

MN PUBLIC FACILITIES AUTHORITY

BOARD MEETING - Minutes
Teams Video/Tele-conference
June 21, 2023 @ 10am

MEMBERS and DELEGATES PRESENT:

Kevin McKinnon, Chair, Department of Employment and Economic Development
Jennifer Hassemer, Minnesota Management and Budget
Dawn Collins, Department of Transportation
Tom Hogan, Department of Health

Also present:

Jeff Freeman, Executive Director
J. Adam Sorenson, Assistant Attorney General
Matt Varilek, DEED Commissioner
Corey Topp, RSM
Chad Kolstad, MDH
Randy Thorson, PCA
Bill Dunn, PCA
Gabriel Posteuca, PCA
Dan Schueller, Met Council
Kyle Colvin, Met Council
Cory McCullough, Met Council
Matt Schnackenberg, PFM
Robert Severson, KutakRock
David Murphy, KutakRock
Steve Walter, PFA
Becky Sabie, PFA
Mary Jane Schultz, PFA
Anita Gallentine, PFA
Kathe Barrett, PFA
Peter Bradshaw, PFA
Katelyn Kanuit, PFA
Melissa Ralph, PFA
Jennie Brown, PFA
Angela Berrens, PFA
Drew Brooksbank, PFA
Amanda Sowada, PFA

I. CALL TO ORDER:

Chair McKinnon called the meeting of the Public Facilities Authority to order on June 21, 2023 at 10:00am 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 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 Amanda Sowada to call roll after every agenda item including agenda, minutes, each resolution, and adjournment."

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

A quorum was established.

II. APPROVAL OF AGENDA

Chair McKinnon made a motion to approve the agenda.

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

Approval of the agenda passed unanimously.

III. APPROVAL OF JANUARY 23, 2023, MINUTES

Chair McKinnon made a motion to approve the minutes from the January 23, 2023, meeting.

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

Approval of the January 23, 2023, Meeting minutes passed unanimously.

IV. 2023 LEGISLATIVE REVIEW AND 2024 CAPITAL BUDGET REQUESTS

Jeff reviewed the 2023 legislative appropriations to PFA totaling \$759 million, including appropriations for existing programs (\$224.9M), a new program for lead service lines (\$240M), and special appropriations for earmark projects (\$294.585M). Jeff explained that the proposed Resolution 2023-02 confirms the Authority's preliminary 2024 capital budget requests to Minnesota Management and Budget as follows: (1) \$39,000,000 for state matching funds to federal capitalization grants for state revolving loan programs, (2) \$90,000,000 for the Water Infrastructure Funding (WIF) program, and (3) \$71,000,000 for the Point Source Implementation Grant (PSIG) program.

Chair McKinnon entertained a motion to approve Resolution 2023-02. Motion made by Tom Hogan, seconded by Jennifer Hassemer.

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

Approval of Resolution 2023-02 passed unanimously.

V. FY 2024 ADMINISTRATIVE BUDGET AND INTERAGENCY AGREEMENTS

Jeff reviewed the proposed FY 2024 administrative budgets for the MPCA, MDH and PFA including an increased level of staffing based on increasing project and administrative activity. Jeff explained that the proposed Resolution 2023-03 approves the Authority's FY 2024 administrative budget in the amount of \$2,273,000 and authorizes the Executive Director to prepare and execute interagency agreements for FY 2024 program administration expenses with the Pollution Control Agency in the amount of \$2,379,232 and the Department of Health in the total amount of \$2,154,272. The Resolution also authorizes the Executive Director to prepare and execute a FY 2024 interagency agreement with the Department of Employment and Economic Development for administrative and technical services to support Authority staff and operations, a FY 2024 interagency agreement with the Housing Finance Agency for professional/technical services provided by Paula Rindels; and to sign contracts, purchase orders, and other agreements necessary and appropriate to manage and implement the funds and programs of the Authority and maintain compliance with state and federal program requirements, securities and tax laws and regulations.

Chair McKinnon entertained a motion to approve Resolution 2023-03. Motion made by Tom Hogan, seconded by Dawn Collins.

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

Approval of Resolution 2023-03 passed unanimously.

VI. DELEGATION OF SIGNATURE AUTHORITY

Jeff explained that the proposed Resolution 2023-04 authorizes the Chair or, in his absence, the Vice-Chair to approve and sign project financing agreements for the WIF, PSIG, and the Small Community Wastewater Treatment program for eligible projects that are certified by another department or agency under each program's statutory requirements and recommended for funding by the Executive Director, and for financing agreements for individual capital projects to receive funds appropriated by the Legislature. The Resolution also authorizes the Executive Director to approve and sign program agreements for eligible applicants under the Credit Enhancement Program.

Chair McKinnon entertained a motion to approve Resolution 2023-04. Motion made by Jennifer Hassemer, seconded by Tom Hogan.

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

Approval of Resolution 2023-04 passed unanimously.

VII. AUTHORIZATION TO ISSUE BONDS

Steve Walter explained that the issuance of revenue bonds is a regular part of the management of the state revolving funds and that the SRFs will need bond proceeds within the next several months to meet disbursement requests for current and expected clean water and drinking water loans. The MPFA has statutory authority for up to \$2 billion in outstanding bonds and currently has \$374,925,000 outstanding.

Steve explained that the proposed Resolution 2023-05 authorizes the amendment and restatement of the Authority's Master Bond Resolution 10-01. Concurrent with the issuance of new bonds under the Master Bond Resolution (No. 10-01), the Authority wishes to amend it to remove references to prior bond resolutions (1991 for clean water and 1999 for drinking water). Complex references were necessary when the master bond resolution was adopted in 2010 because prior bonds were still outstanding. No prior bonds remain outstanding. The amendments do not affect the payment, security or funds related to outstanding bonds, but are for administrative convenience of the Authority and simplification of the master resolution. This resolution states that in the Authority's opinion, the amendment and restatement does not make any change materially adverse to the security or other interests of bondholders, and that the amendment and restatement is being made in accordance with the requirements of the master resolution. Per the terms of the existing master resolution, this finding will be based on a rating agency decision to continue the current rating on the Authority's bonds upon notice of the changes to the master resolution becoming effective.

Additionally, Steve discussed that the proposed Resolution 2023-06 (Series Resolution #8) which authorizes the Authority to sell one or more additional series of revenue bonds under the amended and restated master resolution. As has been the Authority's practice for many years we are planning a competitive sale for these bonds. The size of the bonds is intended to provide enough cash for two years of loan disbursements. The Authority's current bonds are rated AAA and we expect that rating to be maintained with the new bonds issued.

Tom Hogan asked that given the difficulty in getting state bonding money for match dollars for some other federal items, is it possible to use the proceeds or the bonding mechanisms to do the state match for some of the federal programs. Steve assured that we won't need to do that with the current bonding appropriation and would limit lending capacity. Jeff added that if we needed to, it would require a separate bond sale.

Jennifer Hassemer then inquired if the series 8 resolution will be serving as a reimbursement resolution, noticing there is a significant dollar amount that we may be reimbursing by the time the bond sale occurs later this year. Steve responded saying there are two reimbursement resolutions on file that will serve as intent to reimburse; also, the series 8 resolution will serve as a reimbursement resolution for any future loans that may not be on the first two resolutions.

Jennifer also requested more clarity and background on the refunding targets we are hoping to achieve with this transaction, such as a target percentage we hope to achieve by the time the refunding decision is to be made. Financial Advisor PFM has told the MPFA that because these are make-whole call provisions, any positive savings is justification.

Chair McKinnon entertained a motion to approve Resolution 2023-05. Motion made by Jennifer Hassemer, seconded by Tom Hogan.

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

Approval of Resolution 2023-05 passed unanimously.

Chair McKinnon entertained a motion to approve Resolution 2023-06. Motion made by Tom Hogan, seconded by Dawn Collins.

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

Approval of Resolution 2023-06 passed unanimously.

VIII. PREPARATION FOR 2023 INDEPENDENT AUDIT

RSM partner Corey Topp discussed plans for the independent audit of the Authority's 2023 financial statements. Corey encouraged members to contact him if there are any questions or concerns regarding the audit. The results from the upcoming audit will be shared at the December 2023 Board meeting.

Roll call taken: DEED; MMB; MDH
Absent: MDA; PCA; MNDOT

IX. NEXT MEETING

The next PFA Board meeting is expected to be in mid-August or September, where the agenda will include review and approval of the draft 2024 Intended Use Plans (IUPs) for the Clean Water and Drinking Water Revolving Funds.

Roll call taken: DEED; MMB; MDH
Absent: MDA; PCA; MNDOT

X. ADJOURN

Chair McKinnon made a motion to adjourn.

Roll call taken: DEED; MMB; MDH
Absent: MDA; PCA; MNDOT

The meeting adjourned at approximately 11:11am.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Jeff Freeman". The signature is written in a cursive, flowing style with a horizontal line extending from the end of the name.

Jeff Freeman, Executive Director
Minnesota Public Facilities Authority