

**MN PUBLIC FACILITIES AUTHORITY**  
**BOARD MEETING - Minutes**  
**PFA Board Room**  
**June 19, 2015**

**MEMBERS and DELEGATES PRESENT:**

Katie Clark Sieben, Chair, Dept. of Employment and Economic Development  
Kristin Hanson, Minnesota Management and Budget (via phone)  
Randy Ellingboe, Department of Health  
Jim Boerboom, Department of Agriculture  
Rebecca Flood, Pollution Control Agency  
Tracy Hatch, Department of Transportation

**Also present:**

Jeff Freeman, Executive Director  
Christie Eller, Attorney General's Office  
Bill Dunn, Pollution Control Agency  
Paul Allwood, Department of Health  
Chad Kolstad, Department of Health  
Steve Walter, PFA Staff  
Becky Sabie, PFA Staff  
Melissa Ralph, PFA Staff  
Jennifer Frasl, PFA Staff

**I. CALL TO ORDER:**

Chair Katie Clark Sieben called the meeting of the Public Facilities Authority to order on June 19, 2015 at 1:03 pm in the PFA Board Room, 1<sup>st</sup> National Bank Building, Saint Paul, Minnesota.

A quorum was established and roll call taken, present: Katie Clark Sieben, DEED; Kristin Hanson, MMB; Randy Ellingboe, MDH; Jim Boerboom, MDA; Rebecca Flood, PCA and Tracy Hatch, MDOT.

Absent: none

**II. APPROVAL OF AGENDA**

Chair Katie Clark Sieben entertained a motion to approve the agenda. Motion made by Rebecca Flood, seconded by Randy Ellingboe. Roll call taken, voting yes: Katie Clark Sieben, DEED; Kristin Hanson, MMB; Randy Ellingboe, MDH; Jim Boerboom, MDA; Rebecca Flood, PCA and Tracy Hatch, MDOT.

Voting no: None

Absent: none

Approval of the agenda passed unanimously.

### **III. APPROVAL OF DECEMBER 8, 2014 MINUTES**

Chair Katie Clark Sieben entertained a motion to approve the minutes from the December 8, 2014 meeting, following a spelling correction to Kristin Hanson's name. Motion made by Tracy Hatch, seconded by Kristin Hanson.

Roll call taken, voting yes: Katie Clark Sieben, DEED; Kristin Hanson, MMB; Randy Ellingboe, MDH; Jim Boerboom, MDA; Rebecca Flood, PCA and Tracy Hatch, MDOT.

Voting no: None

Absent: none

Approval of the December 8, 2014 Meeting minutes passed unanimously.

### **IV. FY 2016 ADMINISTRATIVE BUDGET AND INTERAGENCY AGREEMENTS**

Jeff Freeman explained that, prior to the beginning of each fiscal year, the Authority approves its general administrative budget and authorizes the Executive Director to execute interagency agreements with PCA and Health to provide funds for administration of the PFA's programs, and with DEED for administration and technical support services provided to the Authority.

The PCA budget is based on 12.25 FTE's which is unchanged from FY15. The MDH budget is based on a total 5.05 which is also unchanged from FY15. PFA's budget is based on a total of 9 FTE's, unchanged from FY15.

Steve Walter briefly explained the breakdown of the Authority's proposed FY 2016 budget included in the board packet. In addition to the general administrative budget, the memo also identifies estimated costs for on-going professional/technical service contracts to fulfill the Authority's responsibilities for managing its revolving funds and assets. This includes continuing an interagency agreement with Minnesota Housing Finance Agency (MHFA) for the services of Paula Rindels to help the Authority with complex matters related to tax-exempt bond requirements.

Jeff noted the continued issue of federal and state funding requirements and the growing complexity of wastewater infrastructure issues for cities to manage. These include requirements from last year's amendments to the Clean Water State Revolving Fund program by Congress as part of the Water Resources Reform and Development Act (WRRDA). These issues increase administrative costs for PFA and PCA, and can make project planning difficult for cities, especially small cities which already face significant challenges to maintain and improve their wastewater systems. PFA and PCA staff will continue to work together to implement new requirements while trying to minimize the burden to applicants.

Chair Katie Clark Sieben entertained a motion to approve Resolution 15-01. Motion made by Rebecca Flood, seconded by Jim Boerboom.

Roll call taken, voting yes: Katie Clark Sieben, DEED; Kristin Hanson, MMB; Randy Ellingboe, MDH; Jim Boerboom, MDA; Rebecca Flood, PCA and Tracy Hatch, MDOT.

Voting no: None

Absent: none

## **V. DELEGATION OF SIGNATURE AUTHORITY**

Jeff explained that under Minnesota Statutes, Section 446A.03, Subdivision 3a, members of the Authority may delegate to the Chair, Vice-Chair, or Executive Director their responsibilities for reviewing and approving financing to eligible projects that have been certified to the Authority by another department or agency or authorized by law. Past Authority practice has been to authorize the Chair or Vice-Chair to approve and sign financing agreements for projects that are recommended for funding by the Executive Director.

With respect to projects certified by another department or agency, Transportation Revolving Loan Fund projects certified by MNDOT are individually presented to the Authority Board and resolutions are adopted delegating approval to the Chair. For the Clean Water and Drinking Water Revolving Funds, a delegation to the Chair or, in her absence, the Vice-Chair for approval of projects certified by the PCA or MDH is included in the Authority resolutions approving the annual Intended Use Plans.

For the Authority's other financing programs and appropriations, it is appropriate at this time for the Authority to reaffirm its review and approval delegations. The attached Resolution 15-02 authorizes the Chair or, in her absence, the Vice-Chair to approve and sign project financing agreements for PFA programs and special appropriations as described in the board packet, and for the Executive Director to sign credit enhancement program agreements.

Chair Katie Clark Sieben entertained a motion to approve Resolution 15-02. Motion made by Randy Ellingboe, seconded by Tracy Hatch.

Roll call taken, voting yes: Katie Clark Sieben, DEED; Kristin Hanson, MMB; Randy Ellingboe, MDH; Jim Boerboom, MDA; Rebecca Flood, PCA and Tracy Hatch, MDOT.

Voting no: None

Absent: none

## **VI. 2015 SESSION REVIEW AND 2016 PRELIMINARY REQUESTS**

Jeff explained that items in the 2015 legislative session affecting the PFA were the Legacy and Bonding bills which appropriated \$47,500,000 for water infrastructure funding.

Through the Legacy bill, the PFA received \$18 million for the Point Source Implementation Grant (PSIG) program and \$500,000 for the Small Community Wastewater Treatment Program. This was the Governor's requested budget.

The Bonding bill appropriated \$10 million for the Wastewater Infrastructure Funding (WIF) program (down from the Governor's request of \$21,667,000). The bonding bill also included \$19 million from appropriation bonds for the second phase of the Lewis and Clark water project. This appropriation was made to the Commissioner of MMB. MMB staff indicated they wish to enter into an interagency agreement with PFA to administer the funds.

With respect to the 2016 session, Jeff explained that he is recommending that the Authority submit preliminary capital budget requests of \$17 million for state matching funds to the federal clean water and drinking water capitalization grants and \$50 million for the Wastewater Infrastructure Funding (WIF) program. The first priority is the state match to the federal capitalization grants because of the significant leveraging achieved through the revolving loan funds. The requested amount is based on the required 20% match for estimated 2017 and 2018 federal funds. The WIF request is based on estimated grant needs for fundable range projects that will be ready to proceed over the next two years.

Jeff lastly explained he is seeking approval for a legislative initiative to amend PFA statutes to allow use of PFA fee revenues for asset management grants to small cities. These grants would be to help small cities develop asset management programs to better identify the current state of their water infrastructure assets and the criticality of individual components to system operations, and make that information readily available for long-term capital improvement planning and rate setting.

Rather than seeking a new funding source, Jeff proposed making these grants from PFA SRF loan fees that currently support SRF administrative costs. This would be an eligible use of the fees under federal law and EPA regulations, but would require an amendment to PFA statutes. Specific grant terms and amounts haven't yet been determined but Jeff suggested considering a 50% grant up to \$50,000, and no more than 4-6 per year. Jeff explained that, through discussions with the Minnesota Rural Water Association (MRWA), they are developing a basic asset management template and other tools to help small cities begin to develop asset management programs. MRWA's experience and recommendations would be used to help develop the details of a PFA grant proposal.

Tracy Hatch asked if these fees were different than the administrative fees the board just approved under the interagency agreement item. Jeff explained they are the same fee revenues, which under federal law may be used for other purposes in addition to program administration. The PFA fee account would have sufficient revenues for these small grants.

Tracy Hatch noted she is hesitant to approve the proposed Resolution 15-03 with the asset management grant initiative included. She has questions about how the grants would be administered and believes it would be better to establish the program specifics first and then consider a separate action regarding funding. Further discussion among board members took place with general consensus that more information was needed regarding this potential new program. It was suggested that the asset management initiative be struck from the proposed resolution. Tracy Hatch made a motion to amend Resolution 15-03 as presented by striking out the last whereas clause and item 3. The motion was seconded by Kristin Hanson.

Roll call taken, voting yes: Katie Clark Sieben, DEED; Kristin Hanson, MMB; Randy Ellingboe, MDH; and Tracy Hatch, MDOT.

Voting no: None Jim Boerboom, MDA; Rebecca Flood, PCA

Absent: none

Chair Katie Clark Sieben entertained a motion to approve Resolution 15-03 as amended. Motion made by Tracy Hatch, seconded by Kristin Hanson.

Roll call taken, voting yes: Katie Clark Sieben, DEED; Kristin Hanson, MMB; Randy Ellingboe, MDH; Jim Boerboom, MDA; Rebecca Flood, PCA and Tracy Hatch, MDOT.

Voting no: None

Absent: none

Randy Ellingboe introduced Paul Allwood, Assistant Commissioner of the Department of Health to the Board.

## VII. INFORMATIONAL ITEMS

Jeff informed the Board of the status of the Authority's finance team. Staff has completed the solicitation process for financial advisor and Public Financial Management (PFM) has been awarded the contract. The Authority has many years of positive prior experience working with PFM. One of their first tasks will be to review the Authority's outstanding debt and make recommendations regarding cost savings that could be realized by calling or defeasing any bonds. Jeff also explained that he will soon submit a formal request to the Attorney General's office for appointment of bond counsel to provide legal services to the Authority regarding bond issuance and related matters. That appointment will complete the finance team and permit the Authority to prepare for future bond issuances as needed, which would come before the Board for authorization.

Jeff noted that the next PFA Board meeting will be in mid-August where the agenda will include reviewing and approving the draft 2016 Intended Use Plans for the Clean Water and Drinking Water Revolving Funds.

## VIII. ADJOURN

Chair Katie Clark Sieben entertained a motion to adjourn the meeting of the Public Facilities Authority. Motion made by Jim Boerboom, seconded by Rebecca Flood. Board members unanimously approved the adjournment for this meeting.

The meeting adjourned at approximately 1:50 pm

Respectfully Submitted,



Jeff Freeman, Executive Director  
Minnesota Public Facilities Authority