

Date: January 13, 2014

To: Senator Richard 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 2013 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 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."

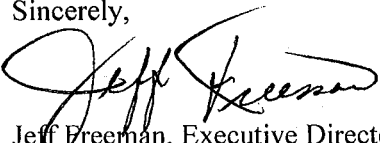
The PFA is authorized to collect up to 2% of each loan repayment as servicing fees. The majority of borrowers make their loan repayments each August and February. The PFA is also authorized to collect fees upon execution of certain grant agreements and credit enhancement applications.

The enclosed Fee Report reflects the PFA's fee collections and expenditures for fiscal years 2011 through 2013.

The PFA'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 651-259-7465.

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, 2013, 2012, and 2011
(as required by Minnesota Statutes, Section 446A.04 subd. 5(b))

Description	2013	2012	2011
Beginning cash balance	5,117,664.86	4,475,026.56	2,927,679.56
Fees collected during the year	2,398,936.28	3,236,183.39	2,922,906.15
Expenditures during the year:			
Bond Program Related Expenses:			
Arbitrage rebate calculation	17,000.00	11,500.00	34,788.07
Annual audit	64,000.00	75,600.00	68,500.00
Other	37,647.96	93,189.48	160,081.43
Program Administration:			
Clean Water - PFA	656,436.44	596,915.52	655,870.21
Clean Water - PCA	1,294,413.43	1,410,291.73	-
Drinking Water - PFA	403,365.20	389,023.28	415,107.37
Transportation	-	16,043.72	38,390.97
Credit Enhancement	35,654.82	981.36	2,821.10
Other-Application Fees	45,328.74		
Total Expenditures	2,553,846.59	2,593,545.09	1,375,559.15
Ending Cash balance *	4,962,754.55	5,117,664.86	4,475,026.56
* Cash balance by program:			
Clean Water	2,670,445.76	3,027,124.37	2,603,639.86
Drinking Water	2,202,325.05	1,948,344.52	1,742,828.56
Transportation	-	-	18,643.72
Credit Enhancement	40,699.06	67,353.88	55,835.24
Other-Application Fees	51,916.93	74,842.09	54,079.18
	4,965,386.80	5,117,664.86	4,475,026.56

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 accounts to a more sustainable level. Loan prepayments received during fiscal years 2012-2013 increased the fee receipts above projected; these factors have combined to temporarily increase the balance carried in the fee accounts.

Note (as required by Minnesota Statutes, section 3.197): Preparation of this report required an estimated 4 hours of staff time for an approximate cost of \$193.