



MINNESOTA

PUBLIC FACILITIES AUTHORITY

2022 Annual Report



Minnesota Public Facilities Authority

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January 11, 2023

To the Governor and Legislature:

On behalf of the board and staff of the Minnesota Public Facilities Authority (MPFA), I am pleased to provide you with our fiscal year (FY) 2022 Annual Report as required by Minnesota Statutes, Section 446A.09.

The MPFA is a multi-agency authority that provides financing and technical assistance to local governments for infrastructure projects that support a thriving state economy and a clean, healthy environment. The board consists of the Commissioners of the Pollution Control Agency and the Departments of Health, Agriculture, Transportation, Management and Budget, and Employment and Economic Development, with the DEED Commissioner serving as MPFA Chair.

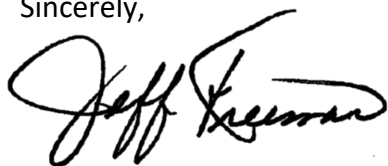
During FY 2022 the MPFA awarded \$326 million in 70 financial assistance agreements to communities throughout Minnesota, including \$115 million in grants and \$211 million in below-market-rate loans that will save communities and their residents over \$5.2 million in interest.

Since inception in 1987, the MPFA has awarded \$5.79 billion in 1,696 financial assistance agreements, primarily for water infrastructure, including \$965 million in grants and \$4.82 billion in below-market rate loans that save communities and their residents over \$1 billion in interest.

The MPFA's independently audited Financial Report for FY 2022 is included with this Annual Report. The MPFA remains in excellent financial health. MPFA revenue bonds for revolving loan funds have AAA ratings.

We look forward to continuing the MPFA's mission of providing affordable financing to help meet the State's infrastructure needs. If there are any questions about the MPFA or this report, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Jeff Freeman". The signature is fluid and cursive, with the first name "Jeff" being larger and more prominent than the last name "Freeman".

Jeff Freeman, Executive Director
Minnesota Public Facilities Authority
651-259-7465
jeff.freeman@state.mn.us

Note (as required by Minnesota Statutes, section 3.197): Preparation of this report required an estimated 28 hours of staff time for an approximate cost of \$2,116.

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Introduction

The MPFA is a multi-agency authority that provides financing and technical assistance to local governments for infrastructure projects that support a thriving state economy and a clean, healthy environment. The MPFA board consists of the Commissioners of the Pollution Control Agency and the Departments of Health, Agriculture, Transportation, Management and Budget, and Employment and Economic Development, with the DEED Commissioner serving as MPFA Chair.

MPFA priorities are to:

- Manage revolving loan fund assets (\$2.1 billion) to ensure a stable source of low-cost infrastructure financing in perpetuity.
- Provide infrastructure financing programs to support water quality, public health, and other priorities identified by statute and member agencies.
- Help local governments maintain and improve their water infrastructure systems while keeping costs affordable for their residents.

The MPFA manages three revolving loan funds that receive federal capitalization grants and state match appropriations. Loan repayments and investment interest are dedicated to the revolving loan funds, and MPFA has authority to issue up to \$2 billion in revenue bonds to raise additional capital for the funds, to make below-market-rate loans. In addition, MPFA manages several other grant and loan programs funded primarily by state appropriations. All major programs are administered in conjunction with member agencies. The MPCA, MDH, and MnDOT are responsible for establishing project priorities, technical review, and regulatory compliance for projects on their respective priority lists that are being considered for MPFA financing.

The Executive Director is responsible for carrying out MPFA responsibilities, including compliance with state and federal regulations related to program administration and debt issuance. Staff advise communities on financing requirements and options, review the creditworthiness of applicants, determine that full project financing is in place and that necessary dedicated revenues are established, disburse loan and grant funds as eligible costs are incurred, and collect loan repayments.

The MPFA receives no general fund appropriations. Funding for the revolving loan funds comes from federal capitalization grants, state match funds appropriated from state bond proceeds, revolving fund revenues, and proceeds of MPFA's AAA-rated revenue bonds (backed solely by the assets and revenues of the revolving loan funds). Funding for grant programs comes from appropriations of state bond proceeds and Clean Water Legacy Funds. Administrative costs for the MPFA (10.8 FTEs), MPCA (13.3 FTE's), and MDH (4.4 FTEs) for FY 2022 were paid from service fees.

MPFA Programs

Clean Water Revolving Fund (CWRP)

The CWRP (MS 446A.07) is supported by annual federal capitalization grants and state matching grants, combined with loan repayments and MPFA revenue bond proceeds to provide a permanent source of low-cost capital to help local governments finance point source (wastewater and storm water) infrastructure projects. The CWRP primarily provides low interest loans but is also authorized under federal and state law to provide a portion of federal funds in the form of principal forgiveness grants based on affordability criteria and for energy conservation and other green infrastructure projects.

MPFA has allocated CWRP funds to nonpoint source (caused by runoff over or through the ground) pollution-control revolving loan programs administered by partner agencies.

Drinking Water Revolving Fund (DWRP)

The DWRP (MS 446A.081) is supported by annual federal capitalization grants and state matching funds, combined with loan repayments and MPFA revenue bond proceeds to provide a permanent source of low-cost capital to help local governments finance drinking water infrastructure projects. The DWRP primarily provides low interest loans but is also authorized under federal and state law to provide a portion of federal funds in the form of principal forgiveness grants based on affordability criteria.

A portion of federal capitalization grants for drinking water are used for set-aside activities as per the Safe Drinking Water Act.

Water Infrastructure Funding Program (WIF)

The WIF program (MS 446A.072) provides supplemental grants based on affordability criteria to assist municipalities to replace aging and obsolete water systems with projects that would otherwise be unaffordable. WIF funds are appropriated from state bond proceeds. The program provides grants up to \$5 million to supplement low-interest loans from the MPFA's CWRP or DWRP or to match grant and loan funding from the U.S. Department of Agriculture (USDA) Rural Development. Based on a community's system costs per household and median household income, WIF grants are awarded for up to 80% of project costs or up to 65% of the grant need determined by USDA Rural Development.

Point Source Implementation Grant Program (PSIG)

The PSIG program (MS 446A.073) provides grants up to \$7 million for 80% of eligible costs for municipal wastewater treatment and storm water projects when the MPCA determines that higher levels of treatment are necessary to improve water quality by reducing discharge of certain pollutants. PSIG funds are appropriated from the Clean Water Legacy Fund and state bond proceeds. Eligible PSIG projects include those project costs necessary to meet Total

Maximum Daily Load wasteload requirements and water-quality-based effluent limit requirements, including phosphorus, chlorides, mercury, and other pollutants.

Small Community Wastewater Treatment Program (SCWW)

The SCWW program (MS 446A.075) provides grants and low-interest loans to help very small unsewered communities address environmental and public health problems from non-complying septic systems. Funds are appropriated from the Clean Water Legacy Fund. The program provides technical assistance grants to help communities evaluate wastewater treatment alternatives, and construction financing through grants and low-interest loans to replace individual systems with community subsurface treatment systems. Loan repayments revolve back to support new projects.

Transportation Revolving Loan Fund (TRLF)

The TRLF (MS 446A.085) is a revolving loan fund established in 1997 that combines a one-time infusion of federal funds, prior state appropriations, and MPFA revenue bond proceeds to create an alternative source of financing for certain transportation projects selected by the Department of Transportation. Net loan repayments revolve back to the fund for new loans.

Credit Enhancement Program

In addition to its direct financing programs, the MPFA administers the Credit Enhancement Program (MS 446A.086) in conjunction with MMB to reduce borrowing costs for local governments that issue their general obligation bonds for eligible construction projects in the private market. The program provides a limited state (not MPFA) guarantee of the local government's bond payments, helping issuers achieve higher bond ratings and thereby lower interest costs. Eligible projects include county law enforcement facilities, social and human services buildings, and solid waste facilities, and city wastewater, drinking water, and stormwater facilities. The total amount of debt outstanding cannot exceed \$1 billion.

Factors Impacting MPFA's Ability to Meet Program Demand

Water Infrastructure Needs and MPFA's Funding Process

Maintaining and improving Minnesota's water infrastructure is critical to protecting public health and the environment and to the economic vitality of our communities.

Minnesota has significant long-term municipal water infrastructure needs that will require ongoing support. Based on recent needs surveys conducted by MPCA, MDH and the U.S. Environmental Protection Agency (EPA), estimated wastewater infrastructure needs for Minnesota communities over the next 20 years are \$5.3 billion and estimated drinking water infrastructure needs exceed \$7 billion over the same period.

Water infrastructure needs include replacing aging treatment plants and underground pipes, upgrading treatment plants to meet new requirements, and expanding systems in some areas to accommodate growth. Every community in the state has current water infrastructure needs or will face these needs in the future.

The MPFA and its partner agencies have developed a coordinated funding framework and application process to manage state and federal water infrastructure funding. Projects are ranked by the MPCA and MDH according to public health and water quality criteria. The process makes low interest loans available to communities of all sizes throughout the state for high priority projects. Grants are targeted based on objective affordability criteria and water quality impacts. The goal is to make the funding process more consistent and predictable as communities plan for existing and future capital improvement needs.

As municipalities identify specific construction projects for which they plan to seek state funding assistance within five years, they submit requests to the MPCA and MDH to have their projects ranked on the state's project priority lists (PPLs). The MPCA 2023 PPL for clean water (wastewater and storm water) infrastructure identifies 276 projects totaling \$2.8 billion for construction over the next five years. The MDH 2023 PPL for drinking water infrastructure lists 674 projects totaling \$1.8 billion over the same time frame.

When municipalities on the PPLs schedule their projects for construction in the coming year, they request placement on the MPFA's annual CWRP and DWRP Intended Use Plans (IUPs). The IUPs identify projects that are eligible to apply for CWRP and DWRP loans. For 2023 the MPFA received a total of 113 project loan requests totaling \$662 million for the CWRP IUP, compared to the CWRP estimated annual lending capacity of \$128 million per year. A total of 216 project loan requests totaling \$578 million were received for the DWRP IUP, compared to the DWRP capacity of \$51 million per year.

The large number of annual IUP loan requests demonstrate the high demand that communities have for MPFA financing agreements to help implement these important projects.

Management of Resources and Programs to Maximize Long-Term Effectiveness

While the MPFA does not have capacity to fund all requests, it manages its revolving funds to provide as many projects as possible on each IUP the opportunity to use low-interest MPFA loans to proceed with construction. This goal has to be balanced with the practical (and federally mandated) objective to maintain reliable, predictable lending capacity of the funds in perpetuity.

The MPFA sells revenue bonds as needed to provide funds for disbursing loans. Managed well, this allows MPFA to maintain reliable and predictable funding for projects on each year's IUPs. Communities know that if their projects are rated high enough on the PPL, funding will be available from the MPFA whenever the project is ready to proceed. MPFA's bonds are not backed by the state; they are secured and repaid entirely from revolving fund assets and

revenues. MPFA revenue bonds issued for its clean water and drinking water revolving funds (State Revolving Fund Revenue Bonds) are rated AAA by all three nationally recognized rating agencies. The MPFA has statutory authority for up to \$2 billion in outstanding bonds. As of June 30, 2022 \$431 million are outstanding.

Even with reliable low-cost loan funds available from MPFA, some communities, especially smaller ones, are still not able to proceed with these projects without supplemental grants to offset some of the debt. Without this assistance to make the projects affordable, small and disadvantaged communities would be at increased risk of major system failure. MPFA uses its loan and grant programs and works closely with funding partners, especially USDA Rural Development, to address essential water infrastructure needs throughout the State while keeping the costs to local residents affordable.

Infrastructure Investment and Jobs Act (IIJA)

In fall 2021, Congress approved the Infrastructure Investment and Jobs Act (IIJA, also known as the Bipartisan Infrastructure Law) that appropriates significant additional federal funding over the next five years for the Clean Water and Drinking Water State Revolving Funds for traditional projects and new project categories to replace drinking water lead service lines and address emerging contaminants. These additional resources, providing a combination of low interest loans and targeted principal forgiveness grants, and increased technical assistance and other activities, will allow more communities to proceed with construction, and encourage others to make the necessary investments to take on these essential, and in many cases, long-delayed projects.

A large share of IIJA funds require state match, and statute changes are also needed to fully utilize IIJA funds. With continued legislative support, the MPFA expects to begin receiving Year 1 IIJA funds in the spring/summer of 2023 and start funding projects with those funds shortly after.

Recipient	Project Description	Clean Water Infrastructure					Drinking Water Infrastructure					Total MPFA Funding
		CWRF		WIF-CW	PSIG	SPAP-CW	DWRF		DW LSLR	WIF-DW	SPAP-DW	
		Loan	Grant	Grant	Grant	Grant	Loan	Grant	Grant	Grant	Grant	
Amboy	Water Treatment Plant Rehab	-	-	-	1,551,292		-	-		-		1,551,292
Arden Hills	Arden Hills Watermain	-	-	-	-		-	-		-	500,000	500,000
Askov	Replace and loop watermain	-	-	-	-		494,135	1,115,232		-		1,609,367
Austin	design and engineering for wastewater	-	-	-	-	7,450,000	-	-		-		7,450,000
Babbitt	Wastewater Treatment Rehabilitation	6,006,995	-	5,000,000	6,530,389		-	-		-		17,537,384
Battle Lake	Well #5	-	-	-	-		756,421	424,135		-		1,180,556
Boyd	watermain improvements	-	-	-	-		-	-		947,000		947,000
Buhl	Clay pipe replacement and reconstruction	-	-	860,000	-		-	-		-		860,000
Caledonia	wellhouse, wellhead	-	-	-	-		1,286,324	-		-		1,286,324
Caledonia	wastewater treatment plant	8,281,954	821,794	-	-		-	-		-		9,103,748
Caledonia	wastewater treatment plant	-	-	-	-	7,000,000	-	-		-		7,000,000
Cascade Township	Sewer connection to Rochester	-	-	-	1,819,953		-	-		-		1,819,953
Chisago Lakes JSTC	Rehab lift stations phase 2	701,055	-	-	-		-	-		-		701,055

Recipient	Project Description	Clean Water Infrastructure					Drinking Water Infrastructure					Total MPFA Funding
		CWRF		WIF-CW	PSIG	SPAP-CW	DWRF		DW LSLR	WIF-DW	SPAP-DW	
		Loan	Grant	Grant	Grant	Grant	Loan	Grant	Grant	Grant	Grant	
Cosmos	rehab collection phase 1	-	-	670,000	-		-	-		-		670,000
Cosmos	replace watermain phase 1	-	-	-	-		-	-		929,000		929,000
Dawson	Watermain improvements phase 2	-	-	-	-		2,548,641	-		5,000,000		7,548,641
Dennison	Lift station, electrical service to pond	-	-	-	-	174,556	-	-		-		174,556
Detroit Lakes	Rehab Collection System	1,896,785	-	-	-		-	-		-		1,896,785
Detroit Lakes	Watermain Replacement	-	-	-	-		2,021,184	-		-		2,021,184
Duluth	Middle Booster Station	-	-	-	-		3,857,531	-		-		3,857,531
Eden Valley	sanitary sewer improvements	1,925,380	-	-	-		-	-		-		1,925,380
Eden Valley	watermain improvements	-	-	-	-		1,285,832	-		-		1,285,832
Ely	WWTP Improvements and mercury removal	549,561	-	2,198,242	5,592,217		-	-		-		8,340,020
Fairmont	Lime pond decommissioning	2,760,479	-	-	-		-	-		-		2,760,479
Faribault	NW area watermain loop	-	-	-	-		481,352	-		-		481,352
Forest Lake	Forest Lake Wastewater Infrastructure	-	-	-	-	1,700,000	-	-		-		1,700,000

Recipient	Project Description	Clean Water Infrastructure					Drinking Water Infrastructure					Total MPFA Funding
		CWRF		WIF-CW	PSIG	SPAP-CW	DWRF		DW LSLR	WIF-DW	SPAP-DW	
		Loan	Grant	Grant	Grant	Grant	Loan	Grant	Grant	Grant	Grant	
Frazee	Trunk Highway 87 Sanitary Sewer	573,624	-	-	-	-	-	-	-	-	-	573,624
Frazee	Watermain replace Maple Ave to 2nd St	-	-	-	-	-	155,536	-	-	622,142	-	777,678
Hawley	Rehab Collection	926,657	-	-	-	-	-	-	-	-	-	926,657
Henning	2nd Street sewer improvements	152,000	-	608,000	-	-	-	-	-	-	-	760,000
Henning	Watermain Replace CIP on 2nd Street	-	-	-	-	-	137,875	-	-	551,499	-	689,374
Lakefield	Wastewater Improvements	-	-	5,000,000	-	-	-	-	-	-	-	5,000,000
Le Sueur	New Well #8 and Wellhouse	-	-	-	-	-	2,312,072	-	-	-	-	2,312,072
Long Prairie	Rehab Collection	4,776,440	-	-	-	-	-	-	-	-	-	4,776,440
Long Prairie	Watermain Replacement	-	-	-	-	-	3,812,346	-	-	-	-	3,812,346
Mahnomen	Wastewater Infrastructure Improvements	-	-	-	-	650,000	-	-	-	-	-	650,000
Mahnomen	Drinking Water Infrastructure Improv.	-	-	-	-	-	-	-	-	-	1,250,000	1,250,000
Melrose	WWTF Improvements	2,096,321	780,679	-	-	-	-	-	-	-	-	2,877,000
Melrose	WWTF Improvements	-	-	-	-	3,500,000	-	-	-	-	-	3,500,000

Recipient	Project Description	Clean Water Infrastructure					Drinking Water Infrastructure					Total MPFA Funding
		CWRP		WIF-CW	PSIG	SPAP-CW	DWRP		DW LSLR	WIF-DW	SPAP-DW	
		Loan	Grant	Grant	Grant	Grant	Loan	Grant	Grant	Grant	Grant	
Metropolitan Council	MCES cash flow financing FY 2022	50,000,000	-	-	-	-	-	-	-	-	-	50,000,000
Mountain Iron	Mountain Iron Well #3	-	-	-	-	-	535,973	-	-	-	-	535,973
Nashwauk	Prelim/final eng. regional trmt Ph 2	-	-	-	-	350,000	-	-	-	-	-	350,000
Oronoco	wastewater	-	-	-	-	20,679,619	-	-	-	-	-	20,679,619
Oronoco	water	-	-	-	-	-	-	-	-	-	1,997,381	1,997,381
Oronoco	wastewater collection and treatment	10,469,187	-	-	7,000,000	-	-	-	-	-	-	17,469,187
Oronoco	Oronoco Estates connection	841,487	-	-	-	-	-	-	-	-	-	841,487
Oronoco	water distribution extention	-	-	-	-	-	856,606	-	-	-	-	856,606
Pipestone	Sewer rehab along 2nd St	1,332,542	-	-	-	-	-	-	-	-	-	1,332,542
Pipestone	Well #5 and 2nd street watermain	-	-	-	-	-	467,828	-	-	1,871,313	-	2,339,141
Rice Lake	North Rice Lake Road	-	-	-	-	1,000,000	-	-	-	-	-	1,000,000
Robbinsdale	Water Tower	-	-	-	-	-	6,770,650	-	-	-	-	6,770,650
Royalton	Stormwater Cedar/Driftwood Streets Pond	-	-	-	-	900,000	-	-	-	-	-	900,000

Recipient	Project Description	Clean Water Infrastructure					Drinking Water Infrastructure					Total MPFA Funding
		CWRF		WIF-CW	PSIG	SPAP-CW	DWRf		DW LSLR	WIF-DW	SPAP-DW	
		Loan	Grant	Grant	Grant	Grant	Loan	Grant	Grant	Grant	Grant	
Royalton	Watermain Replace. Cedar/Driftwood St.	-	-	-	-		1,311,776	-		-		1,311,776
Saint Cloud	water treatment plant - amendment #1	-	-	-	-		1,166,077	-		-		1,166,077
Saint Paul	McCarrons plant construction - phase 1	-	-	-	-		46,000,000	-		-		46,000,000
Saint Paul Regional Water Services	Private lead service line replacement	-	-	-	-		-	-	250,000	-		250,000
Sherburn	Wastewater Treatment Plant Rehab	3,181,490	-	5,000,000	-		-	-		-		8,181,490
South Saint Paul	Concord Street Public Utilities	-	-	-	-	835,074	-	-		-		835,074
South Saint Paul	Concord Street Public Utilities	-	-	-	-		-	-		-	1,164,927	1,164,927
Spring Park	Sewer improvements	-	-	-	-	750,000	-	-		-		750,000
Spring Park	Water improvements	-	-	-	-		-	-		-	750,000	750,000
Tracy	Sewer Rehab - 6th and Harvey St	-	-	793,029	-		-	-		-		793,029
Tracy	Pond Decommissioning	-	-	825,669	-		-	-		-		825,669
Twin Lakes Township (Carlton County)	Water Infrastructure	-	-	-	-		-	-		-	7,500,000	7,500,000
Warren	Rehab Collection	347,136	-	-	-		-	-		-		347,136

Recipient	Project Description	Clean Water Infrastructure					Drinking Water Infrastructure					Total MPFA Funding
		CWRF		WIF-CW	PSIG	SPAP-CW	DWRF		DW LSLR	WIF-DW	SPAP-DW	
		Loan	Grant	Grant	Grant	Grant	Loan	Grant	Grant	Grant	Grant	
Warren	Watermain Repl 4th St. to Ross St.	-	-	-	-		405,233	-		-		405,233
Waverly	Replace sewer mains north side -phase 4	1,556,775	-	866,757	-		-	-		-		2,423,532
Western Lake Superior SD	Hermantown Interceptor replacement	1,594,934	-	-	-		-	-		-		1,594,934
Western Lake Superior SD	Interceptor Rehab - Knowlton Creek	3,707,325	-	-	-		-	-		-		3,707,325
Worthington	Rehab Treatment	30,322,821	-	-	-		-	-		-		30,322,821
<i>totals:</i>		134,000,948	1,602,473	21,821,697	22,493,851	44,989,249	76,663,392	1,539,367	250,000	9,920,954	13,162,308	326,444,238
<i>counts:</i>		22	2	10	5	12	20	2	1	6	6	70

Notes: LSLR = Lead Service Line Replacement.

70 Assistance agreements were processed, which included 42 loans and 44 grants (many agreements include a loan and grant(s)).

Low-interest loans made from the revolving funds during FY 2022 will provide a conservative estimate of interest savings to local residents of:

CWRF: \$6.0 million

DWRF: \$2.3 million

MPFA funds long-term construction projects, and doesn't make awards until the projects are bid and ready to proceed. Because of this, project awards can vary significantly year to year. Awards are spread throughout the state. The following two tables reflect activity through June 30, 2022.

MPFA Awards to Date by Fiscal Year

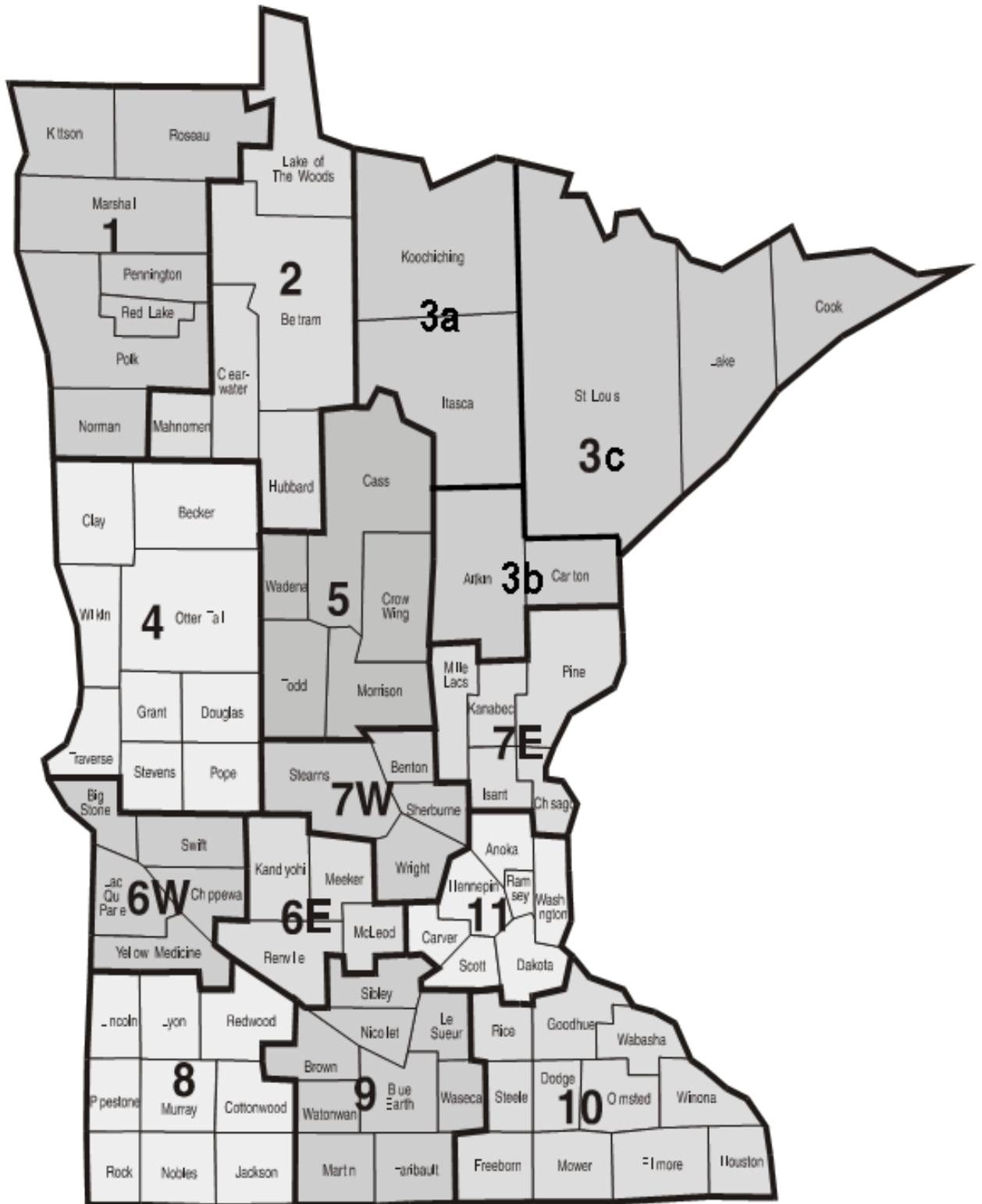
FY	Grants		Loans		
	Count	\$ Amount	Count	\$ Amount	Interest Savings
1990-2012	459	372,275,240	814	3,301,930,955	843,841,425
2013	24	18,658,187	29	82,870,898	9,498,090
2014	32	23,163,306	38	118,777,550	22,558,305
2015	40	57,339,547	40	164,259,924	26,525,100
2016	28	29,199,519	46	148,871,981	25,283,475
2017	26	47,115,795	38	123,383,413	13,412,700
2018	45	91,864,322	28	98,675,344	14,583,240
2019	54	73,003,187	57	190,463,692	30,975,000
2020	38	67,643,177	41	165,546,023	11,420,325
2021	40	68,934,901	41	214,149,776	2,791,039
2022	44	115,779,898	42	210,664,340	5,448,345
	830	964,977,079	1,214	4,819,593,897	1,006,337,044

MPFA Awards by Region within the State

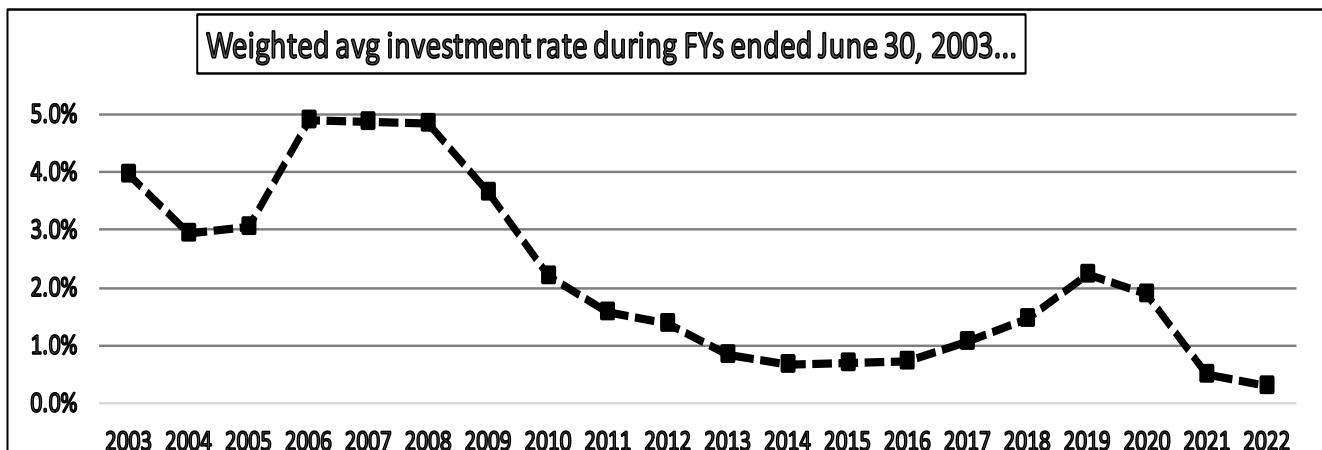
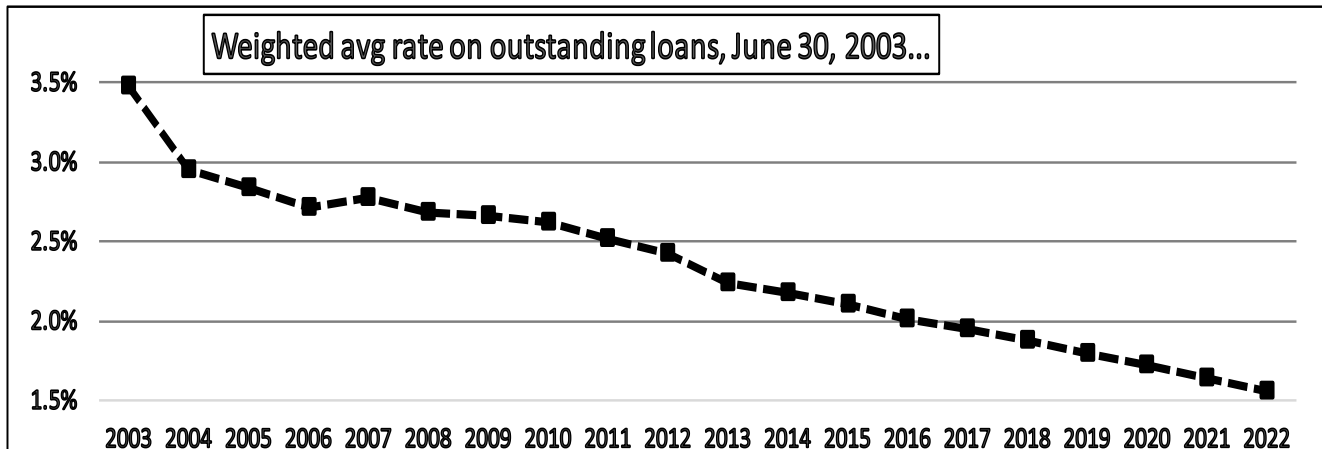
Region	Grants		Loans		
	Count	\$ Amount	Count	\$ Amount	Interest Savings
1	35	34,254,514	65	56,468,834	14,497,560
2	21	15,074,722	15	22,542,913	7,246,995
3A	18	34,293,868	17	49,540,652	11,101,860
3B	21	15,373,391	22	29,128,446	7,773,675
3C	97	156,332,240	141	310,043,982	57,828,750
4	89	90,093,163	155	239,035,352	58,024,785
5	57	52,415,865	83	162,634,274	40,582,080
6E	61	69,561,260	101	264,200,027	73,527,405
6W	31	36,290,072	27	71,182,022	20,625,780
7E	36	33,134,692	55	126,714,979	43,346,415
7W	45	55,183,520	104	413,723,336	86,265,375
8	51	106,390,008	61	144,303,508	31,225,110
9	89	90,868,459	117	365,172,029	96,275,130
10	129	108,527,984	111	240,421,963	56,860,999
11	50	67,183,322	140	2,324,481,581	401,155,125
	830	964,977,079	1,214	4,819,593,897	1,006,337,044

see the following page for a state map showing the regions

MPFA regions:



The average rate earned on outstanding loans and investments has dropped substantially. Lower loan rates are advantageous to the borrowers that get them, but they can significantly reduce lending capacity. The following charts show the changes by fiscal year since 2003 in the weighted average interest rates on outstanding loans at the end of each fiscal year, and on the investment earnings during each fiscal year.

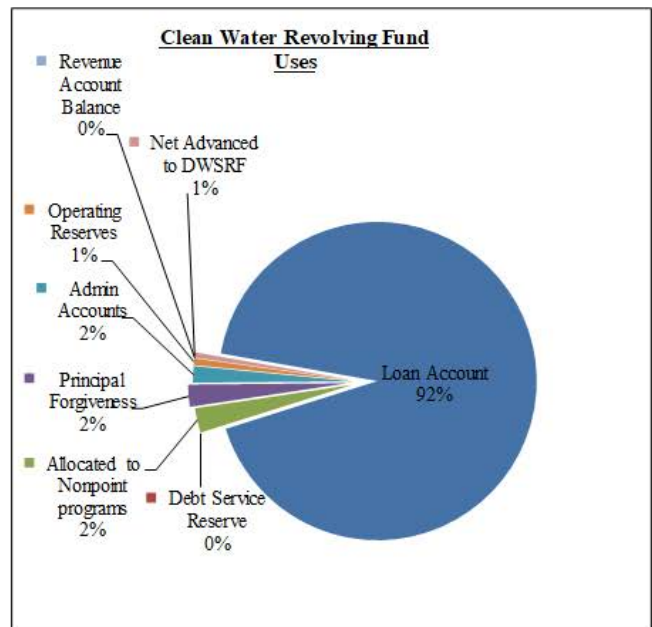
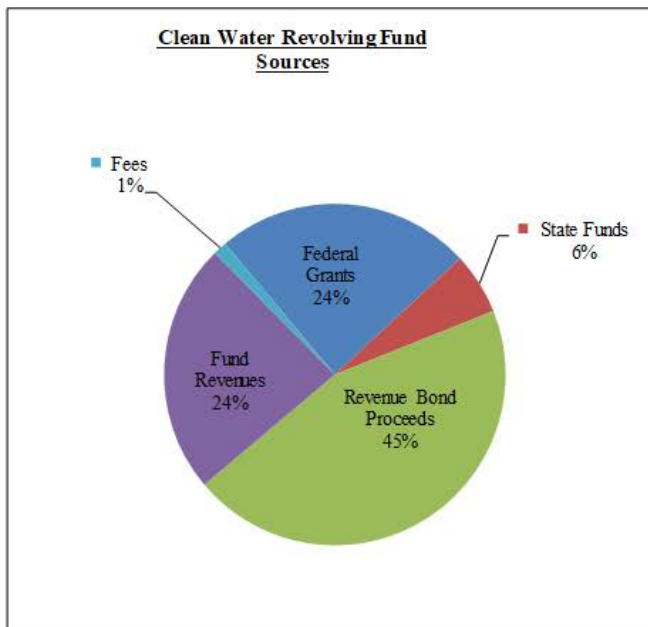


To the extent market rates increase from the historic lows they've been at for such an extended period, that will help restore future lending capacity. Expected additional capitalization into the State Revolving Funds from federal IJA grants will also help, but much of those funds will not go into the revolving loan funds but instead will be allocated to grants, technical assistance, and set-aside activities.

**Clean Water State Revolving Fund
Summary Sources and Uses to Date July 1989 thru June 30, 2022**

Sources of Funds	Amount
Federal Grants	\$ 909,982,393
State Funds	218,708,942
Revenue Bond Proceeds	1,687,347,594
Fund Revenues	892,655,191
Fees	48,369,318
Totals	\$ 3,757,063,438

Uses of Funds	Amount
Loan Account	\$ 3,470,037,951
Debt Service Reserve	
Allocated to Nonpoint programs	93,622,952
Principal Forgiveness	83,987,021
Admin Accounts	62,642,006
Operating Reserves	25,417,247
Revenue Account Balance	1,026,261
Net Advanced to DWSRF	20,330,000
Totals	\$ 3,757,063,438



Notes:

Revenue bond proceeds are shown net of costs of issuance and deposits to refunding escrow accounts.

Fund revenues are shown net of debt service on bonds and arbitrage rebate requirements. Sources are investment interest, loan repayments net of fees, and federal BABS interest subsidy payments.

Fees: up to 2% of the loan repayment is deposited as a fee for administrative costs. This amount is part of the required loan interest repayment, not an additional charge to the borrower.

Advanced to Drinking Water SRF is shown net of principal repayments to date.

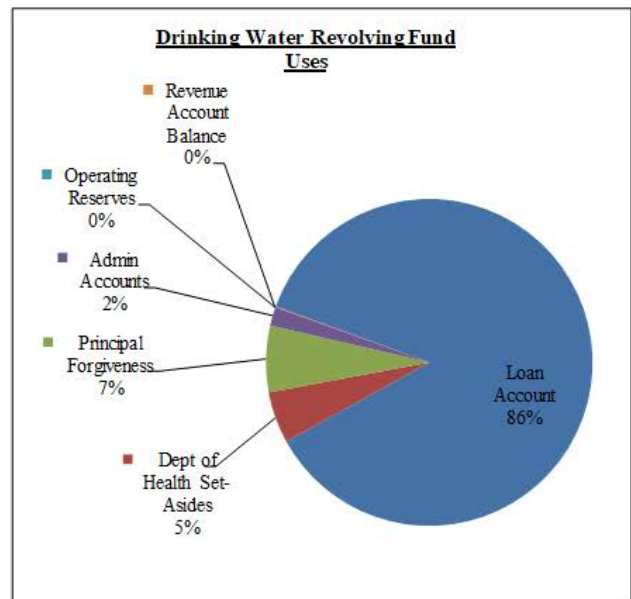
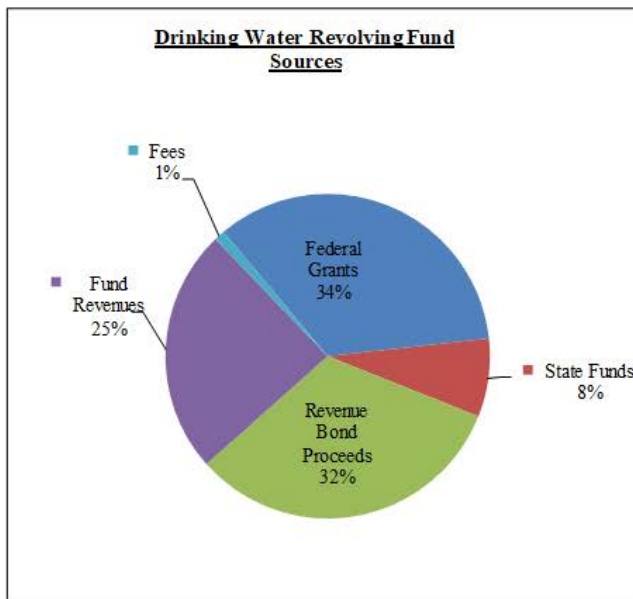
Revenue / Debt Service Account balance: accumulating for the next revenue bond debt service payments.

Operating Reserve Account balance: used primarily for funding loan commitments.

Allocations to Nonpoint programs:	Dept of Agriculture - Best Mgmt Practices	\$ 55,809,195
	Pollution Control Agency - Clean Water Partnership	37,063,757
	DEED - Tourism Loan Program	750,000
	DEED - Septic (sunset, \$1,129,656 returned to Op Res)	-

**Drinking Water State Revolving Fund
Summary Sources and Uses to Date October 1998 thru June 30, 2022**

<u>Sources of Funds</u>	<u>Amount</u>	<u>Uses of Funds</u>	<u>Amount</u>
Federal Grants	\$ 436,921,500	Loan Account	\$ 1,116,206,118
State Funds	98,908,058	Dept of Health Set-Asides	65,939,537
Revenue Bond Proceeds	411,849,832	Principal Forgiveness	84,916,926
Fund Revenues	310,485,398	Admin Accounts	24,100,514
Fees	13,303,141	Operating Reserves	
Net Advanced from CWSRF	20,330,000	Revenue Account Balance	634,834
Totals	\$ 1,291,797,929	Totals	\$ 1,291,797,929



Notes:

Revenue bond proceeds are shown net of costs of issuance and deposits to refunding escrow accounts.

Fund revenues are shown net of debt service on bonds and arbitrage rebate requirements. Sources are investment interest, loan repayments net of fees, and federal BABS interest subsidy payments.

Fees: up to 2% of the loan repayment is deposited as a fee for administrative costs. This amount is part of the required loan interest repayment, not an additional charge to the borrower.

Advanced from Clean Water SRF is shown net of principal repayments to date.

Revenue / Debt Service Account balance: accumulating for the next revenue bond debt service payments.

Operating Reserve Account balance: used primarily for funding loan commitments.

Set-aside programs: cumulative cap grant allocations: (administered by the Dept of Health)	Technical Assistance	\$ 6,642,179
	Capacity Development	3,152
	Operator Certification	460,417
	PWSS Admin	24,868,284
	Source Water Protection	2,104,290
	Wellhead Protection	31,681,127

Other Program Activity during FY 2022

Credit Enhancement Program Activity

In FY 2022, the PFA approved 42 local bond issues for inclusion in the Credit Enhancement Program for a total of \$186 million. Since the beginning of the program in 2008, the PFA has enrolled 455 local government bonds in the program totaling over \$1.6 billion.

CWRF Nonpoint Source Activity

These programs, capitalized with CWRF money, and administered by partner agencies, have funded 22,018 "practices" since inception, for \$343.7 million. The table below shows activity during FY 2022:

<u>Program</u>	<u>\$ Loans</u>	<u># Projects</u>
MDA BMP	10,115,037	479
MPCA CWP	3,600,000	233
	<u>13,715,037</u>	<u>712</u>

DWRF Set Aside Programs Activity

These activities, using EPA capitalization grant funds, are administered by MDH and include wellhead protection, technical assistance to small systems, and other drinking water protection activities. Expenditures during FY 2022 were \$3.0 million.