

**MINUTES OF THE MEETING
OF THE EXECUTIVE COUNCIL OF THE STATE OF MINNESOTA
September 14, 2018
Minnesota State Capitol, Room G23 Senate Conference Room
Saint Paul, MN**

In attendance Governor Mark Dayton
 Lt. Governor Michele Fischbach
 Secretary of State Steve Simon
 Attorney General Lori Swanson
 State Auditor Rebecca Otto
 Commissioner of Administration Matt Massman

The meeting was called to order at 10:00 a.m. by Governor Mark Dayton. State Auditor Otto moved to approve the June 14, 2018 meeting minutes and the minutes were unanimously approved.

MINNESOTA MANAGEMENT AND BUDGET

Commissioner Myron Frans, Management and Budget, presented the request to approve collateral for state funds as required by Minnesota Statutes, Section 9.031, subdivision 2 and 3. Commissioner Frans explained there are three different collateral pools. This request is to replace previous, already matured collateral and requires approval by the Executive Council.

- State Auditor Otto moved to approve and the motion passed unanimously.

Commissioner Frans presented the Designation of State Community Depository Accounts as required by Minnesota Statutes, Section 9.031, subdivision 1. Commissioner Frans explained that these accounts are bid every five years, most of the accounts were approved at 2016 Executive Council meetings.

- Attorney General Swanson moved to approve the request for designation of state community depository accounts and the motion passed unanimously.

MINNESOTA DEPARTMENT OF NATURAL RESOURCES

Commissioner Tom Landwehr, Minnesota Department of Natural Resources, presented the request to approve a State Lease of the Fort Snelling Upper Post, Officer's Row and Area J, to Ft. Snelling Leased Housing Associates I, LLLP for rehabilitation an operation as rental housing as required by Minn. Stat., sec. 85.34, subd. 1.

The Department of Natural Resources is requesting approval to enter into a negotiated 99-year lease of a portion of the Fort Snelling Upper Post (previously called "Upper Bluff") for rehabilitation of historic structures and re-use as rental housing. The Tenant will be Ft. Snelling Leased Housing Associates I, LLLP, an affiliate of Dominion, a major Twin Cities based rental housing developer. The Lease is for approximately 50 acres and includes 26 buildings, all of which are within the Fort Snelling National Historic Landmark, the highest level of historical significance of properties on the National Register of Historic Places. The Tenant will undertake the "rehabilitation" of all the buildings and operate the buildings as low-moderate income housing (affordable at 60% of area median income) with a preference for veterans. As a condition of the Lease, the buildings must be rehabilitated and maintained to the Secretary of the Interior's Standards for Rehabilitation.

A representative of Dominion spoke regarding the timeline for move in. When the finances are secured, the move in will be likely 12 to 18 months after. Year 2020 is the earliest and 2021 is more likely. Commissioner Landwehr outlined the work the DNR continues with Dominion

regarding contract language. A question was asked if the Executive Council can approve without a complete contract. Deputy Attorney General Christie Eller indicated the Executive Council can approve without fully completed contract language. The Attorney General is responsible for ensuring there are no substantial changes. State Auditor Otto requested the final document be returned to the Executive Council. Deputy Attorney General Eller indicated the motion includes this language.

State Auditor Otto noted in the meeting materials a newly revised resolution as follows:

RESOLVED, by the Executive Council of the State of Minnesota, at its meeting on September 14, 2018, that in accordance with Minnesota Statutes, sec. 85.34, subdivision 1, the Commissioner of Natural Resources, on behalf of the State, is authorized to enter into a Lease with Fort Snelling Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership, for the property and improvements thereon, as depicted on the attached map (Exhibit A-1), and covering the following described lands in Hennepin County, Minnesota:

That part of the Upper Post located in Fort Snelling State Park, generally described as Officer's Row and Area J.

The final legal description of the leased property will be determined by a survey approved by DNR. The Leased Premises will not include the State Park road rights-of-way and these roads shall remain public roadways.

RESOLVED, execution of the Lease by the Commissioner is conditioned upon satisfactory completion of the following preconditions and such other conditions as the Commissioner shall deem appropriate:

- i. demonstration of all needed project financing,*
- ii. approval of the project by the NPS and the State Historic Preservation Office (SHPO), following the National Historic Preservation Act, Section 106 review,*
- iii. approval of the Lease by the NPS as provided in the Upper Post Deed,*
- iv. all proposed rehabilitation and other construction being approved by SHPO as meeting the Secretary of the Interior's Standards for Rehabilitation of Historic Properties,*
- v. issuance of all necessary permits and regulatory approvals,*
- vi. the approval by the DNR of the final historical interpretive plan*
- vii. the approval by the DNR of the final construction plans for the project,*
- viii. the defeasance of the State General Obligation Bonds, and*
- ix. approval of the final Lease form by the Attorney General.*

- Secretary of State Steve Simon called for a motion to approve the request for a State Lease of the Fort Snelling Upper Post, Officer's Row and Area J, to Ft. Snelling Leased Housing Associates I, LLLP for rehabilitation an operation as rental housing as required by Minn. Stat., sec. 85.34, subd. 1. and the motion passed unanimously.

Commissioner Tom Landwehr presented the Request to Approve Sale of Gateway State Trail State Acquired Land and in the City of Oakdale, Washington County to Washington County as Required by Minn. Stat., 84.027, subd. 10. While this request is typically done in land bills, the timing is urgent as it includes rerouting the Gateway Trail and requires land to be sold from the City of Oakdale in Washington County to Washington County.

- Being no questions, Governor Dayton called for a motion to approve. Lt. Governor Fischbach moved and the motion unanimously passed.

Commissioner Tom Landwehr presented the Request to approve Sale of State Land to Crow Wing County as Required by Minn. Stat., 84.027, subd.10. The Executive Council is being asked to specifically approve the Southwest Quarter of the Southeast Quarter of Section 11, Township 136 North, Range 29 West, Crow Wing County, Minnesota, subject to road easements of record to Crow Wing County for less than appraised value to conveyance of tower and sale of 40 acres that must be used for educational purposes.

- Being no further questions, State Auditor Otto moved to approve and the motion was unanimously passed.

MINNESOTA DEPARTMENT OF ADMINISTRATION

Commissioner Matt Massman, Minnesota Department of Administration, gave an overview of the requested to approve the Capitol Campus Enterprise Distributed Antenna System (DAS) – Leasing state-owned space for head-end equipment room per M.S. 16B.24, Subd. 5. Commissioner Massman indicated the project is designed to improve services to the State Capitol as well as savings for tax payers. Executive Council approval is required to rent out state owned property for more than five years.

Wayne Waslaski, Senior Director of Real Estate and Construction Services, provided a detailed overview of the project. The Executive Council is asked to approve a 10 year lease with an option to renew for up to 120 months with Simplifi Wireless Holdings, LLC or its successor for space to locate head-end equipment for a multi-carrier distributed antenna system (“DAS”) to support wireless services in state-owned buildings on the Capitol campus and leased buildings in Lafayette Park area of St. Paul. The State of Minnesota currently has the use of a Distributed Antenna System (DAS) built over 10 years ago by Sprint to serve most of the Capitol Complex facilities. The Sprint system was designed to supplement signal strength only for Sprint mobile phone customers. To improve services for building tenants and public visitors, the State seeks a solution to support all four carriers cellular, PCS and broadband services (i.e., AT&T, Sprint, T-Mobile, and Verizon) plus the future FirstNet 700 MHz Band 14 LTE services. Employees, contractors, vendor, and capitol complex visitors rely more than ever on mobile phones to conduct daily business, seek government services and potentially call 911 in case of emergency. More complete signal coverage including additional carriers will benefit all.

- State Auditor Otto moved to approve and the motion passed unanimously.

Larry Herke, Director of the Office of Enterprise Sustainability, presented the request to approve leases with durations of up to 25 years for Renewable Energy Installations and Energy Storage on state owned buildings and land per Minnesota Statutes, section 16B.24, subdivision 5.

The Office of Enterprise Sustainability has developed and competitively bid a state-wide renewable energy master contract for on-site solar photovoltaic (PV) and energy storage. It will be utilized by state agencies and local governments through the state’s Cooperative Purchasing Venture (CPV). This will allow for the production of clean renewable energy at the locations such as rooftops and underutilized ground locations adjacent to where the energy is being consumed. This initiative will reduce greenhouse gas emissions and decrease operating costs for state and local governments while increasing the number of clean energy jobs.

As part of the request for proposal (RFP) we have asked the renewable energy installers to provide both a cash price and their best financing option. Financing options have historically been used by school districts to reduce upfront capital costs and long term operating costs. Leases developed to increase renewable energy on state buildings or land allow renewable energy installers and/or their associated investment groups to take business investment tax

credits (ITC) and accelerated depreciation offered by the Internal Revenue Service. These federal subsidized energy financing opportunities are not available directly to state or local governments.

The request for leases up to 25 years is directly related to the service life of the renewable energy. The industry standard for renewable energy financing agreements is between 5-25 years.

The Department of Administration Office of Enterprise Sustainability's recommends the Executive Council approve leases with durations of up to 25 years for the purpose of emplacing renewable energy installations and energy storage on state-owned buildings and land.

- State Auditor Otto moved to approve and the motion passed unanimously.

Meeting was adjourned by Governor Dayton at 10:42 am.

Approved at December 11, 2018 meeting.