



Date: January 14, 2016

To: Senator Richard Cohen
Chair, Finance Committee

Senator David Tomassoni
Chair, Environmental, Economic Development and Agriculture Budget Division

Representative Jim Knoblach
Chair, Ways and Means Committee

Representative Pat Garofalo
Chair, Job Growth and Energy Affordability Policy and Finance Committee

Subject: FY 2016 Fee Report of the Minnesota Public Facilities Authority

The enclosed report is submitted in compliance with Minnesota Statutes Section 446A.04, Subdivision 5 (b), which requires the Minnesota Public Facilities Authority (PFA) to submit an “annual report to the Chairs of the finance and appropriations committees of the Legislature on: (1) the amount of fees collected under this subdivision for cost incurred by the authority; (2) the purposes for which the fee proceeds have been spent; and (3) the amount of any remaining balance of fee proceeds.”

The PFA is authorized to collect up to 2% of each loan repayment as servicing fees. The majority of borrowers make their loan repayments each August and February. The PFA is also authorized to collect fees upon execution of certain grant agreements and credit enhancement applications.

The enclosed Fee Report reflects the PFA’s fee collections and expenditures for fiscal years 2013 through 2015.

The PFA’s legal authority and financial capacity to pay its administrative expenses and contract for services necessary to fulfill its obligations are critical to maintaining its AAA bond ratings. The expenditure of fee revenues is governed by federal regulations and state law. Both prohibit using the fees for any another purpose, providing another layer of protection considered by the rating agencies in evaluating the long term management capacity and stability of the Authority.

If you have any questions or would like to discuss the contents of the report please call me at 651-259-7465.

Sincerely,

Jeff Freeman, Executive Director
Minnesota Public Facilities Authority

Enclosure

c: Reed Polakowski, Legislative Reference Library (2 copies)

Minnesota Public Facilities Authority

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Minnesota Public Facilities Authority
Annual Fee Report
For the Fiscal Years ending June 30, 2015, 2014, and 2013
(as required by Minnesota Statutes, Section 446A.04 subd. 5(b))

Description	2015	2014	2013
Beginning cash balance	5,622,288.72	4,965,386.80	5,117,664.86
Fees collected during the year	2,962,714.34	2,944,620.91	2,398,936.28
Expenditures during the year:			
Bond Program Related Expenses:			
Arbitrage rebate calculation	6,350.00	27,682.10	16,500.00
Annual audit	59,000.00	56,000.00	61,867.75
Other	8,019.89	17,458.55	37,647.96
Program Administration:			
Clean Water - PFA	679,534.86	506,926.56	656,436.44
Clean Water - PCA	1,400,040.62	1,285,079.85	1,294,413.43
Clean Water - MDA	191,019.39		
Drinking Water - PFA	411,325.01	308,777.62	403,365.20
Transportation	36,281.70	24,189.67	-
Credit Enhancement	9,867.90	30,606.26	35,654.82
Other-Application Fees	16,151.65	30,998.38	45,328.74
Total Expenditures	2,817,591.02	2,287,718.99	2,551,214.34
Ending Cash balance *	5,767,412.04	5,622,288.72	4,965,386.80
* Cash balance by program:			
Clean Water	2,747,421.83	2,922,471.13	2,670,445.76
Drinking Water	2,936,662.17	2,640,391.29	2,202,325.05
Transportation	15,650.73	-	-
Credit Enhancement	22,224.90	21,592.80	40,699.06
Other-Application Fees	45,452.41	37,833.50	51,916.93
	5,767,412.04	5,622,288.72	4,965,386.80

Notes:

This report is presented on a cash basis, reflecting activity during each fiscal year ending, and the cash balance as of, each June 30.

Significant amounts of loan prepayments received during recent fiscal years increased the amount of fees collected and the balance carried. This balance is expected to settle in the long-term to approximately one year's coverage of expenditures.

Estimated staff cost (as required by Minnesota Statutes, section 3.197): Preparation of this report required an estimated 9 hours of staff time for an approximate cost of \$419.