

m MINNESOTA
PUBLIC FACILITIES AUTHORITY

Date: January 5, 2018

To: Senator Julie Rosen
Chair, Finance Committee

Senator Bill Ingebrigtsen
Chair, Environment and Natural Resources Finance

Representative Jim Knobloch
Chair, Ways and Means Committee

Representative Pat Garofalo
Chair, Job Growth and Energy Affordability Policy and Finance Committee

Subject: FY 2017 Fee Report of the Minnesota Public Facilities Authority

The enclosed report is submitted in compliance with Minnesota Statutes, section 446A.04, subdivision 5 (b), which requires the Minnesota Public Facilities Authority (PFA) to "annually report to the chairs of the finance and appropriations committees of the Legislature on: (1) the amount of fees collected under this subdivision for costs 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 may collect up to 2% of each loan repayment as servicing fees and up to 0.5% of applications upon execution of certain loan and grant agreements. Credit enhancement applications under Minnesota Statutes, Section 446A.086 are subject to a \$500 application fee.

The enclosed Fee Report reflects the PFA's fee collections and expenditures for the three most recent fiscal years: 2017, 2016, and 2015.

The PFA's legal authority and financial capacity to pay its administrative expenses and contract for services necessary to fulfill its obligations are critical to maintaining the PFA's 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: Katie Elmore, Legislative Reference Library (2 copies)

MINNESOTA PUBLIC FACILITIES AUTHORITY

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AN EQUAL OPPORTUNITY EMPLOYER AND SERVICE PROVIDER

Minnesota Public Facilities Authority
Annual Fee Report
For the Fiscal Years ending June 30, 2017, 2016, 2015
(as required by Minnesota Statutes, Section 446A.04 subd. 5(b))

| Description | FY 2017 | FY 2016 | FY 2015 |
|---|---|-----------|-----------|
| Beginning cash balance | 6,131,998 | 5,805,236 | 5,661,581 |
| Fees collected during the fiscal year (+ ITC interest) | 3,450,915 | 3,196,899 | 2,963,157 |
| Expenditures during the fiscal year: | | | |
| Credit Enhancement Program | 14,006 | 5,263 | 10,824 |
| Clean Water Legacy Programs | 42,332 | 16,504 | 17,107 |
| Clean Water Revolving Fund: | | | |
| Bond related costs (audit, rebate calcs, etc) | 37,330 | 58,217 | 42,383 |
| Staff and general admin: | | | |
| B24-PFA | 662,271 | 599,952 | 582,169 |
| B22-DEED | 58,645 | 84,245 | 97,366 |
| R32-PCA | 1,531,956 | 1,615,740 | 1,400,041 |
| B04-MDA | - | 3,981 | 191,019 |
| Drinking Water Revolving Fund: | | | |
| Bond related costs (audit, rebate calcs, etc) | 30,693 | 35,278 | 27,133 |
| Staff and general admin: | | | |
| B24-PFA | 410,187 | 361,817 | 353,189 |
| B22-DEED | 37,767 | 50,276 | 58,136 |
| H12-MDH | 588,727 | - | - |
| Transportation Revolving Loan Fund: | | | |
| Bond related costs (audit, rebate calcs, etc) | 10,349 | 4,850 | 3,854 |
| Staff and general admin: | | | |
| B24-PFA | 36,034 | 29,769 | 31,194 |
| B22-DEED | 3,194 | 4,246 | 5,088 |
| total fee account expenditures | 3,463,490 | 2,870,138 | 2,819,503 |
| Ending Cash balance * | 6,119,422 | 6,131,998 | 5,805,236 |
| * balance by program: | | | |
| Credit Enhancement Program | 32,956 | 28,962 | 22,225 |
| Clean Water Legacy Programs | 69,884 | 58,943 | 45,973 |
| Clean Water Revolving Fund | 2,865,703 | 2,687,106 | 2,747,422 |
| Drinking Water Revolving Fund | 3,078,506 | 3,286,671 | 2,936,662 |
| Transportation Revolving Loan Fund | 72,373 | 70,316 | 52,955 |
| | 6,119,422 | 6,131,998 | 5,805,236 |
| Agency key: | | | |
| B24-PFA | Public Facilities Authority | | |
| B22-DEED | Department of Employment and Economic Development | | |
| R32-PCA | Pollution Control Agency | | |
| B04-MDA | Department of Agriculture | | |
| H12-MDH | Department of Health | | |

This report presents fiscal year cash-basis activity. Receipts include the Fees plus the relatively small amount of ITC earnings credited to these accounts.

Fee account balances are at a projected high point after significant loan prepayments. Future fee collections will be reduced due to the prepayments, and, beginning in FY 2017, MDH costs for the DWRF are also being charged to these fee accounts. The balance is projected to decrease in the long-term to a target amount equal to approximately one year's coverage of expenditures.

Estimated staff cost (as required by Minnesota Statutes, section 3.197): Preparation of this report required an estimated 6 hours of staff time for an approximate cost of \$292.