CLIMATE INNOVATION FINANCE AUTHORITY

Meeting Minutes: Minnesota Climate Innovation Finance Authority Board of Directors

Date: 03/20/2024
Minutes prepared by: Lissa Pawlisch / Peter Klein
Location: Minnesota Pollution Control Agency – Conference Room 600 / Hybrid

Attendance:

- The meeting began at approximately 9:31 AM
- Present: Kumar, Haagenson, Fowler, Kohlasch, McKinnon, Nelmark, Perushek, Sultanova, Teiken, Warmuth, Wyckoff
- Absent: Benjamin

Approval of Agenda:

- Motion Fowler, Second Teiken
- Unanimous approval – roll call vote

Approval of Minutes from the January 17, 2024, Board Meeting:

- Motion Nelmark, Second Wyckoff
- Unanimous approval – roll call vote

Attorney General's Office Representation:

- Anne Kealing introduced herself as MnCIFA's legal representative from the Attorney General's office. She indicated that an inter-agency agreement between the AG's office and MnCIFA had been executed.
- Kealing then went through the draft Bylaws document. Significant board discussion occurred relating to the creation of subcommittees and their memberships, including when open meeting requirements would need to be followed. The open meeting discussion concluded that subcommittees would likely need to consist of no more than five Board members due to the Board Chair being ex-officio and potential open seats on the Board. Other discussion centered around the powers delegated to the Chair, Executive Director, and Executive Committee. Special meetings could be called with a minimum

three-day notice. Board members were encouraged to share any other recommended changes with Klein and for him to work with Kealing, to bring back another draft of the Bylaws to the April board meeting, for the Board to consider approving.

- Motion Kumar, Second Haagenson – Establish a Strategic Plan and Investment Policy Committee
- Unanimous approval – roll call vote (not McKinnon)
- Kealing finally reviewed the Per Diem and Expense Policy. Significant discussion around the number of hours needed to be considered a day of service occurred. There was further discussion on whether travel and preparation time should be included. Kealing will bring a revised draft of the document to the April Board meeting for consideration.

Summary of the Request for Information Responses:

- Brendon Slotterback presented a summary of the 40 submissions that were received. Most activity was in the metropolitan area of the Twin Cities but there were rural submissions as well. The majority of the projects were related to solar but there were proposals for transit electrification and geothermal projects. A summary of the responses will be posted to the website.
- Klein indicated that many of the responses could lead to applications to the Department of Energy's Loan Program Office. That fund is $80 Billion and several of the submissions could culminate in applications to LPO. The current interest rate is around 5.00% but Klein expected that to fall to something closer to 4.00% by the end of the year.

The Heights Community Energy, Inc. - $4,700,000 Financing Request:

- Saint Paul Councilperson Nelsie Yang presented a background of her ward and the excitement that the community has around the development of The Heights. She indicated the full support of the City Council for the project and the need for this type of investment in the neighborhood.
- The Port Authority's Todd Hurley described the overall redevelopment of The Heights and the full support of his Board for the geothermal system.
- Michael Auger of Ever-Green Energy described the proposed district energy system and the immediate funding need for the project to be able to meet its net-zero energy goals.
- Andrew Kasid of Ever-Green Energy reviewed the financial projections of the project.
- Klein reiterated the immediate financing need for this project, and that because it will serve an environmental justice community, he felt that it would be a project that the strategic plan would support once it is completed. Klein also noted efforts to have the Port Authority take us out of the financing if it received IRA funding as well as efforts to partner with the philanthropic community for funding.
- Chair Kumar noted that this funding would take up about half of our available funding before the strategic plan is in place. Kumar indicated the possibility of calling a special Board meeting, early the following week, for the Board to consider this financing.

Management Analysis and Development Presentation:

- Beth Bibus and Kristin Van Amber presented their agency's experience with assisting other state agencies with facilitation services. They have worked with most state agencies, including strategic planning processes. Their agency has significant managerial experience within its staff, and they have facilitated many public processes similar to MnCIFA's statutorily mandated development of its strategic plan and investment strategy. Several Board members were pleased to see that MAD had been engaged and MAD indicated that they would provide a consulting proposal soon.
- Motion Kumar, Second Nelmark – Direct Klein to engage with MAD
- Unanimous approval – roll call vote

Discussion of Forum and Timing of Quarterly Public Input into MnCIFA:

- Most of the discussion occurred during the MAD discussion as they are directly related. MAD will address this in its proposal.

Open Discussion / Other Itemsg:

- Kumer addressed the opening on the Board with Gupta's resignation and encouraged everyone to get the word out and for individuals to submit an application.

Adjournment:

- Motion Kumar, Second Wycoff
- Unanimous approval – roll call vote at approximately 12:02 PM.

CLIMATE INNOVATION FINANCE AUTHORITY

Meeting Minutes: Minnesota Climate Innovation Finance Authority Board of Directors – Special Meeting

Date: 03/26/2024
Minutes prepared by: Brian Strub / Peter Klein
Location: Remote Teams Meeting

Attendance:

- The meeting began at 10:32 AM
- Present: Kumar, Haagenson, Benjamin, Fowler, Kohlasch, McKinnon, Perushek, Sultanova, Teiken, Warmuth, Wyckoff
- Absent: Nelmark

Approval of Agenda:

- Motion by Kumar, Second by Haagenson
- Unanimous approval – roll call vote

Approval of a $4,700,000 Loan to The Heights Community Energy, Inc.:

- Klein reviewed his credit memo describing the project, the credit risks associated with the financing and the reason that this financing request was being brought to the Board at this time.
- Fowler inquired about the employment FTE estimate. Klein responded that there is a general agreement between federal and state agencies that there is 1 FTE per $93,000 of construction costs.
- Fowler inquired about Xcel developing its own system at The Heights. Klein acknowledged that is the case but there are ongoing discussions about coordination of the systems.
- Warmuth inquired about the light industrial buildings. Klein said that all industrial buildings, along with the large multi-tenant housing buildings, would be required to connect to the system.
- Teiken inquired about the reason that a similar system did not work at the Ford site. Andrew Kasid, Ever-Green Energy, indicated that the Investment Tax Credit rules have changed and that makes this project more viable.

- Warmuth inquired about concerns about deploying so much of our 25% limited capital to one project. Klein acknowledged that this was a concern but felt that this project was worth the investment. He also noted the need to move ahead with developing the strategic plan.
- Haagenson inquired about the Habitat for Humanity buildings not being connected to the system. Kasid responded that they were outside the distribution area but that the connection of those buildings was still being explored.
- McKinnon inquired about the Investment Tax Credit. Klein indicated that the ITC was the expected source of the loan repayment. It just will not arrive until the system is completed and the buildings are connected. That is expected to occur in 2027.
- Motion to approve by Fowler, Second by Teiken.
- Unanimous approval – roll call vote.

Adjournment:

- Motion by Kumar, Second by
- Unanimous approval – Roll call.
- Meeting adjourned at 11:08 AM.

Minnesota Climate Innovation Finance Authority
Bylaws

Effective Date: _____, 2024.

Article 1. Introduction.

1. Purpose. The Minnesota Climate Innovation Finance Authority ("MnCIFA") Board desires to conduct its business and perform its responsibilities and duties in an orderly, efficient, transparent, fair, and lawful manner. These bylaws are established for that purpose.
2. Application. Unless otherwise specifically indicated, these bylaws apply to the transaction of all MnCIFA business and the conduct of all MnCIFA meetings of the Board or any subcommittee, or appointed committee or advisory council.
3. Compliance with applicable law. It is the specific intent of the MnCIFA to perform its responsibilities and conduct its hearings and meetings in accordance with all applicable federal law and state statutes and regulations. In the case of a discrepancy between these bylaws and applicable law, the provisions of all such applicable law control.

Article 2. Membership and Officers.

1. Membership. The MnCIFA Board is composed of members named by statute and appointed members appointed by the governor in accordance with Minn. Stat § 216C.441, subd. 10.
    a. Individual members of the board shall not act or speak to represent the Board on any subject unless the Board's position has been officially determined.
    b. A member may be removed by the appointing authority pursuant to Minn. Stat. § 15.0575, and the Chair will follow the procedures there with respect to any member with consecutive meeting absences.

2. Officers. The Board has a Chair and a Vice-Chair, both of whom will be elected by the Board annually.

3. Duties of the Chair. The Chair has the following responsibilities and authorities related to Board operations:
    a. Supervise the affairs of the Board and communicate such affairs to all Board members.
    b. Preside at Board meetings.
    c. Schedule regular meetings.
    d. Call special meetings when deemed necessary and desirable.
    e. Develop and approve Board meeting agendas.
    f. Establish committees, task forces, and advisory councils, and appoint members, including chairpersons.
    g. Sign on behalf of the Board any actions or documents necessary to record the Board's decisions after the Board's consideration of the same.
    h. Any other responsibilities or authorities granted by statute.

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4. Duties of the Vice-Chair. The Vice-Chair has the following responsibilities and authorities related to Board operations:
    a. To perform those duties delegated by the Chair.
    b. To act as Chair in the event of Chair's unavailability to do so based upon illness, disability, absence or any other reason affecting the Chair's ability to serve.

Article 3. Committees.

1. As required to carry out the Board's responsibilities, duties, and initiatives, the Chair may establish committees and task forces and appoint members and chairpersons to the same. The Chair shall be an ex-officio member of all committees and task forces to which the Chair is not appointed.
2. Unless otherwise prescribed by statute or rule, committees exist for the purpose of gathering information, making findings, and bringing recommendations to the Board. Committees may be standing committees or ad hoc committees formed for a short period of time to accomplish a specific purpose. Any committee may be dissolved by a majority vote of the Board.
3. All committees, task forces, and advisory councils are advisory only and all proposals of each shall be submitted to the Board for final board action.
4. The membership of all committees shall be posted on the MnCIFA website or made available in alternate formats upon request.
5. Standing Committees. These committees shall be established and remain in place perpetually; however, they may meet as frequently as needed, as determined by the Committee Chair.
    a. Strategic Plan and Investment Strategy Committee. This committee shall be responsible for leading the formulation and ongoing maintenance of the Strategic Plan and Investment Strategies, as required by Minn. Stat. § 216C.441.
    b. Credit Committee. This committee shall be responsible for the preliminary review for the applications of credit and making recommendations to the Board on such applications.

Article 4. Meetings.

1. Notice. Notices of all MnCIFA Board meetings shall be made in a manner in accordance with Minnesota Statutes, Chapter 13D (Open Meeting Law).
2. To the extent required by Open Meeting Law, the provisions of Article 4 shall apply to Committee meetings.
3. Open Meetings and Records. All meetings of the Board shall be open to the public as required by law. The votes of the members shall be recorded by voice vote or by roll call if so called. The minutes shall be available to the public upon request made to the Executive Director. Minutes of Board meetings and other records, including recordings, if made, shall be preserved in compliance with the law.

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4. Closed Meetings. The Chair may call a closed meeting or close a meeting if the closure is authorized by statute or permitted by attorney-client privilege. In all cases where a meeting is closed, the Board shall abide by the requirements for closed meetings in Minn. Statutes, Chapter 13D. Closed meeting minutes and recordings may not be available to the public upon request.
5. Presiding Officer. The Chair or, in the absence of the Chair, the Vice-Chair, presides at all meetings. If at a Board meeting, neither the Chair nor Vice-Chair are present but a quorum exists, the members shall elect from within the membership an acting Chair to run the meeting.
6. Quorum. A quorum of the full Board means a majority of the permanent members of the Board as established under Minn. Stat. § 216C.441, subdivision 10, excluding vacancies. A majority of an established subcommittee is a quorum.
7. Voting. Each member shall have one (1) vote in the transaction of business of the Board. Members of the Board may not delegate their powers and responsibilities as Board members, including voting, to any other person, except as stated in Minn. Stat. § 216C.441, subdivision 10. A vote will be recorded by voice vote unless a roll call vote is requested. A roll call vote may be requested by any member and a roll call vote will be used for teleconference meetings per Minn. Statutes, Chapter 13D.
8. Meeting Arrangements. The Board shall normally meet the third Wednesday of the month 9:30 AM until 11:30 AM unless otherwise established by the Chair. The Chair may call for recess for appropriate breaks or for purposes of furthering the agenda orders of business. The Chair of the Board shall select a meeting location that is convenient and suitable for the members, staff, and general public. Meetings may be in-person, virtual, or hybrid.
9. Parliamentary Procedure. The most current version of Robert's Rules of Order, Revised, shall govern the conduct of the meeting except when state statute, policies, and these bylaws state otherwise. The Chair shall make all parliamentary rulings. The Board's assigned Assistant Attorney General or the Attorney General, the Executive Director, or a designee of the Executive Director designee shall serve as the parliamentarian advisor.
10. Board Meeting Agenda Development. All matters for preliminary agenda consideration with pertinent information included shall be submitted to the Executive Director and reviewed by the Chair prior to the Board meeting. Placement of items on the proposed agenda will be at the discretion of the Chair, or the Executive Director, as the Chair so delegates. The Chair may develop a consent agenda, as desired, but any item on the consent agenda may be removed upon the request of a Board member and placed in a logical place on the regular agenda.
11. Conflicts of Interest. Each Board member is obligated to determine whether they have a perceived, potential, or actual conflict of interest with respect to any matter before MnCIFA and to comply with all requirements of law regarding any potential conflict. Board members who disclose an actual conflict of interest will not be allowed to participate in and vote on the agenda item for which they declared an actual conflict.

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Article 5. Staff.

1. Staff. In accordance with Minn. Stat. §216C.441, subdivision 4(a)(12), MnCIFA's Board must hire an Executive Director and sufficient staff with appropriate skills and qualifications to carry out its programs. MnCIFA must make an effort to recruit and hire such staff who are from, or share the interests of, the communities MnCIFA serves.

2. Executive Director. MnCIFA shall employ a salaried Executive Director, who shall be responsible to the Board and communicate and report regularly to the Chair. The Executive Director or designee shall attend all Board meetings but shall not vote. All MnCIFA staff report to the Executive Director.
    a. Duties.
        i. Managing staff resources, including hiring, discipline, performance evaluation, work-planning, other human resource-related transactions, and making requests for staff support from other agencies of state government.
        ii. Managing budget resources, including preparing and submitting MnCIFA budgets through the processes established by the Governor's office or Minnesota Management and Budget (MMB), and keeping the Board fully advised as to its financial condition.
        iii. Entering into contracts and interagency agreements for regular operational services and the implementation of the approved annual workplan.
        iv. Executing or officially signing, on behalf of the Board, on all actions or documents approved or ruled, as delegated or directed by the Board.
        v. Recommending an annual workplan for Board approval, and overseeing implementation of the Board-approved workplan, and ensuring the staff work aligns with the broad powers and authorities of the Board's mission, vision and plan direction.
        vi. Representing and implementing the Board's orders, resolutions, and policies.
        vii. Presenting to the Board program plans, studies and reports prepared for Board purposes and action and recommend to the Board for adoption those measures deemed necessary and prudent to carry out the programs and duties of the Board or for the efficient administration of the affairs of the Board.
        viii. Ensuring that all resolutions, rules, regulations and orders of the Board are carried out.
        ix. Implementing legislative appropriations, policy, and statute.
        x. Communicating and interacting with the Governor's office, state and federal agencies, local governments, special districts, joint powers authorities, the legislature, and to participate in relevant meetings.

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xi. Ensuring appropriate implementation of the Board meeting procedures and to record and maintaining a record and minutes of the meetings and process and maintain all information relating to Board business.

xii. Participating in a regular Personnel Review as directed by the Board.

xiii. Making regular reports to the Board regarding operations and other relevant information necessary for the Board to properly oversee the activities of the organization.

xiv. Leading in the acquisition of funding sources to assist in the mission of MnCIFA, including but not limited to government grants, private grants, etc.

Article 6. Adoption and Amendment.

1. Effective Date. These Bylaws shall be effective as of the date of approval and adoption by the Board.

2. Amendments. These Bylaws may be amended by a two-thirds vote of the Board members. All proposed amendments shall be presented in writing. The Board shall review the proposed changes at least one meeting prior to adoption.

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Minnesota Climate Innovation Finance Authority
Per Diem and Expense Policy

Effective Date: _____, 2024.

The basis for this policy is Minn. Stat. § 15.0575, subdivision 3, and Minn. Stat. § 216 .441, subd. 10, for board members of Minnesota Climate Innovation Finance Authority ("MnCIFA"), and Minn. Stat. §15.059, subdivision 3 for members of MnCIFA-Appointed Advisory Councils or Committees that advise MnCIFA. This policy fulfills the requirement under Minn. Stat. § 15.0575, subd. 3(c) to adopt internal standards for purposes of making per diem payments. Such statutory authorities are cited here:

Minnesota Statute § 15.0575, subdivision 3.

(a) Members of the boards may be compensated at the rate of $55 a day spent on board activities, when authorized by the board, plus expenses in the same manner and amount as authorized by the [Minnesota Management and Budget] commissioner's plan adopted under section 43A.18, subdivision 2. Members who, as a result of time spent attending board meetings, incur childcare expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon board authorization.

(b) Members who are state employees or employees of the political subdivisions of the state must not receive the daily payment for activities that occur during working hours for which they are compensated by the state or political subdivision. However, a state or political subdivision employee may receive the daily payment if the employee uses vacation time or compensatory time accumulated in accordance with a collective bargaining agreement or compensation plan for board activities. Members who are state employees or employees of the political subdivisions of the state may receive the expenses provided for in this subdivision unless the expenses are reimbursed by another source. Members who are state employees or employees of political subdivisions of the state may be reimbursed for child care expenses only for time spent on board activities that are outside their working hours.

(c) Each board must adopt internal standards prescribing what constitutes a day spent on board activities for purposes of making daily payments under this subdivision.

Minnesota Statutes § 15.059, subdivision 3.

(a) Members of the advisory councils and committees may be compensated at the rate of $55 a day spent on council or committee activities, when authorized by the council or committee, plus expenses in the same manner and amount as authorized by the [Minnesota Management and Budget] commissioner's plan adopted under section 43A.18, subdivision 2. Members who, as a result of time spent attending council or committee meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon council or committee authorization.

(b) Members who are state employees or employees of political subdivisions must not receive the daily compensation for activities that occur during working hours for which they are compensated by the state or political subdivision. However, a state or political subdivision employee may receive the daily payment if the employee uses vacation

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time or compensatory time accumulated in accordance with a collective bargaining agreement or compensation plan for council or committee activity. Members who are state employees or employees of the political subdivisions of the state may receive the expenses provided for in this section unless the expenses are reimbursed by another source. Members who are state employees or employees of political subdivisions of the state may be reimbursed for child care expenses only for time spent on board activities that are outside their working hours.

(c) Each council and committee must adopt internal standards prescribing what constitutes a day spent on council or committee activities for purposes of making daily payments under this subdivision.

Minnesota Statutes § 216C.441, subdivision 10(h).

(h) Compensation of board members, removal of members, and filling of vacancies are governed by section 15.0575.

As such, the following is the Policy of MnCIFA:

1. MnCIFA shall compensate its Board and Committee or Advisory Council members as follows:
    a. Per Diem Compensation. MnCIFA shall compensate state agency members of the Board, when eligible, at the rate of $55/day.
    b. Expense Reimbursement. MnCIFA shall reimburse eligible expenses for all members in the same manner and amount as authorized by the Minnesota Management and Budget Commissioner's Plan adopted under Minn. Stat. § 43A.18, subdivision 2.
2. MnCIFA's policy is to provide for per diem compensation, plus expenses, to eligible members for the following meetings and activities that constitute a day spent on MnCIFA activities:
    a. Regular and Special Meetings of the Board and Subcommittees: This includes preparation for, attendance of, and travel time to and from the regular monthly Board meeting, any special Board meetings, meetings of Subcommittees, and preparatory meetings scheduled by MnCIFA staff.
    b. Other Board-related Activities: This includes Board retreats or similar meetings; participating as an appointee on Board-appointed Advisory Councils or Committees; attending training relevant to Board membership with prior approval by the Board Chair or the Executive Director; and representing the Board at events and meetings with prior approval by the Board Chair or the Executive Director.
    c. Participation in other activities, such as short phone calls or meetings with MnCIFA staff, does not constitute a day eligible for per diem compensation.
3. Procedures for Reimbursement:

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a. Expense Reports: Each board member eligible to receive a per diem and expense reimbursement as outlined in this Policy must claim them on the appropriate form provided by the Executive Director and/or Board Administrator. This form must be submitted to the Board Administrator for approval and processing on a bi-monthly basis. All compensation for the state fiscal year (July 1 to June 30) must be submitted no later than two weeks after the end of the fiscal year.

b. Expense reimbursement shall be in accordance with the current Minnesota Management and Budget Commissioner's Plan for state employees.

    i. Note the following expense report requirements for non-state employees and state employees:

        1. Non-state Employees must provide their Social Security number (on top of the form) and home address for purposes of expense processing.

        2. State Employees must fill out the employee expense report to request reimbursement. Specify "MnCIFA" on the form.

    ii. Approval of all expense requests must be communicated by the Executive Director. The availability of funds must be confirmed by MnCIFA staff. Notification of action on all requests must be made by the Executive Director to the Board member or by MnCIFA staff at the request of the Executive Director.

c. Expense Reimbursement:

    i. Mileage: Mileage is reimbursed at the current rate as specified by the IRS for travel to and from approved Board meetings and on approved Board business. Mileage must be calculated on the most direct route according to the Department of Transportation records.

    ii. Meals: Food allowances are actual expenditures for meals and gratuity, not including alcoholic beverages, up to the maximum and under the conditions specified in the Minnesota Management and Budget Commissioner's Plan. When in travel status for two (2) or more consecutive meals, reimbursement shall be for the actual costs of the meals including tax and a reasonable gratuity, up to the combined maximum amount for the reimbursable meals.

        1. As of the date of this policy, the maximum reimbursement for localities within Minnesota is $10.00 for breakfast (if you are in travel status prior to 6 a.m.), $13.00 for lunch and $19.00 for dinner (if you are in travel status after 7 p.m.).

        2. Refer to the statutory language in Minn. Stat. §15.059, Subd. 3(b) for eligibility requirements for state employees or employees of political subdivisions.

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iii. Lodging: Hotel/motel will be reimbursed for actual expenditures, providing that good judgment is exercised in incurring lodging costs, and that charges are reasonable and consistent with the facilities available. Receipts for lodging must accompany the Expense Report.

iv. Child Care: Expenses for childcare will be paid if such expenses are incurred as a result of time spent attending Board meetings and would not otherwise have been incurred by the Board member. Members who are state employees or employees of political subdivisions of the state may be reimbursed for childcare expenses only for time spent on Board activities that are outside their working hours.

v. Miscellaneous: This category of expenses includes parking, phone calls when in travel status overnight, and others. Consult the provisions of the Minnesota Management and Budget Commissioner's Plan under expense reimbursement. With the exception of parking, Board members may incur miscellaneous expenses infrequently and their reimbursement can be discussed with the Executive Director on a case-by-case basis.

vi. Receipts: Receipts are required for expenses as directed by the Minnesota Management and Budget Commissioner's Plan.

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