



Date: January 9, 2013

To: Senator Dick Cohen
Chair, Finance Committee

Senator David Tomassoni
Chair, Environmental, Economic Development and Ag Division

Representative Lyndon Carlson
Chair, Ways and Means Committee

Representative Mary Murphy
Chair, State Government Finance Committee

Subject: FY 2012 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 is also authorized to collect 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 2010 through 2012.

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

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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,

A handwritten signature in black ink, appearing to read "Jeff Freeman". The signature is fluid and cursive, with the first name "Jeff" and last name "Freeman" clearly distinguishable.

Jeff Freeman, 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 3 hours of staff time for a total cost of \$165.

Minnesota Public Facilities Authority
Annual Fee Report
For the Fiscal Years ending June 30, 2012, 2011, and 2010

Description	2012	2011	2010
Beginning cash balance	4,475,026.56	2,927,679.56	1,734,663.49
Fees collected during the year	3,236,183.39	2,922,906.15	2,686,804.28
Expenditures during the year:			
Bond Program Related Expenses:			
Arbitrage rebate calculation	11,500.00	34,788.07	23,000.00
Annual audit	75,600.00	68,500.00	60,000.00
Other	93,189.48	160,081.43	243,073.72
Program Administration:			
Clean Water - PFA	596,915.52	655,870.21	565,853.80
Clean Water - PCA	1,410,291.73	-	204,771.48
Drinking Water - PFA	389,023.28	415,107.37	376,847.78
Transportation	16,043.72	38,390.97	16,165.57
Credit Enhancement	981.36	2,821.10	4,075.86
Total Expenditures	2,593,545.09	1,375,559.15	1,493,788.21
Ending Cash balance *	5,117,664.86	4,475,026.56	2,927,679.56

* Cash balance by program:

Clean Water	3,027,124.37	2,603,639.86	1,396,374.45
Drinking Water	1,948,344.52	1,742,828.56	1,455,619.13
Transportation	-	18,643.72	-
Credit Enhancement	67,353.88	55,835.24	45,156.34
Other	74,842.09	54,079.18	30,529.64
	5,117,664.86	4,475,026.56	2,927,679.56

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.