

MN PUBLIC FACILITIES AUTHORITY

BOARD MEETING - Minutes

Teams Video/Teleconference

January 16, 2025, at 10:00am

MEMBERS and DELEGATES PRESENT:

Kevin McKinnon, Chair, Department of Employment and Economic Development

Dana Vanderbosch, Pollution Control Agency

Myra Kunas, Department of Health

Samuel Brown, Department of Transportation

Jennifer Hassemer, Minnesota Management and Budget

Also present:

Jeff Freeman, Executive Director MPFA

Karin Berkholtz, Deputy Director MPFA

Steve Walter, Chief Financial Officer MPFA

Chad Kolstad, MDH

Corey Mathisen, MDH

Todd Johnson, MDH

Bill Dunn, MPCA

Pam Foster, MPCA

Randy Thorson, MPCA

Gabe Posteuca, MPCA

Kyle Colvin, Met Council

Cory McCullough, Met Council

Melissa Ralph, MPFA

Jennie Brown, MPFA

Kathe Barrett, MPFA

Angela Berrens, MPFA

Drew Brooksbank, MPFA

Peter Bradshaw, MPFA

Laney Barhaugh, MNIT/MPFA

Melissa Wilwert, MPFA

Paul Perez, MPFA

Peter Montoya, MPFA

I. CALL TO ORDER:

Chair McKinnon called the meeting of the Public Facilities Authority to order on January 16 at 10:00 AM, stating: "I now call the meeting of the Minnesota Public Facilities Authority to order. As Chair of the Minnesota Public Facilities Authority this meeting is being held in person and by electronic means in accordance with Minnesota Statutes, Chapter 13D. As is permitted under the Open Meeting Law, this meeting of the Minnesota Public Facilities Authority is being conducted over Audio Video Conferencing, and all votes will be counted with roll call. I will ask Jennie to call roll after every agenda item including agenda, minutes, each resolution, and adjournment."

Roll call taken; present: DEED; MPCA; MDH; MMB; MDOT
Absent: MDA
A quorum was established.

II. APPROVAL OF AGENDA

Chair McKinnon called for a motion to approve the January 16, 2025 agenda. Motion made by Dana Vanderbosch, seconded by Jennifer Hassemer.

Roll call taken; present: DEED; MPCA; MDH; MMB; MDOT
Voting No: none
Absent: MDA

Approval of the agenda passed unanimously.

III. APPROVAL OF OCTOBER 11, 2024, MINUTES

Chair McKinnon called for a motion to approve the minutes from the October 11, 2024 meeting. Motion made by Myra Kunas, seconded by Samuel Brown.

Roll call taken; present: DEED; MPCA; MDH; MMB; MDOT
Voting No: none
Absent: MDA

Approval of the October 11, 2024, Meeting minutes passed unanimously.

IV. 2024 INDEPENDENT AUDIT

Steve Walter, Chief Financial Officer provided an overview of the 2024 independent audit of the MPFA and introduced the agency's new auditor. Christopher Knopik, CliftonLarsonAllen (CLA), reported that the Authority has an unmodified (clean) opinion for the June 30, 2024 financial statement audit with no findings to report under the Uniform Guidance. Troy Gabler, of CliftonLarsonAllen, highlighted that the total revenues of the authority outpace the expenses each year. He described each fund with Total Revenues and Capital Contributions and expects that investments and higher interest rates on the loans will provide more revenue. CLA covered upcoming Accounting Standard Changes; Statement No. 101 - Compensated Absences, Statement No. 102 - Certain Risk Disclosures, and Statement No. 103 - Financial Reporting Model Improvements.

MPFA staff was congratulated for a clean audit.

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

V. MPFA REPORTS

Jeff Freeman, Executive Director, summarized three reports; the 2024 Annual Report, the 2024 Fee Report, and the Estimated Funding Needs Report. Jeff explained that the Annual Report and Fee Report were submitted to the Governor and legislative leaders on January 15 to meet the Annual

Report statutory deadline. Jeff called attention to pages 11 through 16 of the Annual Report showing all cities, projects, and the funding sources representing \$363 million in MPFA Project Awards. A productive year for the MPFA. The Fee Report covers fee, revenues, balances, and expenditures over the last 3 fiscal years with the fee balance decreasing in recent years to cover the increase in administrative expenses by all 3 agencies. Costs are also supplemented by the use of some of the 4% set aside from the EPA funds. The current usage of the funds is not sustainable over the long term. Meetings have been scheduled with partner agency leadership to discuss long-term budget projections. The final report is the draft Estimated Funding Needs Report, due February 1, 2025. This report focuses on future funding needs for the Water Infrastructure Fund (WIF) and the Point Source Implementation Grant (PSIG) programs. Jeff reviewed the draft report, including the estimated cost per household for projects for WIF and PSIG grants, and explained that project information is still being collected for inclusion in the final report prior to submittal.

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

VI. AMENDMENT TO 2025 MPFA ADMIN BUDGET

Steve Walter presented the requested increase of \$130,000 to the administrative budget for the build-out of a new database system for the MPFA. This system will serve MPFA needs including the IUPs, reporting and tracking, and promote a better user interface with communities. The increase in contract workload demands improvements in data management. The work to-date builds from collaborations with the DEED Innovation Team in 2023, MNIT, and our ability to contract with MNIT for a dedicated employee who is managing this project. The investment in this new system is the reason for the requested administrative budget increase.

Chair McKinnon recognized the importance for efficiency with staff and process. Myra Kunas supported that IT infrastructure is critical to maintain and update on a regular basis. Myra inquired about the duration of funding for the MNIT employee and ongoing expenses for the project.

Steve explained that the MNIT position is a two year-temporary and can be extended if needed. Smartsheet costs will be greatest in the first year then decrease. Salary savings this year due to vacant positions will help cover these costs.

Roll call taken; present: DEED; MPCA; MDH; MMB; MDOT
Voting No: none
Absent: MDA

Approval of Resolution Number 2025-01 passed unanimously.

VII. LEGISLATIVE PREVIEW; IUP AND FEDERAL FUNDING UPDATES

Karin Berkholtz, Deputy Director, stated that MPFA affirmed to Management and Budget that the 2024 capital budget priorities, appropriations and several policy requests, would be carried forward to the 2025 session if there was an opportunity to have a capital budget in the 2025 session. The Intended Use Plans (IUPs) for the Clean Water Revolving Fund and the Drinking Water Revolving Fund

were finalized December 6, 2024. MPFA incorporated comments from communities on their projects, as well as from MDH and MPCA. Karin noted that some comments regarding disadvantaged communities were beyond the scope of the IUP process and would require statutory changes to realize. The approved IUPs were distributed through GovDelivery and are posted to the MPFA website. Karin reviewed federal funding and future funds that MPFA could apply to EPA for contingent upon getting the state match appropriated.

Dana Vanderbosch noted that MPCA is ready to support MPFA and elevate the importance in getting the state match.

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

VIII. RECOGNIZING JEFF FREEMAN (11:00)

Chair McKinnon gave a brief update on the Executive Director recruitment process before recognizing Jeff Freeman for 41 years of state service. Jeff retires February 11th.

“He was effective at the legislature and is well respected by elected leaders for his work. The best way I think I can summarize you, Jeff, is that you've been a highly impactful class act for the state.” - Chair Kevin McKinnon

Dana Vanderbosch shared her respect and appreciation for his work with the MDH and MPCA in navigating and leading them through legislative matters.

“Congratulations, Jeff on a job well done and for leaving the clean Water Revolving Fund program in a place that will allow it to continue to excel for all Minnesotans into the future. On behalf of the MPCA staff that I worked with you over the years. Thank you.” -Randy Thorson

“The infrastructure is critical to public health and the health of Minnesotans across this state. The work that you do and your team has done and built, allows that to continue.”-Myra Kunas

“You really build a strong team and a strong agency to carry on your legacy and MMB looks forward to continuing our partnership going forward. We will miss you and we wish you all the best in your retirement.” -Jennifer Hassemer

IX. Next Meeting

The next MPFA Board meeting is expected to be in June to review approval of 2026 administrative budget and interagency agreements, review the 2025 legislative session and launch the processes for the 2026 IUPs.

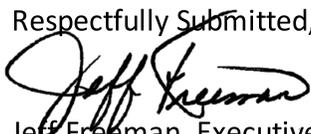
X. ADJOURN

Chair McKinnon called for a motion to adjourn. Motion made by Dana Vanderbosch, seconded by Myra Kunas.

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

The meeting adjourned at approximately 11:23 am.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Jeff Freeman". The signature is written in a cursive, flowing style.

Jeff Freeman, Executive Director
Minnesota Public Facilities Authority