

mn **MINNESOTA**
PUBLIC FACILITIES AUTHORITY

Date: January 12, 2017

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 2016 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: 2016, 2015, and 2014.

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 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: Katie Elmore, Legislative Reference Library (2 copies)

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Minnesota Public Facilities Authority
Annual Fee Report
For the Fiscal Years ending June 30, 2016, 2015, 2014
(as required by Minnesota Statutes, Section 446A.04 subd. 5(b))

Description	FY 2016	FY 2015	FY 2014
Beginning cash balance	5,805,236	5,661,581	5,003,798
Fees collected during the fiscal year (+ ITC interest)	3,196,899	2,963,157	2,944,626
Expenditures during the fiscal year:			
Credit Enhancement Program	5,263	10,824	29,742
Clean Water Legacy Programs	16,504	17,107	30,043
Clean Water Revolving Fund:			
Bond related costs (audit, rebate calcs, etc)	58,217	42,383	62,729
Staff and general admin:			
B24-PFA	599,952	582,169	457,226
B22-DEED	84,245	97,366	49,701
R32-PCA	1,615,740	1,400,041	1,285,080
B04-MDA	3,981	191,019	-
Drinking Water Revolving Fund:			
Bond related costs (audit, rebate calcs, etc)	35,278	27,133	32,412
Staff and general admin:			
B24-PFA	361,817	353,189	278,665
B22-DEED	50,276	58,136	30,112
Transportation Revolving Loan Fund:			
Bond related costs (audit, rebate calcs, etc)	4,850	3,854	6,000
Staff and general admin:			
B24-PFA	29,769	31,194	22,850
B22-DEED	4,246	5,088	2,284
total fee account expenditures	2,870,138	2,819,503	2,286,843
Ending Cash balance *	6,131,998	5,805,236	5,661,581
* balance by program:			
Credit Enhancement Program	28,962	22,225	22,549
Clean Water Legacy Programs	58,943	45,973	39,129
Clean Water Revolving Fund	2,687,106	2,747,422	2,922,471
Drinking Water Revolving Fund	3,286,671	2,936,662	2,640,391
Transportation Revolving Loan Fund	70,316	52,955	37,041
	6,131,998	5,805,236	5,661,581

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 will also be 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 \$331.