

(\$ in thousands)

Project Title	Priority Ranking	Funding Source	Project Requests for State Funds		
			2020	2022	2024
Rural Finance Authority (RFA) Loans	1	GO	\$ 100,000	\$ 0	\$ 0
MDA MDH Laboratory Building Infrastructure Improvements and Renovation	2	GO	\$ 19,901	\$ 0	\$ 0
		GF	\$ 720	\$ 0	\$ 0
<b>Total Project Requests</b>			<b>\$ 120,621</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>General Obligation Bonds (GO) Total</b>			<b>\$ 119,901</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>General Fund Cash (GF) Total</b>			<b>\$ 720</b>	<b>\$ 0</b>	<b>\$ 0</b>

(\$ in thousands)

**Rural Finance Authority (RFA) Loans****AT A GLANCE****2020 Request Amount:** \$100,000**Priority Ranking:** 1**Project Summary:** Authorization to sell general obligation bonds totaling \$100 million. Proceeds from the bond sales will be used to support loan programs administered by the Minnesota Rural Finance Authority (RFA).**Project Description**

The RFA will purchase a forty-five percent (45%) interest in the lender's first mortgage (up to \$400,000) to an eligible farmer under the Basic, Seller Assisted and Agriculture Improvement Loan Programs.

The RFA will purchase a forty-five percent (45%) interest in the lender's first mortgage (up to \$525,000) to an eligible farmer under the Restructure II and Livestock Expansion Loan Programs.

The participation interest is set up on a reduced interest rate to improve the farmer's cash flow and share the risk of making the loan with the lender.

**Project Rationale**

The Minnesota Rural Finance Authority was created in 1986 to develop the state's agricultural sector by partnering with local lenders to offer credit to farmers on terms and conditions not otherwise available.

The RFA saw a sharp increase in loan volume in the first part of 2017, receiving loan requests in the first 5 months that are closer to an average year's worth of requests. RFA loan rates remain low in an escalating interest rate environment, making RFA participation financially attractive to farmers. This has spurred a number of new expansions of livestock facilities and restructuring of debt. The Beginning Farmer program has also seen a high level of interest and usage. Application volume has effectively doubled in FY2018 and FY2019 as compared to previous years. The somewhat recent change in statute that allows for almost double the maximum net worth farmers can have in order to qualify for our programs has been crucial in updating our programs to serve more Minnesota farmers. It is likely that the new limits and the continued lower than market interest rates will continue to drive robust future demand for these programs.

**Project Timeline**

Applications are accepted and loans are distributed on a rolling basis throughout the year.

**Other Considerations**

Principal and interest received on loan participations are deposited into a fund for the redemption of bonds issued under the various programs and may not be used to fund further loans. Annually, around December 1, these funds are transferred to the Minnesota Management and Budget Debt Service Fund for bond redemption and interest payments on the bonds for the following year.

**Impact on Agency Operating Budgets**

There is no change to annual operating budgets.

**Description of Previous Appropriations**

Laws of Minnesota for 2017, Chapter 4, appropriated \$35 million in general obligation bonds.

Laws of Minnesota for 2018, Chapter 214, appropriated \$35 million in general obligation bonds.

**Project Contact Person**

Peder Kjeseth  
Director of Government Affairs  
651-201-6607  
peder.kjeseth@state.mn.us

(\$ in thousands)

**MDA|MDH Laboratory Building Infrastructure Improvements and Renovation****AT A GLANCE****2020 Request Amount:** \$20,621**Priority Ranking:** 2

**Project Summary:** The Agriculture and Health departments are jointly seeking capital funding of \$20.62 million to correct safety, energy, and operational efficiency problems at the MDA/MDH Laboratory Building in Saint Paul. Architectural, mechanical, and electrical improvements are needed throughout the building to support critical laboratory testing in the areas of emergency response, food safety, infectious diseases, homeland security, and environmental contaminants.

**Project Description**

The Minnesota Department of Agriculture/Minnesota Department of Health (MDA/MDH) Lab Building is an 181,000 square-foot building completed in 2005. Periodic retro-commissioning is a recommended best practice for these type of facilities to provide a stable environment for laboratory testing and to ensure the building and its various systems are performing as originally designed.

Sebesta, an NV5 Global Company, recently completed a retro-commissioning study to answer those questions. Retro-commissioning is a process that evaluates and improves the way building equipment and systems work together. Depending on the age of a building, the retro-commissioning process can uncover problems associated with design or construction, or problems that developed throughout the building's life. The results of the Sebesta retro-commissioning study highlighted several building infrastructure improvements needed to make the MDA/MDH Lab building function correctly and safely. The recommendations include general architectural, mechanical, and electrical improvements throughout the building to correct safety, energy, and operational efficiency problems.

Required corrections and improvements include:

- Replacing deteriorated ductwork to reduce the risk of liquid and air contamination of laboratory spaces and to reduce the need to operate exhaust systems beyond design parameters.
- Updating exhaust and airflow systems to ensure that lab air contaminants do not enter office and meeting spaces.
- Repairing and replacing components of HVAC systems to improve efficiency and to ensure safe and proper conditions for laboratory testing.
- Redesigning laboratory spaces to minimize the risk of cross contamination of samples.
- Create a dedicated biosafety level 3 (BSL-3) laboratory space needed to test food for threat agents such as anthrax, plague, and ricin that meets federal standards and allows for safe handling of select agents.
- Installing a centralized, building-wide uninterruptable power supply to ensure critical laboratory equipment does not shut down during a power outage.

- Performing standard 10-year maintenance on building systems to protect the value of this \$60 million asset.

While MDA and MDH rely on a variety of standard operating procedures to mitigate these risks, the improvements identified in the retro-commissioning study are a more efficient and effective means to ensure laboratory testing is accurate.

Work will include bidding, construction administration, construction, commissioning, and post-construction phases.

## **Project Rationale**

The MDA/MDH laboratories play a critical role in protecting human health, the environment, and the agricultural economy in Minnesota. Much of the testing performed by these laboratories is not available at other laboratories and requires the use of sophisticated, up-to-date facilities and instrumentation. Routine testing includes screening of food, water, human clinical specimens, and a variety of other samples to identify environmental risks, infectious diseases, threats to our food and water supplies, and other public health threats. The labs perform testing and analyses to:

- Ensure a safe, secure food supply free of pesticides, food-borne pathogens, and environmental contaminants by testing food samples and investigating foodborne disease outbreaks.
- Detect, investigate, and control infectious diseases like Ebola, Zika, and measles.
- Monitor bacteria and viruses to look for alarming trends such as resistance of microorganisms to antimicrobial agents or vaccines used to treat and prevent illness.
- Protect the environment and drinking water from hazardous chemicals, radioactive substances, pharmaceutical compounds, and misuse of agricultural chemicals.
- Detect rare but treatable disorders in newborns, so they can receive treatment to prevent illness, physical disability, or death.
- Detect and respond to potential biological and chemical terrorism threats, such as anthrax and nerve agents.

In order to perform advanced testing on these demanding organisms and chemicals, the MDA/MDH laboratories must employ sophisticated equipment and procedures that require highly specialized facilities. The state invested \$60 million to construct a state-of-the-art laboratory facility to support these important public services. This facility, if operating properly, provides a safe environment for staff processing and handling specimens and samples through the use of fume hoods, biosafety cabinets, and engineering controls to maintain proper directional air flow. Proper functioning of the facility provides analysts confidence that they are not being inadvertently exposed to harmful substances and helps ensure that data generated within the facility is accurate and not at risk from cross contamination, which could affect patient health and negatively impact the regulated community. The concerns identified in the retro-commissioning study must be corrected to ensure the building meets current functionality requirements and can be operated safely and efficiently well into the future. This proposal contains a request for additional dollars to contract the moving expenses associated with sensitive high end scientific equipment and the subsequent calibrations and verification of their performance.

## **Project Timeline**

- June 2019 – Capital Budget Request submitted
- May 2020 – Bonding Bill approval
- August 2020 – Construction Documents (bid docs) 100% complete

- Sept 2020 – Subcontractor bidding
- Oct 2020 – GMP execution
- Nov 2020 – Tentative start of on-site construction
- Aug 2022 – Tentative substantial completion of construction

**Other Considerations**

N/A

**Impact on Agency Operating Budgets**

The Department of Administration will increase lease rates charged to MDA and MDH for the life of the bonds to recover debt service costs. Staff and equipment will need to be relocated within the building multiple times during the project to maintain highly-specialized laboratory testing that cannot be performed elsewhere. These relocation costs are not bondable.

**Description of Previous Appropriations**

N/A

**Project Contact Person**

Ryan Allen  
Principal Project Manager  
651-201-2392  
ryan.allen@state.mn.us