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AT A GLANCE

- PFA manages revolving loan funds and grant programs to help local governments statewide build wastewater, storm water, drinking water and transportation infrastructure.
- Since 1990, PFA has made 967 loans to local governments totaling \$3.8 billion. These below-market-rate loans have provided an estimated \$881 million in interest savings to local governments and their residents.
- Over the past ten years PFA has awarded \$389 million in grants to local governments based on affordability criteria and to address specific environmental goals and objectives.
- PFA has allocated \$89.6 million within its clean water revolving fund to nonpoint source loan programs administered by other agencies. These funds have generated a total of \$234 million in loans to implement 17,594 best management practices.

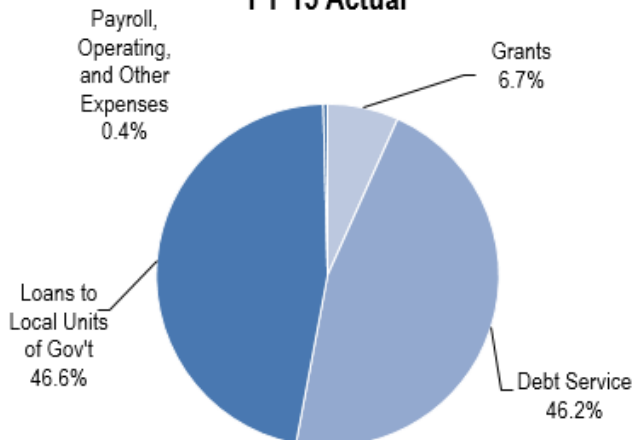
PURPOSE

The Minnesota Public Facilities Authority (PFA) is a multi-agency authority that provides financing and technical assistance to local governments for infrastructure projects that support a **thriving economy that encourages business growth and employment opportunities, and a clean, healthy environment with sustainable uses of natural resources.**

PFA priorities are to 1) manage capital assets (currently \$1.9 billion) to ensure a stable source of infrastructure financing in perpetuity; 2) provide financing programs to support water quality, public health, and other priorities identified by PFA member agencies; and 3) help local governments maintain and improve the condition of their water infrastructure assets while keeping costs affordable for their residents.

BUDGET

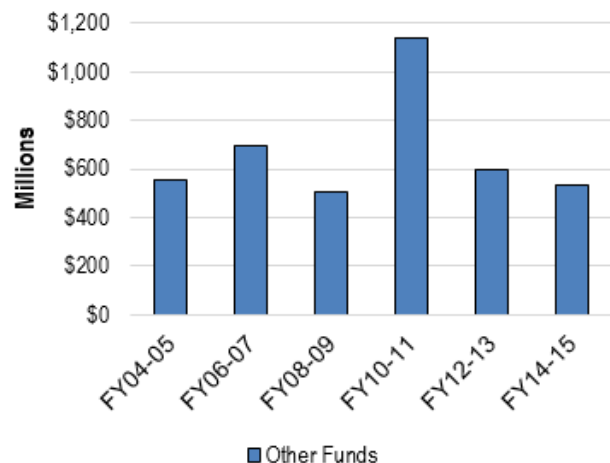
Spending by Category
FY 15 Actual



Note: Debt Service on PFA revenue bonds comes solely from PFA bond fund revenues (loan repayments and investment earnings).

Source: SWIFT

Historical Spending

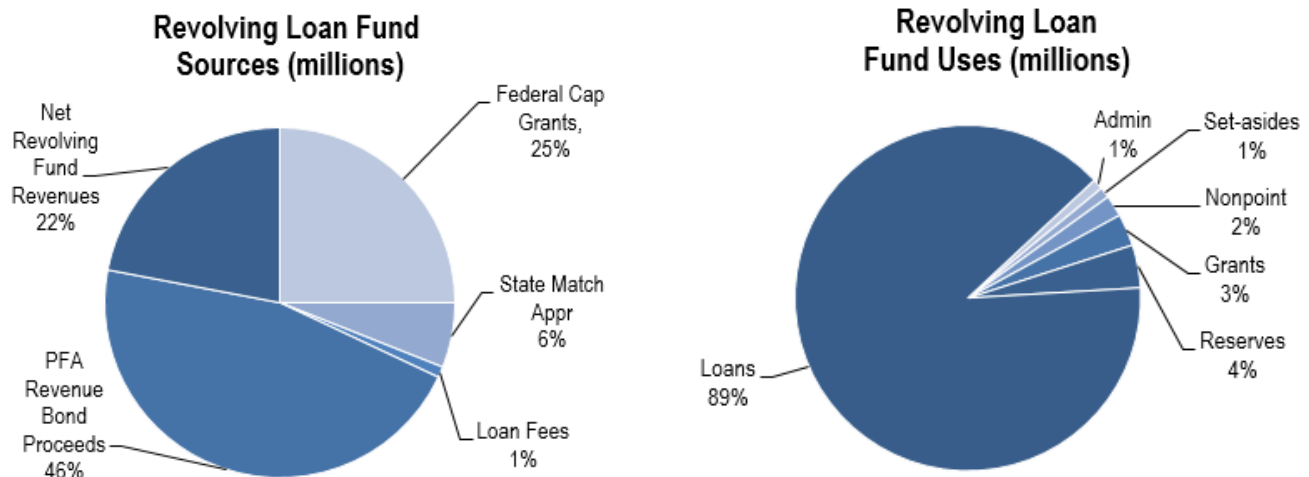


Note: FY 2010-2011 expended high due to two factors: 1) Federal ARRA stimulus funding, and 2) early bond redemptions due to low market rates.

Source: Consolidated Fund Statement

PFA receives no general fund appropriations. Revolving loan fund resources include federal grants and state matching appropriations from bond proceeds. These resources are leveraged by selling PFA AAA-rated revenue bonds. Other programs are funded with state appropriations from bond proceeds and from the Clean Water Legacy Fund. Administrative costs are paid from loan servicing and grant application fees.

Sources and Uses to-date for PFA's Clean Water, Drinking Water, and Transportation revolving loan funds



Notes: Revenues (loan repayments and investment earnings) are net of debt service on bonds.

Source: PFA Internal records

STRATEGIES

The PFA Board is composed of commissioners of the Departments of Employment and Economic Development, Minnesota Management and Budget, Health, Agriculture, and Transportation, and the Pollution Control Agency. PFA manages its infrastructure financing programs to maximize economic, environmental, and public health outcomes. PFA partner agencies are responsible for determining project priorities, conducting technical and environmental reviews, and certifying approved projects to the PFA for funding.

PFA staff is responsible for determining that full project financing is in place and that the applicant has established dedicated revenues to pay debt service and operation and maintenance costs. When an application is approved and construction bids are accepted by the applicant, PFA executes a project financing agreement, disburses funds as eligible project costs are incurred, and collects loan repayments. During project planning and design stages, PFA coordinates funding activities with other state and federal partners to leverage resources and minimize duplication, administrative costs, and confusion for the applicants.

RESULTS

The PFA's revolving loan funds are an efficient tool to provide low cost financing to help local governments replace and improve water infrastructure systems to meet permit requirements, improve water quality, and protect public health. To date, each \$1 of state funds has generated \$16 in construction funding and \$3 in interest savings to the communities and their residents. In addition, PFA's upfront credit review and analysis of loan applications and systematic post loan award surveillance monitoring has helped borrowers achieve a record of no defaults on PFA loans.

Annual project funding is a function of fund availability and demand from local governments. Local government demand for funding varies significantly from year to year, driven by economic factors, the need to replace aging infrastructure, growth and development pressures, and more stringent treatment requirements. The PFA's authority to issue revenue bonds allows it to leverage additional loan funds based on demand. PFA tax-exempt revenue bonds are rated AAA by all three major national rating agencies and are well received in the bond market.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Loan Awards (count / \$ millions)	280 / \$1,193	204 / \$703	2007-2011; 2012-2016
Quantity	Loan Awards Interest Savings on Loans (\$ millions)	\$263	\$119	2007-2011; 2012-2016
Quantity	Grant Awards (count / \$ millions)	219 / \$169	170 / \$185	2007-2011; 2012-2016

Note 1: Measures compare the five year periods of state fiscal years 2007-2011 to 2012-2016.

Note 2: Sustained historically low market rates in the current 5 year period have resulted in lower interest savings on loans.

M.S. 446A (<https://www.revisor.mn.gov/statutes/?id=446A>) provides the legal authority for PFA.

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
2000 - Restrict Misc Special Revenue	75	22	83	316	123	148
2302 - Clean Water Fund	6,613	8,554	14,142	39,060	0	0
8200 - Clean Water Revolving Fund	103,630	104,455	204,498	113,123	108,981	110,932
8201 - Drinking Water Revolving Fund	27,709	28,931	131,883	30,903	19,516	19,474
8202 - Transportation Revolving Fund	2,505	2,498	4,915	1,728	1,506	750
Total	140,533	144,460	355,521	185,130	130,125	131,304
<i>Biennial Change</i>				255,658	(279,222)	
<i>Biennial % Change</i>				90	(52)	

Expenditures by Program

Program: Public Facilities Authority	140,533	144,460	355,521	185,130	130,125	131,304
Total	140,533	144,460	355,521	185,130	130,125	131,304

Expenditures by Category

Compensation	786	864	919	1,103	1,149	1,165
Operating Expenses	280	468	1,035	1,484	501	504
Other Financial Transactions	124,764	124,916	327,138	129,867	122,422	123,559
Grants, Aids and Subsidies	14,703	18,213	26,429	52,676	6,052	6,076
Total	140,533	144,460	355,521	185,130	130,125	131,304
Total Agency Expenditures	140,533	144,460	355,521	185,130	130,125	131,304
Internal Billing Expenditures	104	129	132	130	139	141
Expenditures Less Internal Billing	140,429	144,332	355,389	185,000	129,987	131,163

Full-Time Equivalents

8.0	8.6	9.0	10.4	11.0	11.0
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2000 - Restrict Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	126	146	272	335	52	46
Receipts	94	38	47	71	78	85
Net Loan Activity	0	110	99	(37)	38	56
Expenditures	75	22	83	316	123	148
Balance Forward Out	145	272	335	52	46	40
<i>Biennial Change in Expenditures</i>				302		(129)
<i>Biennial % Change in Expenditures</i>				310		(32)
Full-Time Equivalents	0.5	0.2	0.2	0.6	0.6	0.6

2302 - Clean Water Fund

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	42,563	34,271	36,561	30,365	0	0
Direct Appropriation	11,000	11,000	9,250	9,250	0	0
Net Loan Activity	0	(157)	(269)	(555)	0	0
Cancellations	12,607	0	1,034	0	0	0
Expenditures	6,613	8,554	14,142	39,060	0	0
Balance Forward Out	34,344	36,561	30,365	0	0	0
<i>Biennial Change in Expenditures</i>				38,035		(53,202)
<i>Biennial % Change in Expenditures</i>				251		(100)

8200 - Clean Water Revolving Fund

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	398,881	319,989	258,530	301,997	51,998	50,758
Receipts	54,188	58,296	326,477	61,461	110,378	79,005
Net Transfers	(2,380)	(1,461)	(78,714)	(1,567)	(1,567)	(1,567)
Net Loan Activity	(27,070)	(13,910)	202	(196,771)	(1,070)	3,501
Expenditures	103,630	104,455	204,498	113,123	108,981	110,932
Balance Forward Out	319,989	258,459	301,997	51,998	50,758	20,765
<i>Biennial Change in Expenditures</i>				109,535		(97,708)
<i>Biennial % Change in Expenditures</i>				53		(31)
Full-Time Equivalents	4.6	5.1	5.4	5.8	6.3	6.3

8201 - Drinking Water Revolving Fund

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	51,861	56,181	55,432	147,705	2,944	2,680
Receipts	17,893	31,388	180,206	27,933	32,442	29,823
Net Transfers	0	0	77,150	(595)	(595)	(595)
Net Loan Activity	14,137	(3,271)	(33,200)	(141,196)	(12,595)	(9,984)
Expenditures	27,709	28,931	131,883	30,903	19,516	19,474
Balance Forward Out	56,181	55,368	147,705	2,944	2,680	2,449
<i>Biennial Change in Expenditures</i>				106,146		(123,797)
<i>Biennial % Change in Expenditures</i>				187		(76)
Full-Time Equivalents	2.7	3.0	3.2	3.6	3.8	3.8

8202 - Transportation Revolving Fund

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	31,057	35,689	39,027	28,836	765	619
Receipts	1,314	1,208	1,130	1,042	996	924
Net Transfers	0	0	0	0	0	0
Net Loan Activity	5,823	4,628	(6,407)	(27,384)	364	(201)
Expenditures	2,505	2,498	4,915	1,728	1,506	750
Balance Forward Out	35,689	39,026	28,836	765	619	591
<i>Biennial Change in Expenditures</i>				1,640		(4,387)
<i>Biennial % Change in Expenditures</i>				33		(66)
Full-Time Equivalents	0.2	0.3	0.3	0.4	0.4	0.4