

116P.12 WATER SYSTEM IMPROVEMENT LOAN PROGRAM.

Subdivision 1. **Loans authorized.** (a) If the principal of the trust fund equals or exceeds \$200,000,000, the commission may vote to set aside up to five percent of the principal of the trust fund for water system improvement loans. The purpose of water system improvement loans is to offer below market rate interest loans to local units of government for the purposes of water system improvements.

(b) The interest on a loan shall be calculated on the declining balance at a rate four percentage points below the secondary market yield of one-year United States Treasury bills calculated according to section 549.09, subdivision 1, paragraph (c).

(c) An eligible project must prove that existing federal or state loans or grants have not been adequate.

(d) Payments on the principal and interest of loans under this section must be credited to the trust fund.

(e) Repayment of loans made under this section must be completed within 20 years.

(f) The Minnesota Public Facilities Authority must report to the commission each year on the loan program under this section.

Subd. 2. **Application and administration.** (a) The commission must adopt a procedure for the issuance of the water system improvement loans by the Public Facilities Authority.

(b) The commission also must ensure that the loans are administered according to its fiduciary standards and requirements.

History: 1988 c 690 art 1 s 16