



Date: January 10, 2011

To: Senator Claire Robling
Chair, Finance Committee

Senator Bill Ingebrigtsen
Chair, Environmental and Natural Resources Committee

Representative MaryLiz Holberg
Chair, Ways and Means Committee

Representative Denny McNamara
Chair, Environment, Energy, and Natural Resources Policy and Finance Committee

Representative Dean Urdahl
Chair, Legacy Funding Division

Subject: FY 2010 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 as servicing fees. The majority of Authority borrowers make their loan repayments each August and February. The Authority pays debt service on its bonds each September 1st (interest only) and March 1st (principal and interest). The Authority also collects fees upon execution of certain grant agreements and credit enhancement applications.

The enclosed Fee Report reflects the Authority's fee collections and expenditures for fiscal years 2008 through 2010.

The Public Facilities Authority's legal authority and financial capacity to pay its administrative expenses and contract for services necessary to fulfill its obligations is 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 651-259-7468.

Sincerely,

Terry Kuhlman, Executive Director
Minnesota Public Facilities Authority

Enclosure

cc: Legislative Reference Library

Minnesota Public Facilities Authority

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Minnesota Public Facilities Authority
Annual Fee Report
For the Fiscal Years ending June 30, 2010, 2009, and 2008

<u>Description</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Beginning cash balance	1,734,663.49	1,769,629.91	1,740,089.35
Fees collected during the year	2,686,804.28	2,315,753.83	2,200,240.36
Expenditures during the year:			
Bond Program Related Expenses:			
Arbitrage rebate calculation	23,000.00		35,000.00
Annual audit	60,000.00	47,600.00	48,800.00
Other	243,073.72	229,711.89	150,411.10
Program Administration:			
Clean Water - PFA	565,853.80	581,524.11	534,630.51
Clean Water - PCA	204,771.48	1,210,928.50	1,114,974.42
Drinking Water	376,847.78	263,027.60	258,213.88
Transportation	16,165.57	16,224.85	27,423.23
Credit Enhancement	4,075.86	1,703.30	1,246.66
Total Expenditures	<u>1,493,788.21</u>	<u>2,350,720.25</u>	<u>2,170,699.80</u>
Ending Cash balance *	2,927,679.56	1,734,663.49	1,769,629.91
* Cash balance by program:			
Clean Water	1,396,374.45	379,726.60	648,606.19
Drinking Water	1,455,619.13	1,290,229.14	1,067,648.18
Transportation	-	16,165.57	32,390.42
Credit Enhancement	45,156.34	36,732.20	9,435.50
Other	30,529.64	11,809.98	11,549.62
	<u>2,927,679.56</u>	<u>1,734,663.49</u>	<u>1,769,629.91</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.

During fiscal year 2010, PCA administrative costs were paid from federal capitalization grants to re-build the balance in the fee account.