



Date: January 13, 2010

To: Senator Richard J. Cohen
Chair, Senate Finance Committee

Senator David J. Tomassoni
Chair, Economic Development and Housing Budget Division

Representative Lyndon Carlson
Chair, House Finance Committee

Representative Mary Murphy
Chair, Cultural and Outdoor Resources Finance Division

Subject: FY 2009 Fee Report of the Minnesota Public Facilities Authority

The enclosed report is being submitted to comply with Minnesota Statutes Section 446A.04, Subdivision 5 (b), which requires the Authority 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 Authority is authorized to collect up to 2% of each loan repayment for servicing fees. This excludes deducting any principal, which is not allowed by the federal government.

Loan repayments are made to the Public Facilities Authority by municipalities every August and February. The Public Facilities Authority pays interest on its bonds on September 1st and principal and interest on March 1st of every year.

The enclosed Fee Report spreadsheet reflects the Authority's fee collections and expenditures for fiscal years 2007 through 2009.

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

If you have any questions or would like to discuss the contents of the report please call me at 651/259-7468.

Sincerely,

Terry Kuhlman, Executive Director
Minnesota Public Facilities Authority

Enclosure

cc. Legislative Library

Minnesota Public Facilities Authority

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Minnesota Public Facilities Authority
Annual Fee Report
For the Fiscal Years ending June 30, 2009, 2008, and 2007

<u>Description</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Beginning cash balance	1,769,629.91	1,740,089.35	1,718,860.68
Fees collected during the year	2,315,753.83	2,200,240.36	1,946,402.49
Expenditures during the year:			
Bond Program Related Expenses:			
Arbitrage rebate calculation		35,000.00	38,500.00
Annual audit	47,600.00	48,800.00	38,900.00
Other	229,711.89	150,411.10	58,311.24
Program Administration:			
Clean Water - PFA	581,524.11	534,630.51	487,387.48
Clean Water - PCA	1,210,928.50	1,114,974.42	1,077,397.66
Drinking Water	263,027.60	258,213.88	189,020.35
Transportation	16,224.85	27,423.23	33,673.85
Credit Enhancement	1,703.30	1,246.66	1,983.24
Total Expenditures	<u>2,350,720.25</u>	<u>2,170,699.80</u>	<u>1,925,173.82</u>
Ending Cash balance *	1,734,663.49	1,769,629.91	1,740,089.35

* Cash balance by program:

Clean Water	379,726.60	648,606.19	747,183.15
Drinking Water	1,290,229.14	1,067,648.18	919,133.31
Transportation	16,165.57	32,390.42	59,813.65
Credit Enhancement	36,732.20	9,435.50	7,432.16
Other	11,809.98	11,549.62	6,527.08
	<u>1,734,663.49</u>	<u>1,769,629.91</u>	<u>1,740,089.35</u>

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.