

**MN PUBLIC FACILITIES AUTHORITY**

BOARD MEETING - Minutes

PFA Board Room

December 16, 2019

**MEMBERS and DELEGATES PRESENT:**

Kevin McKinnon, Chair, Department of Employment and Economic Development

Jennifer Hassemer, Management and Budget

Katrina Kessler, Pollution Control Agency (Via Conf Call)

Kristi Schroedl, Department of Transportation

Tom Hogan, Department of Health

Andrea Vaubel, Department of Agriculture (via Conf Call)

**Also present:**

Jeff Freeman, Executive Director

Paula Rindels, Housing Financing Agency

Chad Kolstad, MDH

Bill Dunn, PCA

Corey Topp, RSM (via Conf call)

Drew Erickson, RSM

Steve Walter, PFA

Becky Sabie, PFA

Mary Jane Schultz, PFA

Peter Bradshaw, PFA

James Fletcher, PFA

Melissa Ralph, PFA

Jennie Brown, PFA

**I. CALL TO ORDER:**

Chair McKinnon called the meeting of the Public Facilities Authority to order on December 16, 2019 at 1:30 pm in the PFA Board Room, 1<sup>st</sup> National Bank Building, Saint Paul, Minnesota.

Roll call taken, present: DEED; MDH; PCA; MDA

Absent: MMB; MDOT

A quorum was established.

**II. APPROVAL OF AGENDA**

Chair McKinnon entertained a motion to approve the agenda. Motion made by Tom Hogan, seconded by Katrina Kessler.

Approval of the agenda passed unanimously.

Roll call taken, present: DEED; MDH; PCA; MDA

Absent: MMB; MDOT

Jennifer Hassemer, MMB arrived after agenda item II.

### **III. APPROVAL OF AUGUST 22, 2019 MINUTES**

Chair McKinnon entertained a motion to approve the minutes from the August 22, 2019 meeting. Motion made by Tom Hogan, seconded by Jennifer Hassemer.

Roll call taken, present: DEED; MMB; MDH; PCA; MDA  
Absent: MDOT

Approval of the August 22, 2019 Meeting minutes passed unanimously.

### **IV. 2019 INDEPENDENT AUDIT**

Kristi Schroedl, MDOT arrived before discussion of agenda item IV.

Jeff Freeman noted that there were no findings in PFA's 2019 Independent Audit and then introduced Steve Walter, Chief Financial Officer. Steve reviewed the Management Analysis and Discussion section of the Authority's financial report which includes narratives and charts explaining Authority operations and financial performance. There were no significant or unusual issues related to fiscal year 2019 financial activity. Steve then introduced Corey Topp, partner at RSM the Authority's independent auditing firm. Corey discussed RSM's responsibilities and their auditing process and scope of the audit. He reviewed RSM's Report to the Board, their opinions expressed in the financial report and compliance report, and confirmed that no findings were issued.

### **V. 2019 PFA ANNUAL REPORTS**

Jeff Freeman briefly reviewed the Authority's draft 2019 Fee Report to the Legislature. The Authority reports annually to the chairs of finance and appropriations committees on the amount of fees collected for costs incurred by the Authority, the purposes for which the fees have been spent, and the amount of any remaining balance of fee proceeds. The Authority's fee accounts support program administration expenses of the PFA, the MPCA and MDH.

Jeff then reviewed the draft Annual Report to the Legislature and Governor that is due by January 15 each year. The PFA Annual Report summarizes each of the PFA loan and grant programs and reports on FY 2019 activities. The PFA funded 72 water infrastructure projects in FY 2019 with loan and grant awards totaling \$275 million, the largest year since FY 2010 which was under the American Recovery and Reinvestment Act.

The Annual Report must also include a complete operating and financial statement covering the Authority's operations during the year. When the final report is submitted it will include the PFA's audited financial report.

Jennifer Hassemer asked what was driving the demand and what should be expect in the coming year. Jeff responded the increase for FY 2019 was in part due to a number of large projects that had been in the pipeline for a while and were able to move forward to construction in 2019. The other major factor was the availability of grant funds from appropriations in the last couple bonding bills. Grant funds are a limiting factor for a lot of cities, allowing them offset some of the debt to proceed with projects where they otherwise could not.

Jeff commended the staff at PCA and Health for their role in helping get projects through the technical and sometimes lengthy process.

## **VI. ESTIMATED FUNDING NEEDS REPORT TO LEGISLATURE**

Jeff noted last year the Legislature expanded the PFA reporting requirements on estimated grant needs, and reviewed the draft funding needs report due to legislature committees by February 1.

Included in the draft report are tables showing current estimated Wastewater WIF needs, Drinking Water WIF needs and PSIG Needs. Each of the tables show projects in priority order based on the FY 2020 Project Priority Lists, starting with carryover projects that were certified in FY 2019 followed by new FY 2020 projects. Projects that have already been awarded or reserved since July 1, 2019 are also shown, along with the total available funds as of that date.

The report also requires information regarding the impact of grants on a community's average annual residential wastewater rates. To provide a consistent basis for comparison, residential rates for each community are shown in terms of the average annual wastewater system cost per household, including operation and maintenance, existing debt service, and new project debt service. The relative impact of each category on the total cost per household can vary widely from one community to another based on many factors.

The Estimated Funding Needs Report contains no funding or policy decisions or recommendations so a Board resolution is not necessary. Staff will continue to collect additional project information for the report over the next several weeks before finalizing the report.

## **VII. NEXT MEETING**

The next PFA Board meeting will be in June 2020. The agenda will include approval of the FY 2021 administrative budget and interagency agreements. Kristi noted that MNDOT has an RFP out for TRLF applications that has been extended to April 2020, therefore any applications received will be brought to the June Board meeting as well.

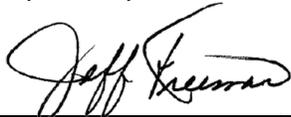
## **VIII. ADJOURN**

Chair McKinnon made a motion to adjourn the meeting of the Public Facilities Authority. Motion made by Jennifer Hassemmer, seconded by Tom Hogan.

Roll call taken, present: DEED; MMB; MDH; PCA; MDOT; MDA  
Absent: none

The meeting adjourned at approximately 1:55 pm.

Respectfully Submitted,



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Jeff Freeman, Executive Director  
Minnesota Public Facilities Authority