

CHAPTER 446A

PUBLIC FACILITIES AUTHORITY

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446A.03 MINNESOTA PUBLIC FACILITIES AUTHORITY.

Subdivision 1. **Membership.** The Minnesota public facilities authority consists of the commissioner of trade and economic development, the commissioner of finance, the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of health, and the commissioner of transportation.

[For text of subs 2 to 7, see M.S.1996]

History: 1997 c 141 s 8

NOTE: No provision of the amendment to subdivision 1 by Laws 1997, chapter 141, section 8, may take effect until Minnesota has been notified by the United States Department of Transportation that it will be receiving a specific sum in federal funds that has been designated specifically for a state infrastructure bank. Laws 1997, chapter 141, section 11.

446A.04 POWERS; DUTIES.

[For text of subs 1 to 4, see M.S.1996]

Subd. 5. **Fees.** (a) The authority may set and collect fees for costs incurred by the authority for audits, arbitrage accounting, and payment of fees charged by the state board of investment. The authority may also set and collect fees for costs incurred by the commissioner, the department of health, the pollution control agency, and the department of transportation, including costs for personnel and administrative services, for financings and the establishment and maintenance of reserve funds. Fees charged directly to borrowers upon executing a loan agreement must not exceed one-half of one percent of the loan amount. Servicing fees assessed to loan repayments must not exceed two percent of the loan repayment. The disposition of fees collected for costs incurred by the authority is governed by section 446A.11, subdivision 13. The authority shall enter into interagency agreements to transfer funds into appropriate administrative accounts established for fees collected under this subdivision for costs incurred by the commissioner, the department of health, or the pollution control agency. Fees collected under this subdivision for costs incurred by the commissioner of transportation must be credited to the fund or account which is the source of the loan to which the fees are related.

(b) The authority shall 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.

[For text of subs 6 and 7, see M.S.1996]

History: 1997 c 141 s 9; 1997 c 200 art 5 s 2

NOTE: No provision of the amendment to subdivision 5 by Laws 1997, chapter 141, section 9, may take effect until Minnesota has been notified by the United States Department of Transportation that it will be receiving a specific sum in federal funds that has been designated specifically for a state infrastructure bank. Laws 1997, chapter 141, section 11.

446A.072 WASTEWATER INFRASTRUCTURE FUNDING PROGRAM.

[For text of subs 1 to 4, see M.S.1996]

Subd. 4a. **Loan repayment; new development.** (a) For the purposes of this subdivision, "loan" includes a loan that has been forgiven under this section.

(b) A municipality that receives a supplemental assistance loan under this section that, within 20 years after receiving the assistance, extends sewer service to serve a residential, industrial, or commercial development that is completed on unplatted land after March 1, 1996, or that is on a lot whose plat was recorded after that date, must repay a portion of the loan to the authority before providing the sewer connection. The commissioner shall calculate the amount to be repaid by first determining the number of households included in the extension financed by the original loan. The commissioner must then determine the present value of the original loan amount. The interest rate used to calculate the present value must be equivalent to the interest rate on the loan made to the municipality under section 446A.07 at the time of the original supplemental assistance loan under this section. The commissioner must then divide the present value of the loan by the number of households included in the original loan. For an extension to a residential development, the repayment to the authority must be equal to the per household amount calculated for the original loan multiplied by the number of households in the proposed extension. For an extension to a commercial or industrial development, the commissioner shall determine the repayment to the authority by using the per household amount calculated for the original loan to calculate a proportionally equivalent amount based on the projected wastewater discharge from the proposed development. The total repayments to the authority under this paragraph may not exceed the original amount of the supplemental assistance loan. The repayment must be processed as provided in subdivision 7.

(c) The authority shall waive the loan repayment if the commissioner determines that the community in which the sewer extension is undertaken meets the following conditions:

(1) there is a shortage of decent, safe, and affordable housing;

(2) the housing units served by the sewer extension are located in an incorporated area; and

(3) the housing units served by the sewer extension are moderately priced.

The authority shall also waive the loan repayment if the commissioner determines that the population of the community in which the sewer extension is undertaken has declined by more than ten percent since the preceding federal decennial census.

The commissioner shall provide the determinations made under this paragraph to the authority to be included in the reports required by subdivision 11.

[For text of subds 5 to 12, see M.S.1996]

History: 1997 c 246 s 18

446A.081 DRINKING WATER REVOLVING FUND.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Act" means the Safe Drinking Water Act Amendments of 1996, Public Law Number 104-182.

(c) "Department" means the department of health.

[For text of subds 2 and 3, see M.S.1996]

Subd. 4. **Capitalization grant agreement.** The authority shall enter into an agreement with the administrator of the United States Environmental Protection Agency to receive capitalization grants for the fund. The authority and the department shall enter into an operating agreement with the administrator of the United States Environmental Protection Agency to satisfy the criteria in the act to operate the fund. The authority and the department may exercise the powers necessary to comply with the requirements specified in the agreements and to ensure that loan recipients comply with all applicable federal and state requirements.

[For text of subds 5 to 8, see M.S.1996]

Subd. 9. **Other uses of fund.** The drinking water revolving loan fund may be used as provided in the act, including the following uses:

(1) to buy or refinance the debt obligations, at or below market rates, of public water systems for drinking water systems, where such debt was incurred after the date of enactment

of the act, for the purposes of construction of the necessary improvements to comply with the national primary drinking water regulations under the federal Safe Drinking Water Act;

(2) to purchase or guarantee insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loans or loan guarantees for similar revolving funds established by a governmental unit or state agency;

(5) to earn interest on fund accounts;

(6) to pay the reasonable costs incurred by the authority, the department of trade and economic development, and the department for conducting activities as authorized and required under the act up to the limits authorized under the act; and

(7) to develop and administer programs for water system supervision, source water protection, and related programs required under the act.

[For text of subs 10 to 12, see M.S.1996]

History: 1997 c 200 art 5 s 3-5

446A.085 TRANSPORTATION REVOLVING LOAN FUND.

Subdivision 1. **Definitions.** For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) **Act.** "Act" means the National Highway System Designation Act of 1995, Public Law Number 104-59, as amended.

(b) **Borrower.** "Borrower" means the state, counties, cities, and other governmental entities eligible under the act and state law to apply for and receive loans from the transportation revolving loan fund, the trunk highway revolving loan account, the county state-aid highway revolving loan account, and the municipal state-aid street revolving loan account.

(c) **Department.** "Department" means the department of transportation.

(d) **Loan.** "Loan" means financial assistance provided for all or part of the cost of a project including money disbursed in anticipation of reimbursement or repayment, loan guarantees, lines of credit, credit enhancements, equipment financing leases, bond insurance, or other forms of financial assistance.

(e) **Transportation committee.** "Transportation committee" means a committee of the Minnesota public facilities authority consisting of the commissioner of the department of trade and economic development, the commissioner of finance, and the commissioner of transportation.

Subd. 2. **Purpose.** The purpose of the transportation revolving loan fund, the trunk highway revolving loan account, the county state-aid highway revolving loan account, and the municipal state-aid street revolving loan account is to provide loans and matching money for public transportation projects eligible for financing or aid under any federal act or program, including, without limitation, the study of the feasibility of construction, reconstruction, resurfacing, restoring, rehabilitation, or replacement of transportation facilities; acquisition of right-of-way; and maintenance, repair, improvement, or construction of city, town, county, or state highways, roads, streets, rights-of-way, bridges, tunnels, railroad-highway crossings, drainage structures, signs, guardrails, and protective structures used in connection with highways or transit projects. Enhancement items, including without limitation bicycle paths, ornamental lighting, and landscaping, are eligible for financing provided they are an integral part of overall project design and construction of a federal-aid highway. Money in the fund may not be used for any toll facilities project or congestion-pricing project.

Subd. 3. **Establishment of fund.** A transportation revolving loan fund is established to make loans for the purposes described in subdivision 2. A highway account is established in the fund for highway projects. A transit account is established in the fund for transit capital

projects. The transportation revolving loan fund shall receive federal money under the act and money from any source other than the trunk highway fund, the county state-aid highway fund, and the municipal state-aid street fund. Money received under this section must be paid to the state treasurer and credited to the transportation revolving loan fund. Money in the fund is annually appropriated to the commissioner and does not lapse. The fund must be credited with investment income, and with repayments of principal and interest, except for servicing fees assessed under sections 446A.04, subdivision 5, and 446A.11, subdivision 8.

Subd. 4. Management of fund and accounts. The authority shall manage and administer the transportation revolving loan fund, the trunk highway revolving loan account, the county state-aid highway revolving loan account, and the municipal state-aid street revolving loan account. For those purposes, the authority may exercise all powers provided in this chapter.

Subd. 5. Transfer of money. With the consent of the transportation committee, the commissioner of transportation may transfer money from the trunk highway revolving loan account to the trunk highway fund, from the county state-aid highway revolving loan account to the county state-aid highway fund, and from the municipal state-aid street revolving loan account to the municipal state-aid street fund.

Subd. 6. Transportation committee. The transportation committee may make loans to borrowers for purposes authorized by the act. Each project must be certified by the commissioner of transportation before its consideration by the transportation committee.

Subd. 7. Applications. Applicants for loans must submit an application to the transportation committee on forms prescribed by the transportation committee. The applicant must provide the following information:

- (1) the estimated cost of the project and the amount of the loan sought;
- (2) other possible sources of funding in addition to loans sought from the transportation revolving loan fund, the trunk highway revolving loan account, the county state-aid highway revolving loan account, or the municipal state-aid street revolving loan account;
- (3) the proposed methods and sources of funds to be used for repayment of loans received; and
- (4) information showing the financial status and ability of the borrower to repay loans.

Subd. 8. Certification of projects. The commissioner of transportation shall consider the following information when evaluating projects to certify for funding to the transportation committee:

- (1) a description of the nature and purpose of the proposed transportation project including an explanation of the need for the project and the reasons why it is in the public interest;
- (2) the relationship of the project to the area transportation improvement program, the approved statewide transportation improvement program, and to any other transportation plans required under state or federal law;
- (3) the estimated cost of the project and the amount of loans sought;
- (4) proposed sources of funding in addition to loans sought from the transportation revolving loan fund, the trunk highway revolving loan account, the county state-aid highway revolving loan account, or municipal state-aid street revolving loan account;
- (5) the need for the project as part of the overall transportation system;
- (6) the overall economic impact of the project; and
- (7) the extent to which completion of the project will improve the movement of people and freight.

Subd. 9. Loan conditions. When making loans from the transportation revolving loan fund, the trunk highway revolving loan account, the county state-aid highway revolving loan account, or the municipal state-aid street revolving loan account, the transportation committee shall comply with the conditions of the act. In addition, a loan made under this section must:

- (1) bear interest at or below market rates or as otherwise specified in federal law;
- (2) have a repayment term not longer than 30 years;
- (3) be fully amortized no later than 30 years after project completion;

(4) be subject to repayment of principal and interest beginning not later than five years after the facility financed with a loan has been completed, or in the case of a highway project, five years after the facility has opened to traffic; and

(5) be made only after all federal environmental requirements applicable to the project have been complied with and all federal environmental requirements have been met.

Subd. 10. Loans in anticipation of future apportionments. A loan may be made to a county, or to a statutory or home rule charter city having a population of 5,000 or more, in anticipation of repayment of the loan from sums that will be apportioned to a county from the county state-aid highway fund under section 162.07 or to a city from the municipal state-aid street fund under section 162.14.

Subd. 11. Payment by county or city. Notwithstanding the allocation provisions of section 162.08 for counties, and the apportionment provisions of section 162.14 for cities, sums apportioned under section 162.13 to a statutory or home rule charter city, or under section 162.07 to a county, that has loan repayments due to the transportation revolving loan fund, the trunk highway revolving loan account, the county state-aid highway revolving loan account, or the municipal state-aid street revolving loan account shall be paid by the commissioner of transportation to the appropriate loan fund or account to offset the loan repayments that are due.

Subd. 12. Rules of transportation committee and authority. The commissioner of the department of trade and economic development shall adopt administrative rules specifying the procedures that will be used for the administration of the duties of the transportation committee and authority. The rules must include criteria, standards, and procedures that will be used for making loans, determining interest rates to be charged on loans, the amount of project financing to be provided, the collateral that will be required, the requirements for dedicated sources of revenue or income streams to ensure repayment of loans, and the length of repayment terms.

Subd. 13. Authority and rules of department. The commissioner of transportation shall establish, adopt rules for, and implement a program to identify, assist with the development of, and certify projects eligible for loans under the act to the transportation committee. Until rules are adopted by the commissioner of transportation, the commissioner of transportation may certify to the transportation committee any project that has been reviewed through an approved planning process that qualifies the project to be included in the statewide transportation program or amended into the statewide transportation improvement program.

Subd. 14. Joint rules. The commissioner of the department of trade and economic development and the commissioner of transportation may adopt a single set of rules.

History: 1997 c 141 s 10

NOTE: No provision of this section, as added by Laws 1997, chapter 141, section 10, may take effect until Minnesota has been notified by the United States Department of Transportation that it will be receiving a specific sum in federal funds that has been designated specifically for a state infrastructure bank. Laws 1997, chapter 141, section 11.

446A.12 ISSUANCE OF BONDS.

Subdivision 1. Bonding authority. The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed \$850,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

[For text of subs 2 to 5, see M.S.1996]

History: 1997 c 200 art 5 s 6