

CHAPTER 7380
DEPARTMENT OF TRADE AND ECONOMIC
DEVELOPMENT
MINNESOTA PUBLIC FACILITIES AUTHORITY
LOAN PROGRAMS

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ONCE-THROUGH COOLING CONVERSION LOAN PROGRAM

7380.0800 DEFINITIONS.

Subpart 1. **Scope.** The terms defined in this part apply to parts 7380 0800 to 7380.0840.

Subp 2 **Applicant.** "Applicant" means those applicants which are eligible to apply as provided in Minnesota Statutes, section 446A 21

Subp 3 **Authority.** "Authority" means the Minnesota Public Facilities Authority

Subp 4 **Capital cost.** "Capital cost" means the costs to be incurred for the replacement of once-through cooling systems with environmentally acceptable cooling systems Capital cost includes construction and renovation costs, engineering costs, machinery and equipment costs, and legal costs, professional services costs, or loan fees, including those of the authority

Subp 5 **Department.** "Department" means the Department of Public Service.

Subp. 6. **Financial institution.** "Financial institution" means an investment or banking institution, a savings and loan, an insurance company, an investment company, a public entity authorized to make loans, or an entity operating a district cooling system, making, purchasing, or participating in a loan or part of a loan

Subp 7 **Participation agreement.** "Participation agreement" means the agreement by and between the financial institution and the authority which establishes the relationship between the parties, and contains all the terms and conditions regarding the participation in the borrower's loan which the authority has purchased from the financial institution, and any amendment, modification, or substitution thereof.

Subp 8. **Participation loan.** "Participation loan" means a loan made under a contract with a financial institution in which the authority purchases a share of a financial institution's loan to an eligible borrower for the purposes of the program

Statutory Authority: *MS s 446A.021*

History: *19 SR 1227*

7380.0810 PROCEDURES FOR FINANCIAL ASSISTANCE APPLICATION.

Subpart 1 **In general.** To apply for financial assistance from the authority, an applicant shall obtain an application form from the authority and submit a completed form to the authority by June 1 of each calendar year The application form must be signed by a financial institution expressing interest in providing a loan for the purpose of converting the applicant's once-through cooling system to an environmentally sound cooling system. Applications shall be sent to the authority which shall forward the applications to the department for its review and certification of eligible projects.

Those applications certified by the department, based on the information provided by the applicants in the applications, shall be assigned rankings by the authority for funding in a given year as provided in subpart 2, item C, and Minnesota Statutes, section 446A 21 The authority shall provide the balance of the application forms by August 1 of a given year to those applicants which have been certified. Applicants shall submit the rest of the applications as provided in subpart 3 to the executive director of the authority postmarked no later

than October 1 or the first business day of October of each year. The full applications must include a letter from the participating financial institution committing the financial institution to provide project funding conditioned upon the authority approval of the loan. The authority shall fund certified projects in order of their rankings, as provided in subpart 2, item C, and Minnesota Statutes, section 446A.21, and award loans by December 31 of each year. The authority shall change the application submission due dates and award dates only by public notice in the State Register.

Subp 2 Authority review.

A When an applicant's project has been certified by the commissioner of the department, the authority shall review and evaluate the application to determine the applicant's capacity to comply with the terms and conditions of this part, Minnesota Statutes, section 446A.21, and the terms and conditions of the participation agreement.

B The authority shall only approve and provide financial assistance for the capital cost for certified applicants that demonstrate that

- (1) the total financing of the project is assured,
- (2) the applicant has the capacity to repay the loan to the authority,
- (3) the applicant has a written commitment from a financial institution for the necessary amount of the project loan, and
- (4) the applicant is able to provide collateral for the loan.

C The authority shall give priority to, and shall first fund in a given year, projects for nonprofit organizations and school districts, listed on the Department of Natural Resources once-through cooling water use permit list. Should the authority not have sufficient program funds in a given year to fund all certified and approved projects, the authority shall first fund the most cost-effective projects. The cost effectiveness of a project shall be determined by

(1) calculating for each loan application, the gallons per year of groundwater consumption eliminated based on the average of the previous three years consumption as provided by Department of Natural Resources records, per dollar of the authority loan money for which the application has been made,

(2) ranking applications in descending order according to gallons per year eliminated per dollar of the authority loan, and

(3) providing funding to as many projects as possible within the limits of available funding based on the rank order.

Subp 3 Completed application. A project application certified by the commissioner of the department is considered complete by the authority at such time as the applicant provides all the information required in the application.

Subp 4 Incomplete application. If an incomplete application is received from an applicant before August 1 of a given year, the executive director of the authority shall notify the applicant of the specific deficiencies in the application. If a revised and completed application is not received by the executive director by the application deadline, October 1, or the first business day of October, the application is deemed to be rejected, and the applicant, subject to parts 7685.0100 to 7685.0140, must reapply in a later year to be considered.

Subp 5 Projects not receiving certification. A project application not receiving certification by the commissioner of the department shall not receive consideration for financial assistance by the authority. The executive director of the authority shall notify the applicant of the rejection of the application by the authority within ten days of the rejection determination.

Subp 6 Rejection of certified applications by authority. The authority shall reject a certified application from applicants unable to comply with subpart 2, item B.

Statutory Authority: *MS s 446A.021*

History: *19 SR 1227*

7380.0820 PARTICIPATION LOAN TERMS AND CONDITIONS.

Subpart 1 In general. The authority shall provide financial assistance as provided by this part.

Subp 2 **Type of assistance and interest rates.** The authority shall provide financial assistance and determine interest rates as described in items A and B

A The authority shall utilize loan participation as the means to provide financial assistance to borrowers. An applicant may select a financial institution of its choice. The authority, subject to the requirements of this part, shall purchase a loan participation in a loan up to 50 percent of the total eligible project cost of the project.

B The authority shall set its interest rates to be charged all borrowers on October 1 or the first business day of October of each year. The interest rate on the authority's portion of the loan shall be at the rate of a United States government treasury security of a comparable maturity to the term of a loan being made, minus 100 basis points. The interest rate to the borrower on the total amount of a participation loan to the borrower shall be a blended rate of the financial institution's rate and the authority's rate in proportion to the respective rates of participation.

Subp 3 **Dedicated sources of repayment and collateral requirements.**

A A public entity shall establish, and identify in its application, dedicated sources of revenue sufficient to fully amortize the loan.

B A public entity shall also, if empowered to do so, provide the financial institution and the authority with a general obligation note for the full amount of the principal and interest payments to be received by the authority.

C A public entity not empowered to issue general obligation notes shall provide to the financial institution and the authority collateral for the loan that the financial institution and the authority have determined to be adequate to collateralize the loan.

D As required by Minnesota Statutes, section 446A 21, subdivision 2, paragraph (b), a public entity shall provide to the financial institution and the authority, audits and budgets which document that the entity has the revenue to repay the loan.

E As required in Minnesota Statutes, section 446A 21, subdivision 2, paragraph (b), private and nonprofit organizations shall provide to the financial institution or the authority, income and earnings forecasts, audits, credit reports, and other related materials that documents that the entity has revenues to repay the loan. The financial institution and the authority shall take a security interest in capital assets or real property.

Subp 4 **Term of Loan.** The maximum term of a loan shall not exceed the useful life of the real property being offered as collateral, 80 percent of the useful life of the equipment or machinery, or the following limits, whichever is less:

A ten years for land, building, or other real property,

B five years for equipment or machinery; or

C a weighted average of the limits provided in items A and B for loans that are for a combination of real property and equipment or machinery.

Statutory Authority: *MS s 446A 021*

History: *19 SR 1227*

7380.0830 FEES.

Any loan origination fees charged a loan recipient by the authority shall be as provided in Minnesota Statutes, section 446A 04, subdivision 5, paragraph (a).

Statutory Authority: *MS s 446A 021*

History: *19 SR 1227*

7380.0840 AUDITS.

During the term of the loan, loan recipients shall provide annual independent audits.

Statutory Authority: *MS s 446A 021*

History: *19 SR 1227*