thao	Yes

There were no votes against the motion and the Minutes of the August 21, 2024, MHEFA Board meetings were approved.

## **Agenda Item II – FY24 Audit Results**

Chair Rowland welcomed Mr. Ryan Engelstad, CPA from the Authority's audit firm, Bergan KDV, to the meeting and asked him to present the firm's findings and the results of their audit of the Authority's Fiscal Year 2024 operations.

Executive Director Fick noted that this was Mr. Engelstad's first year as partner in charge of the MHEFA Audit. Mr. Engelstad has extensive experience in the higher education accounting and auditing area. Executive Director Fick noted he has worked with Mr. Engelstad in the past on other higher education transactions and is pleased with the professionalism and background Mr. Engelstad brings to the Authority.

Mr. Engelstad outlined the scope of work that BerganKDV did in their audit of the Authority's accounting records. Mr. Engelstad 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 fifth year that the financial audit of the Authority has been conducted virtually. This process 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, eliminating the need for a visual inspection and count of inventory.

Mr. Engelstad observed that the audit staff received excellent cooperation from Authority 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. Engelstad 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. Engelstad reported that in the opinion of BerganKDV, the financial statements of the Minnesota Higher Education Facilities Authority as of June 30, 2024, 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. Engelstad 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 mitigate the risk that can result from the lack of segregation, including detailed transaction activity review by the Executive Director and significant oversight by Board Members of the Authority.

Mr. Engelstad discussed specific items in the financial statements, noting that operating performance was improved compared to FY23 due to the fees generated by a larger number of conduit bond sales and stable operating expenses. The operating income was offset by a nearly doubling of interest income as all the lower yielding Certificates of Deposit matured and were reinvested in higher yielding Certificates. The positive change in net position resulted in end-of-year unrestricted assets totaling approximately \$2.308 million, a \$165K increase over the prior year.

Mr. Engelstad concluded his presentation. Mr. Rowland asked members of the Board if they had any questions for Mr. Engelstad. There were no questions about the FY24 Audit or Communications Letter from Board members.

Mr. Rowland asked for a motion to accept and approve the FY2024 Audited Financial Statements and Communications letter from BerganKDV. A motion to approve the fiscal Year 2024 Audited Financial Statements and Communications letter was made by Gary Benson. 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:

Board Members:	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Gary Benson	Yes
	Mikeya Griffin	Yes
	Mary Ives	Yes
	Ken Westphal	Yes
	Mary Thao	Yes

There were no abstentions or votes against the Motion and the FY2024 Audited Financial Statements and Communications Letter were accepted.

### **Agenda Item III – Policy Updates**

Chair Rowland asked Operations Manager Amanda Lee to discuss and outline the proposed updates to the Standing Rules of Operation, Capital Assets Policy. 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 State Policy. This year the focus is on Section 504, Fixed Asset Capitalization Policy. The proposed policy updates for the Fixed Asset Capitalization Policy Section 504 are minor and administrative.

The updates to conform Authority policy to the most current version of State of Minnesota Personnel and Facilities policies. They include updates to the classification of a purchased item as a capital (depreciable) or operating item (expensed in the fiscal year of purchase). These updates will be relevant to the Authority as it plans to upgrade computers (current computers are 8 years old and operating software will not be supported after late 2025).

Chair Rowland asked for a motion to accept the proposed updates and changes to Section 504 of the Standing Rules of Operation. Ken Westphal motioned for approval, and Mary Ives 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:

Board Members:	Bonnie Anderson Rons	Yes
	David Rowland	Yes
	Gary Benson	Yes
	Mikeya Griffin	Yes
	Mary Ives	Yes
	Ken Westphal	Yes
	Mary Thao	Yes

There were no abstentions or votes against the Motion and the updates to Section 504 of the Standing Rules of Operation were accepted.

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

Chair Rowland asked if there were any New Business items from Board members for discussion. Chair Rowland asked Executive Director Fick to update the Board on the status of consideration of software to enhance the management of Authority issued Bonds and Notes. Executive Director Fick noted that staff is in the process of reviewing software vendor options and interviewing users of the software to gauge functionality, flexibility, and cost of software options.

Operations Manager Amanda Lee noted that one goal of the analysis is to enhance the ease of use to provide statistical information for the auditors and the Board. Additionally, the selected software will have the ability to enhance the database of institutional knowledge the Authority has about all Authority borrowers. This will enhance the Authority's usefulness and value to borrowers by enabling the Authority to provide additional detailed information on any borrowers' debt and operations.

Staff is looking for software that will integrate debt schedules, transaction documentation, filing compliance dates, and related items. Currently, these items are handled by individual spreadsheets, Word documents and hard copies. The analysis is not fully completed. Staff will present the results of their analysis and a recommendation to the Board at a future meeting.

This concluded the presentation on the integration software update. Chair Rowland asked if there were questions for Executive Director Fick or Operations Manager Lee regarding the review and analysis process. There were no questions from Board members.

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

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

Chair Rowland called upon Operations Manager Amanda Lee to discuss upcoming MHEFA board meeting dates. Operations Manager Lee noted that there are no financing requests pending and no actions that need to be taken by the Board until 2025. Based on this, Authority staff recommend cancelling the November and December 2024 board meetings. If the Board adopts the recommendation, the next Authority board meeting would be the regularly scheduled January 15, 2025 meeting.

Chair Rowland asked for board members' opinions and thoughts on the recommendation to cancel the November and December 2024 Authority Board meetings. Board members voiced approval for the recommendation. Chair Rowland noted that the schedule change does not require a board member vote. Based on the agreement expressed by board members, the November and December 2024 Authority Board meetings are cancelled.

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

### **Legislation**

MHEFA Staff are working on plans for the 2025 legislative session, including additional legislative outreach, adding more sponsors, developing additional reasons for the expansion, and broadening the range of supporters to include healthcare organizations, municipal governments and trade organizations.

### **Staffing**

The College of St. Scholastica is back searching for a VP for Finance & Strategy. The originally selected candidate had to withdraw due to unexpected family issues.

Gustavus and Hamline are engaged in Presidential searches. Gustavus hopes to have a new president selected by the end of the year. The MCAD President has announced he will leave his position in mid-2025. MCAD has formed a Presidential Search Committee to find a President.



## Ratings

There are three Moody's update calls scheduled for October and November.

## Conferences

Executive Director Fick attended the Central Association of College & University Officials (CACUBO) and the National Association of Health and Education Facilities Finance Authorities (NAHEFFA) conferences in October. Both conferences were well attended and provided important information for MHEFA. I was able to connect with MHEFA Borrowers at CACUBO.

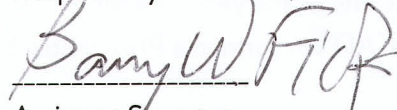
Chair Rowland asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider, and Chair Rowland asked for a motion to suspend the Board Meeting and reconvene at the Pool and Yacht Club for the annual Board Appreciation Dinner. A motion to adjourn the meeting was made by Bonnie Anderson Rons. The second was made by Mary Ives.

Chair Rowland called for a voice vote regarding the suspension of the meeting. A Voice vote was conducted, and the Board members voted to suspend the meeting and to reconvene the meeting at 4:30 pm at the Pool and Yacht club.

The Board meeting was reconvened at the St. Paul Pool and Yacht Club. During the reconvened meeting, outgoing Board member Ray Vin Zant was presented with a Certificate of Appreciation for his 20+ years of service as an Authority Board member. Board members expressed appreciation to Ray for his long service to the Board and the work he did to benefit private colleges and universities in Minnesota.

After dinner, at 8:00 pm, the Board voted by voice to adjourn the meeting. The voice vote to adjourn the meeting was unanimous.

Respectfully submitted,

  
Assistant Secretary