

Date: January 12, 2012

To: Senator Claire Robling
Chair, Finance Committee

Senator Mike Parry
Chair, State Government Innovation and Veterans Committee

Senator Bill Ingebrigtsen
Chair, Environmental and Natural Resources Committee

Representative MaryLiz Holberg
Chair, Ways and Means Committee

Representative Morrie Lanning
Chair, State Government Finance Committee

Representative Dean Urdahl
Chair, Legacy Funding Division

Subject: FY 2011 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 2009 through 2011.

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

Minnesota Public Facilities Authority

1st National Bank Building • 332 Minnesota St., Suite E200 • Saint Paul, MN 55101-1351 • USA
651-259-7469 • 800-657-3858 • Fax: 651-296-8833 • TTY/TDD: 651-296-3900

www.positivelyminnesota.com/pfa

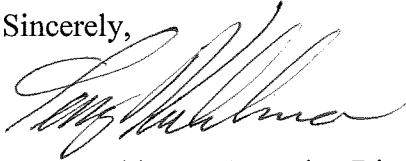
An equal opportunity employer and service provider

FY 2011 Fee Report
January 12, 2012
Page 2

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,

A handwritten signature in black ink, appearing to read "Terry Kuhlman", written in a cursive style.

Terry Kuhlman, Executive Director
Minnesota Public Facilities Authority

Enclosure

c: Jess Hopeman, Legislative Reference Library (2 copies)

Note (as required by Minnesota Statutes, section 3.197): Preparation of this report required an estimated 1.8 hours of staff time for a total cost of \$92.

Minnesota Public Facilities Authority
Annual Fee Report
For the Fiscal Years ending June 30, 2011, 2010, and 2009

Description	2011	2010	2009
Beginning cash balance	2,927,679.56	1,734,663.49	1,769,629.91
Fees collected during the year	2,922,906.15	2,686,804.28	2,315,753.83
Expenditures during the year:			
Bond Program Related Expenses:			
Arbitrage rebate calculation	34,788.07	23,000.00	
Annual audit	68,500.00	60,000.00	47,600.00
Other	160,081.43	243,073.72	229,711.89
Program Administration:			
Clean Water - PFA	655,870.21	565,853.80	581,524.11
Clean Water - PCA	-	204,771.48	1,210,928.50
Drinking Water - PFA	415,107.37	376,847.78	263,027.60
Transportation	38,390.97	16,165.57	16,224.85
Credit Enhancement	2,821.10	4,075.86	1,703.30
Total Expenditures	1,375,559.15	1,493,788.21	2,350,720.25
Ending Cash balance *	4,475,026.56	2,927,679.56	1,734,663.49
* Cash balance by program:			
Clean Water	2,603,639.86	1,396,374.45	379,726.60
Drinking Water	1,742,828.56	1,455,619.13	1,290,229.14
Transportation	18,643.72	-	16,165.57
Credit Enhancement	55,835.24	45,156.34	36,732.20
Other	54,079.18	30,529.64	11,809.98
	4,475,026.56	2,927,679.56	1,734,663.49

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 budget fiscal years 2010-2011, PCA administrative costs were paid from federal capitalization grants to re-build the balance in the fee account to a more sustainable level.