MEMBERS and DELEGATES PRESENT:
Kevin McKinnon, Chair, Department of Employment and Economic Development
Jennifer Hassemer, Management and Budget
Katrina Kessler, Pollution Control Agency
Kristi Schroedl, Department of Transportation
Tom Hogan, Department of Health
Andrea Vaubel, Department of Agriculture

Also present:
Jeff Freeman, Executive Director, PFA
J. Adam Sorenson, Assistant Attorney General
Paula Rindels, Housing Financing Agency
Chad Kolstad, MDH
Corey Mathisen, MDH
Bill Dunn, PCA
Randy Thorson, PCA
Corey Topp, RSM
Kyle Colvin, MCES
Cory McCullough, MCES
Nancy Thorkelson, Bolton & Menk, Inc.
Steve Walter, PFA
Becky Sabie, PFA
Mary Jane Schultz, PFA
Kathe Barrett, PFA
Peter Bradshaw, PFA
Anita Gallentine, 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 10, 2020 at 1:02 pm and stated: “I now call the meeting of the Minnesota Public Facilities Authority to order as Chair. As the Chair of the Minnesota Public Facilities Authority, I determined that an in-person meeting was not practical because of the current health pandemic and ongoing peacetime emergency declared under Chapter 12 of Minnesota Statutes. As is permitted under the Open Meeting Law in these conditions, 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 Brown to call roll after every agenda item including agenda, minutes, each resolution and adjournment.”

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

A quorum was established.
II. APPROVAL OF AGENDA

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

Roll call taken; voting yes: DEED; MMB; PCA; MDOT; MDH; MDA
Voting No: none
Absent: none

Approval of the agenda passed unanimously.

III. APPROVAL OF AUGUST 20, 2020 MINUTES

Chair McKinnon entertained a motion to approve the minutes from the August 20, 2020 meeting. Motion made by Andrea Vaubel, seconded by Katrina.

Roll call taken; voting yes: DEED; MMB; PCA; MDOT; MDH; MDA
Voting No: none
Absent: none

Approval of the August 20, 2020 Meeting minutes passed unanimously.

IV. 2020 STATE BONDING APPROPRIATIONS

Jeff summarized the PFA appropriations totaling $269,110,000 that were approved by Legislature during the October 2020 special session. The combined appropriations were allocated as follows: $25 million for state match to federal funds for clean water and drinking water state revolving funds, $55,494,000 for the Water Infrastructure Fund (WIF) grant programs; $44,553,000 for the Point Source Implementation Grant (PSIG) program and $144,063,000 for 31 earmark appropriations. Jeff noted that he had previously expressed his concerns about earmarks with the board in June 2020 and the potential negative impact they have on the State’s ability to keep up with long term water infrastructure needs.

Chair McKinnon questioned if MMB or PFA staff have any concern with the earmark appropriation language. Jeff responded that he is aware of three or four that will require language changes to clarify the specific eligible project descriptions.

Chair McKinnon entertained a motion to approve Resolution 2020-07. Motion made by Katrina Kessler, seconded by Jennifer Hassemer.

Roll call taken; voting yes: DEED; MMB; PCA; MDOT; MDH; MDA
Voting No: none
Absent: none

Approval of Resolution 2020-07 passed unanimously.
V. AMENDMENTS TO 2021 CWRF AND DWRF IUPS

Jeff noted at the August 2020 board meeting the legislature had not approved the 2020 bonding bill and therefore the PFA did not receive appropriations for the required state match for FY21-22. With no state match the 2021 IUP was approved based only on carryover projects that had been previously listed and certified by PCA and Health prior to FY 2021 with no new project requests added.

Now with the approval of a 2020 bonding bill and state match appropriation for the revolving funds, staff recommend setting the fundable range for new IUP projects at the same priority point range as in recent years of 40 points for PCA’s PPL and 7 points for Health’s PPL.

The amended CWRF IUP identifies 101 projects in fundable range with estimated loans totaling $500 million, including 45 carryover projects with $124 million in estimated loans and 56 new projects with estimated loans of $376 million. The amended DWRF IUP identifies 88 projects in fundable range with estimated loans totaling $312 million, including 24 carryover projects for $107 million and 64 new projects for $205 million in estimated loans.

Jeff reviewed updated lending capacity models that reflect the addition of new projects in the fundable range. For the CWRF, assuming no additional federal grants or state match, estimated lending capacity is $110 million per year. Actual FY21 loans are estimated to be $199 million based on the amount of carryover and new projects. For the DWRF, assuming no additional federal grants or state match, estimated lending capacity is $44 million per year. Actual FY21 loans are estimated to be $147 million based on the amount of carryover and new projects.

Chair McKinnon entertained a motion to approve Resolution 2020-08. Motion made by Tom Hogan, seconded by Katrina Kessler.

Roll call taken; voting yes: DEED; MMB; PCA; MDOT; MDH; MDA
Voting No: none
Absent: none

Approval of Resolution 2020-08 passed unanimously.

VI. AMENDMENT TO 2021 PFA BUDGET

Jeff noted that, at the June 2020 meeting, the Board approved the PFA’s FY21 administrative budget for a total of $1,775,000 reflecting a staffing level of 11.5 FTE’s. He explained that he is requesting a small budget increase to better address staffing needs for the remainder of the fiscal year, which include up to two new loan officers and a new compliance coordinator position. Jeff added that project activity has been exceptionally strong in the first half of FY21 (34 new loan and grant awards totaling $141 million) and the growing number of funding requests and the new large bonding bill make it important that the PFA continue to keep up with staffing needs.

Jeff explained that due to the timing of the new positions and a vacant account clerk position, the net requested budget increase is $45,000, and that the PFA Fee Account balance is sufficient to cover the increase. A budget memo from Steve Walter showed the revised PFA admin budget.
Chair McKinnon entertained a motion to approve Resolution 2020-09. Motion made by Tom Hogan, seconded by Jennifer Hassemer.

Roll call taken; voting yes: DEED; MMB; PCA; MDOT; MDH; MDA
Voting No: none
Absent: none

Approval of Resolution 2020-09 passed unanimously.

VII. 2020 INDEPENDENT AUDIT

Jeff Freeman noted that there were no findings in PFA’s 2020 Independent Audit and then introduced Steve Walter, Chief Financial Officer. Steve noted nothing unusual to report; PFA had a good volume of loans and grants but nothing out of the ordinary. Steve mentioned that if members looked closely at the financials there was a decrease in cash. The Authority used $48 million in cash from the Clean Water Bond Fund to redeem callable bonds in March 2020. These were 5% coupon bonds and PFA will realize over $11 million in future interest savings. Steve continued to review the Management Analysis and Discussion section of the Authority’s financial report which included narratives and charts explaining Authority operations and financial performance. There were no significant or unusual issues related to fiscal year 2020 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.

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

VIII. 2020 DRAFT REPORTS

Jeff Freeman briefly reviewed the three reports the PFA is required to submit to the Legislature and Governor in early 2021. The Annual Report included FY 2020 funding activity and program descriptions for each of the PFA programs and a brief discussion of water infrastructure needs and the PFA funding process. The Fee Report is required for the PFA to report the amount of fees collected, the purposes for which the fees have been spent, and the amount of any remaining fee balances. Lastly, the Estimated Funding Needs Report requires the PFA to report annually on estimated funding needs under the WIF and PSIG programs along with information on average annual residential wastewater rates if a community does or does not receive grant funding, and a comparison with average charges in the metropolitan area.

Jeff noted that all three draft reports are provided to members for review and comment before they are submitted. The reports make no funding or policy decisions or recommendations. Reports will be submitted to the Legislature and Governor in early 2021, Board Members will also be sent a copy.

Roll call taken: DEED; MMB; PCA; MDOT; MDH; MDA
Absent: none
IX. NEXT MEETING

The next PFA Board meeting is expected to be in June 2021 which will include approval of the FY 2022 administrative budget and interagency agreements.

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

X. ADJOURN

Chair McKinnon entertained a motion to adjourn. Motion made by Katrina Kessler, seconded by Jennifer Hassemer.

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

The meeting adjourned at approximately 3:08 pm.

Respectfully Submitted,

Jeff Freeman, Executive Director
Minnesota Public Facilities Authority