



Becca Nash, Director

MINUTES

Thursday, November 30, 2017

9:30 a.m. – 4:00 p.m.

State Office Building, Room 5

St. Paul, MN 55155

Members Present: Jeff Broberg, Sen. Gary Dahms, Sen. Kari Dziedzic, Rep. Rob Ecklund, Nancy Gibson, William Faber, Rep. Josh Heintzeman, Rep. Joe Hoppe, Sen. Bill Ingebrigtsen, Nicole Kessler, Gary Lamppa, Norman Moody, Rep. Jim Newberger, Sen. David Tomassoni, Rep. Jean Wagenius, Sen. Torrey Westrom, Della Young

Staff Present: B. Nash, M. McDonough, M. Varien, D. Griffith

Members Excused: ---

Co-Chair: Rep. Josh Heintzeman

Co-Chair Ingebrigtsen convened the meeting at 9:45 a.m.

1. Approve the minutes for October 17, 2017

MOTION: Commissioner Broberg moved to approve the minutes for October 17, 2017 – motion prevailed.

2. Members report potential conflicts of interest regarding today's business

Becca Nash reminded members that previous conflict of interest statements given in previous meetings are attached. (See Attachment #1).

3. [0:00:00] M.L. 2017, Chp. 96, ENRTF work plan approval (tentative)

- **Appropriations needing LCCMR review prior to approval due to being added by Legislature**
 - **M.L. 2017, Chp. 96, Sec. 2, Subd. 03n "Pollinator Research and Outreach", U of MN, \$500,000 (FY18 - \$411,000 and FY19 - \$89,000)**

Daniel Cariveau and Marla Spivak (U of MN) provided an overview of their work plan M.L. 2017, Chp. 96, Sec. 2, Subd. 03n "Pollinator Research and Outreach". Members discussed.

MOTION: Commissioner Faber moved to approve M.L. 2017, Chp. 96, Sec. 2, Subd. 03n "Pollinator Research and Outreach", U of MN, \$500,000 (FY18 - \$411,000 and FY19 - \$89,000) – motion prevailed.

- **M.L. 2017, Chp. 96, Sec. 2, Subd. 08I "Conservation Reserve Enhancement Program (CREP)", BWSR, \$13,500,000 (FY17 – \$2,729,000; FY18 - \$5,771,000; and FY19 - \$5,000,000)**

Dave Rickert and Celi Haga (BWSR) provided an overview of their work plan M.L. 2017, Chp. 96, Sec. 2, Subd. 08I "Conservation Reserve Enhancement Program (CREP)". Members discussed.

MOTION: Commissioner Hoppe moved to approve M.L. 2017, Chp. 96, Sec. 2, Subd. 08I "Conservation Reserve Enhancement Program (CREP)", BWSR, \$13,500,000 (FY17 – \$2,729,000; FY18 - \$5,771,000; and FY19 - \$5,000,000) and the use of classified staff – motion prevailed.

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4. [0:28:40] Review draft LCCMR Recommendations for the 2018 MN Legislative Session Funding Bill from the Environment and Natural Resources Trust Fund (ENRTF)

Becca Nash provided an overview of the materials in their packets.

MOTION: Commissioner Moody moved to add \$439,000 to Line 12.1 to 12.12 titled “(f) Increase Diversity in Environmental Careers to Serve Minnesota’s Changing Demographics” – motion withdrawn.

Commissioner Heintzeman requested a roll call.

MOTION: Commissioner Faber moved to approve the LCCMR Recommendations for the 2018 Minnesota Legislative Session Funding Bill from the Environment and Natural Resources Trust Fund (ENRTF) and staff is directed to make grammatical and technical changes as needed – motion prevailed (14 Yes / 3 No).

Member	Y	N	Member	Y	N
Commissioner Broberg	Y		Commissioner Kessler	Y	
Commissioner Dahms	Y		Commissioner Lamppa	Y	
Commissioner Dziedzic	Y		Commissioner Moody	Y	
Commissioner Ecklund	Y		Commissioner Newberger		N
Commissioner Faber	Y		Commissioner Tomassoni	Y	
Commissioner Gibson	Y		Commissioner Wagenius	Y	
Commissioner Heintzeman		N	Commissioner Westrom	Y	
Commissioner Hoppe		N	Commissioner Young	Y	
Commissioner Ingebrigtsen	Y				

5. [1:27:18] Discuss Emerging Issues Account

Members discussed adding an Emerging Issues Account to the 2018 Minnesota Legislative Session Funding Bill from the Environment and Natural Resources Trust Fund (ENRTF).

Bob Meier (DNR) stated the Department of Natural Resources would accept the remaining balance of \$99,557 be added to M.L. 2015, Chp. 76, Sec. 2, Subd. 10 ‘Deer Movement Related to Potential CWD Prion Transmission’, DNR, Christopher Jennelle.

MOTION: Commissioner Faber moved to add \$99,557 from M.L. 2015 Emerging Issues Account to the Emerging Issues Account work plan M.L. 2015, Chp. 76, Sec. 2, Subd. 10 ‘Deer Movement Related to Potential CWD Prion Transmission’, DNR, Christopher Jennelle and contingent on receiving a letter the DNR – motion prevailed.

Denise Legato (DNR) spoke on behalf of Subd. 05f / ENRTF ID: 099-C proposal titled “Increase Diversity in Environmental Careers to Serve Minnesota’s Changing Demographics”. Members discussed.

6. Lunch

Members recessed at 11:55 a.m. and reconvened at 12:40 p.m.

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Becca Nash suggested members entertain a motion to reverse the order of the Agenda by going to Item 8 and then return to Item 7. Ms. Nash reminded members that under Item 10 the remaining balance of \$439,000 would be discussed and Rep. Garafalo's Letter.

MOTION: Commissioner Broberg moved to change the Agenda order to go to Item 8 and then Item 7 – motion prevailed.

8. [2:04:53] Report from the Subcommittee on Water Treatment Systems

Commissioner Broberg provided a review of the meetings held by the Subcommittee on Water Treatment Systems. Commissioner Broberg discussed the recommendation from Commissioner Westrom (See Attachment #2).

Greg Knopff (Senate Counsel) provided an overview of Commissioner Westrom's recommendation. Members discussed.

MOTION: Commissioner Tomassoni moved the handout from Sen. Westrom (See Attachment #2) with the following edits:

1. Line 1.8 delete '50 percent of the' and replace with '\$10,000,000 of the'
2. Lines 1.9 to 1.11 delete and replace with 'available money from the trust fund to match appropriations from the bond proceeds fund for wastewater infrastructure funding that exceed \$20,000,000 per year for expenditure by the Public Facilities Authority for wastewater treatment grants to home rule'
3. Add to the LCCMR Recommendations for the 2018 Minnesota Legislative Session Funding Bill from the Environment and Natural Resources Trust Fund (ENRTF)

AMENDMENT: Commissioner Dahms amended Commissioner Tomassoni's motion to change "\$20,000,000' to '\$10,000,000' and delete line 1.4 and replace with 'Subd. Wastewater Treatment Recommendation' – Commissioner Tomassoni accepted.

AMENDMENT: Commissioner Westrom amended Commissioner Tomassoni's amended motion to add a 2 year timeframe until June 30, 2021 – Commissioner Tomassoni accepted.

RENEWED MOTION: Commissioner Tomassoni renewed his motion as amended to move the handout from Sen. Westrom (See Attachment #2) with the following edits:

1. Line 1.4 delete and replace with 'Subd. Wastewater Treatment Recommendation'
2. Line 1.6 add 'Until June 30, 2021,' before 'The Legislative-Citizen...'
3. Line 1.8 delete '50 percent of the' and replace with '\$10,000,000 of the'
4. Lines 1.9 to 1.11 delete and replace with 'available money from the trust fund to match appropriations from the bond proceeds fund for wastewater infrastructure funding that exceed \$10,000,000 per year for expenditure by the Public Facilities Authority for wastewater treatment grants to home rule'
5. Add to the LCCMR Recommendations for the 2018 Minnesota Legislative Session Funding Bill from the Environment and Natural Resources Trust Fund (ENRTF)

- motion prevailed.

7. [3:52:44] Discuss and adopt FY20 LCCMR 2019 ENRTF Request for Proposal (RFP)

Becca Nash provided an overview of the FY20 LCCMR 2019 ENRTF Request for Proposal (RFP). Members discussed.

MOTION: Commissioner Westrom moved to adopt FY20 LCCMR 2019 ENRTF Request for Proposal (RFP) with the following edits:

1. Add a 'Small Grant Programs' for proposals under \$75,000

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2. Deadline for submission will be April 11, 2018 and draft proposals being due by March 14, 2018
3. Staff is directed to make grammatical and technical changes as needed to the RFP

AMENDMENT: Commissioner Ingebrigtsen amended Commissioner Westrom's motion to delete the \$75,000 and replace with \$200,000 per proposal for the Small Grant Program – Commissioner Westrom accepted.

RENEWED MOTION: Commissioner Westrom renewed his motion as amended to adopt FY20 LCCMR 2019 ENRTF Request for Proposal (RFP) with the following edits:

1. Add a 'Small Grant Programs' for proposals under \$200,000
2. Deadline for proposal submission will be April 11, 2018 and draft proposals being due by March 14, 2018
3. Staff is directed to make grammatical and technical changes as needed to reformat the RFP

– motion withdrawn.

MOTION: Commissioner Westrom moved to adopt FY20 LCCMR 2019 ENRTF Request for Proposal (RFP) with the following edit: remove the deadline of March 21, 2018 and replace with April 11, 2018 – motion prevailed.

MOTION: Commissioner Moody moved to have \$4,000,000 set aside for a small grants program in the FY20 LCCMR 2019 ENRTF Request for Proposal (RFP) – motion did not prevail.

MOTION: Commissioner Ingebrigtsen moved to adopt FY20 LCCMR 2019 ENRTF Request for Proposal (RFP) with the following edits:

1. Add a 'Small Grant Programs' for proposals under \$200,000
2. Staff is directed to make grammatical and technical changes as needed to the RFP

– motion prevailed.

9. [4:52:11] Review and adopt LCCMR 2018 Calendar

MOTION: Commissioner Young moved the LCCMR 2018 Calendar with the edit of the the FY20 LCCMR 2019 ENRTF Request for Proposal (RFP) dates – motion prevailed.

Becca Nash handed out the letter from Rep. Garofalo not dated. (See Attachment #3). Members discussed.

10. [5:14:00] Other business (as needed)

• Next steps in the process

Members returned to discussion of the LCCMR Recommendations for the 2018 Minnesota Legislative Session Funding Bill from the Environment and Natural Resources Trust Fund (ENRTF).

MOTION: Commissioner Moody moved to add \$439,000 to Line 12.1 to 12.12 Subd. 05f / ENRTF ID: 099-C proposal titled "Increase Diversity in Environmental Careers to Serve Minnesota's Changing Demographics" – motion did not prevail.

MOTION: Commissioner Gibson moved to add an Emerging Issues Account in the LCCMR Recommendations for the 2018 Minnesota Legislative Session Funding Bill from the Environment and Natural Resources Trust Fund (ENRTF) at \$439,000 to leave a remaining balance of \$0 – motion prevailed.

Commissioner Wagenius requested a roll call.

MOTION: Commissioner Faber moved to approve the LCCMR Recommendations for the 2018 Minnesota Legislative Session Funding Bill from the Environment and Natural Resources Trust Fund (ENRTF) including the addition from the motion under Item 8 regarding Wastewater Treatment Recommendations, the

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motion to add an Emerging Issues Account and staff is directed to make grammatical and technical changes as needed – motion prevailed (13 Yes / 3 No).

Member	Y	N	Member	Y	N
Commissioner Broberg		N	Commissioner Kessler	Y	
Commissioner Dahms	Y		Commissioner Lamppa	Y	
Commissioner Dziedzic	Pass		Commissioner Moody	Pass	
Commissioner Ecklund	Y		Commissioner Newberger	Y	
Commissioner Faber	Y		Commissioner Tomassoni	Y	
Commissioner Gibson	Pass		Commissioner Wagenius		N
Commissioner Heintzeman	Pass		Commissioner Westrom	Y	
Commissioner Hoppe	Absent		Commissioner Young		N
Commissioner Ingebrigtsen	Y				

Returned to members that passed (Sen. Dziedzic passed twice).

Member	Y	N	Member	Y	N
Commissioner Broberg		N	Commissioner Kessler	Y	
Commissioner Dahms	Y		Commissioner Lamppa	Y	
Commissioner Dziedzic	Y		Commissioner Moody	Y	
Commissioner Ecklund	Y		Commissioner Newberger	Y	
Commissioner Faber	Y		Commissioner Tomassoni	Y	
Commissioner Gibson	Y		Commissioner Wagenius		N
Commissioner Heintzeman	Y		Commissioner Westrom	Y	
Commissioner Hoppe	Absent		Commissioner Young		N
Commissioner Ingebrigtsen	Y				

- **Next meeting: December 5, 2017**

MOTION: Commissioner Faber moved to have staff cancel the LCCMR meeting on December 5, 2017 – motion prevailed.

11. Adjourn

Meeting adjourned at 4:00 p.m.

FY19 Conflict of Interest

ENRTF ID	LCCMR Member
057-B	Commissioner Faber reported a conflict of interest for ENRTF ID: 057-B, "Preventing Nitrate Contamination of Groundwater Using Perennial Grains", Heidi Peterson.
127-C	Commissioner Gibson reported a direct conflict of interest for ENRTF ID: 127-C, "Preparing Minnesotans for Changes in Wolf Management", David Kline - International Wolf Center because she is a member of the board of directors.
N/A	Commissioner Kari Dziejcz reminded members of a letter on file from Tom Bottern, Senate Counsel, regarding a family member working at the DNR affirming that it did not constitute a conflict of interest with MN DNR's proposals submitted.

1.1 Senator moves to amend S.F. No. as follows:

1.2 Page .., after line .., insert:

1.3 "Sec. .

1.4 Subd. . Fiscal year 2020 recommendations

1.5 (a) Wastewater treatment system grants.

1.6 The Legislative-Citizens Commission on

1.7 Minnesota Resources shall consider

1.8 recommending up to 50 percent of the

1.9 available money from the trust fund for

1.10 expenditure by the Public Facilities Authority

1.11 for wastewater treatment grants to home rule

1.12 charter and statutory cities and towns with a

1.13 population under 5,000. The grants shall be

1.14 issued under Minnesota Statutes, sections

1.15 446A.072 and 446A.073. The

1.16 recommendations may include a technical

1.17 assistance program for recipients eligible

1.18 under this subdivision. The commission shall

1.19 work with the Public Facilities Authority in

1.20 developing its recommendations.

1.21 (b) Wastewater treatment system loans. The

1.22 commission shall consider recommending up

1.23 to five percent of the corpus of the trust fund

1.24 for loans to the Public Facilities Authority to

1.25 issue loans under Minnesota Statutes, section

1.26 446A.07, to home rule charter and statutory

1.27 cities and towns with a population under

1.28 5,000.

1.29 (c) Work program and semiannual progress

1.30 reports. The work plan required under

1.31 Minnesota Statutes, section 116P.05,

1.32 subdivision 2, paragraph (b), shall consist of

1.33 lists showing the fundable ranges for grants

1.34 and loans pursuant to this subdivision."

2.1 Page ..., after line ..., insert:

2.2 "Sec. Minnesota Statutes 2016, section 116P.08, subdivision 2, is amended to read:

2.3 Subd. 2. **Exceptions.** Money from the trust fund may not be spent for:

2.4 (1) purposes of environmental compensation and liability under chapter 115B and
2.5 response actions under chapter 115C;

2.6 (2) purposes of municipal water pollution control in municipalities with a population of
2.7 5,000 or more under the authority of chapters 115 and 116;

2.8 (3) costs associated with the decommissioning of nuclear power plants;

2.9 (4) hazardous waste disposal facilities;

2.10 (5) solid waste disposal facilities; or

2.11 (6) projects or purposes inconsistent with the strategic plan.

2.12 Sec. Minnesota Statutes 2016, section 116P.12, subdivision 1, is amended to read:

2.13 Subdivision 1. **Loans authorized.** (a) If the principal of the trust fund equals or exceeds
2.14 \$200,000,000, the commission may vote to set aside up to five percent of the principal of
2.15 the trust fund for water system improvement loans. The purpose of water system improvement
2.16 loans is to offer below market rate interest loans to local units of government for the purposes
2.17 of water system improvements.

2.18 (b) The interest on a loan shall be calculated on the declining balance at a rate ~~four~~
2.19 ~~percentage points below~~ that is the greater of one percent or 50 percent of the secondary
2.20 market yield of one-year United States Treasury bills calculated according to section 549.09,
2.21 subdivision 1, paragraph (c).

2.22 (c) An eligible project must prove that existing federal or state loans or grants have not
2.23 been adequate.

2.24 (d) Payments on the principal and interest of loans under this section must be credited
2.25 to the trust fund.

2.26 (e) Repayment of loans made under this section must be completed within 20 years.

2.27 (f) The Minnesota Public Facilities Authority must report to the commission each year
2.28 on the loan program any loans made to the authority under this section."

Pat Garofalo
 State Representative
 District 58B
 Dakota and Goodhue Counties



Minnesota House of Representatives

COMMITTEES:
 CHAIR, JOB GROWTH AND ENERGY AFFORDABILITY POLICY AND FINANCE
 TAXES
 WAYS AND MEANS

Dear Commission Member,

At the end of this past session, Governor Dayton signed into law Chapter 94, SF 1456, the Jobs and Energy Omnibus Budget Bill. The bill made significant reforms to Xcel Energy's Renewable Development Fund (RDF).

Xcel's RDF dates back to 1994, and among its original purposes was "to stimulate research and development" of clean energy technologies.

Over the years, the RDF has drifted away from its original purpose and been used by some to fund projects well removed from the 1994 mandate. Our 2017 reforms will return the RDF to its original purpose.

As such, the RDF is again available as a resource to fund basic and applied research on clean energy topics.

I have long believed that the types of clean energy and climate-related projects funded under your "Category E" by the Trust Fund simply do not match well the purposes of the of the Environment and Natural Resources Trust Fund.

I understand that the current list of 2018 recommendations includes in Category E five projects listed for a total of \$2,550,000. A number of these projects have been previously considered and not adopted by the Legislature. I suggest that you repurpose these dollars to more urgent priorities.

I believe that these projects are a better fit with the reformed RDF. To that end, I ask that all energy and climate change project applicants to the 2018 round of LCCMR funding, instead apply for RDF funds.

If any such items are included in the LCCMR funding bill, I will oppose those items and will actively seek their removal from the bill.

Thank you for your service. Please let me know if you have any questions on this matter.

Sincerely,

A handwritten signature in blue ink that reads "Pat Garofalo".

Rep. Patrick Garofalo
 Chair, House Job Growth and Energy Affordability Policy and Finance Committee

