

1 Energy and Economic Development Authority

2

3 Adopted Rules Governing School Energy Conservation Investment

4 Loans

5

6 Rules as Adopted

7 8300.2500 PURPOSE.

8 The purpose of parts 8300.2501 to 8300.2509 is to establish
9 procedures for application by public school districts for energy
10 conservation investment loans, criteria for state agency review
11 of loan applications, and procedures and guidelines for
12 monitoring, evaluation, and closure of loan accounts under the
13 school energy loan program.

14 8300.2501 DEFINITIONS.

15 Subpart 1. Scope. For the purposes of parts 8300.2500 to
16 8300.2509, the following terms have the meaning given them.

17 Subp. 2. Applicant. "Applicant" means a public school
18 district in Minnesota.

19 Subp. 3. Authority. "Authority" means the Minnesota
20 Energy and Economic Development Authority.

21 Subp. 4. Building. "Building" means an existing building
22 owned and operated by a public school district.

23 Subp. 5. Conservation measure. "Conservation measure"
24 means an energy conservation measure that is an installation or
25 modification of an installation to a building and that is
26 primarily intended to reduce energy consumption or allow the use
27 of an alternative energy source including solar, wind, peat,
28 wood, and agricultural residue.

29 Subp. 6. Maxi-audit. "Maxi-audit" means a detailed
30 engineering analysis of energy-saving building improvements,
31 including modifications to building structure; heating,
32 ventilating, and air conditioning systems; operation practices;
33 lighting; and other factors that relate to energy use. The
34 purpose of a maxi-audit is to quantify the economic and
35 engineering feasibility of energy-saving improvements or major

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY:

1 operational modifications.

2 Subp. 7. Payback. "Payback" means the simple payback that
3 is equal to the design, acquisition, and installation costs of a
4 conservation measure divided by the estimated first year energy
5 cost savings attributable to that measure.

6 Subp. 8. Project. "Project" means all proposed work in an
7 application for a loan to a school district.

8 8300.2502 SCHOOL ENERGY LOAN ELIGIBILITY CRITERIA.

9 Subpart 1. In general. The authority shall approve school
10 energy loans to applicants to cover the costs of capital
11 expenditures that are conservation measures that have paybacks
12 of ten years or less as specified in a maxi-audit in compliance
13 with Minnesota Statutes, section 116J.37 and parts 8300.2502 to
14 8300.2505.

15 Loans are available to applicants that have not previously
16 received or been offered loan funds under this program, for new
17 projects in school districts that previously received or were
18 offered loan funds under this program, and as amendments to
19 loans for projects in progress that are experiencing cost
20 overruns or for previously unidentified but related work
21 necessary to successful implementation of a previously approved
22 project if the payback remains at ten years or less. With the
23 exception of amendments as described above, the authority shall
24 not approve more than one loan for the same conservation measure
25 in the same building.

26 Subp. 2. Prior approval required. Except for a loan
27 amendment to cover cost overruns or costs associated with
28 previously unidentified but related work necessary to the
29 successful implementation of a previously approved and funded
30 project, projects that have been contracted for or begun before
31 the authority notifies the school district that the loan
32 application is approved are not eligible. This prior approval
33 requirement applies to the design, acquisition, and installation
34 costs as identified in the maxi-audit.

35 Subp. 3. Existing buildings; new construction. Only
36 projects for existing buildings are eligible. New construction

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY:

1 is not eligible except if it is a necessary part of successful
2 implementation of a conservation measure for an existing
3 building.

4 8300.2503 MAXIMUM LOAN AMOUNT.

5 To assure equitable statewide distribution of loan funds,
6 given that loans will be issued on a first-come-first-served
7 basis, the authority shall establish three equal allocations of
8 the \$30 million appropriated to this program to be divided among
9 small, medium, and large school districts. Small districts are
10 defined as having less than 900 students and four classroom
11 buildings or less. Small districts are eligible for up to
12 \$250,000 per district. Large districts are defined as having
13 greater than 5,000 students or more than ten classroom
14 buildings. Large districts are eligible for up to \$1,000,000
15 per district. All other districts are defined as medium school
16 districts and are eligible for up to \$500,000 per district.
17 Cooperative vocational centers and any other eligible
18 educational facilities that are not included in school districts
19 are limited to \$250,000. If less than 33 percent of any of the
20 three allocations is used within six months from the effective
21 date of parts 8300.2500 to 8300.2509, the authority may
22 redistribute funds that fund equally among the three allocations.

23 8300.2504 SCHOOL ENERGY LOAN APPLICATION CONTENTS AND PROCEDURES.

24 Subpart 1. In general. An applicant shall submit an
25 application to the authority on a form provided by the
26 authority. An application must be completed, dated, and signed
27 in ink by a duly authorized official of the applicant and must
28 include the authorized official's title.

29 Subp. 2. Contents. The application must contain: the
30 school district or vocational center number; complete mailing
31 address of the school district including the county; contact
32 person's name, title, and telephone number; federal employer
33 identification number; list of buildings included in the request
34 and the dollar amount requested per building; name and address
35 of each building, including the county; the total floor area in

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY:

1 square feet for each building; original construction date for
2 each building and building additions; the state legislative
3 district; and a summary description of each conservation
4 measure, its maxi-audit item number, its estimated cost, the
5 loan amount requested, its estimated annual energy cost savings,
6 its estimated annual fuel and electric savings, its estimated
7 payback, and the estimated dates the conservation measure will
8 be started and completed; and a certification to assure proper
9 and efficient operation of the building once the project is
10 completed. An application for an amendment for cost overruns
11 must also contain a copy of the bid selected.

12 An application must also contain an irrevocable resolution
13 of the school board to annually levy or otherwise collect
14 sufficient funds to guarantee loan repayment and a maxi-audit
15 for each building involved in the project. One copy of the
16 application is required.

17 8300.2505 SCHOOL ENERGY LOAN APPLICATION REVIEW.

18 Subpart 1. Administrative review. The authority shall
19 examine the loan application to verify that the applicant is
20 eligible, that the required forms and reports are included and
21 are correctly completed, that an irrevocable resolution of the
22 school board on school district or school board letterhead is
23 included, and that the estimated start and end dates of the
24 conservation measures included in the project are reasonable.

25 Subp. 2. Technical review. A technical review must be
26 based on the maxi-audit submitted for each building included in
27 a loan application. The applicant shall submit the maxi-audit
28 with the loan application on forms provided by the authority.
29 The minimum requirements for a maxi-audit are given at Code of
30 Federal Regulations, title 10, section 455.42 (May 21, 1981). A
31 maxi-audit must be performed by or under the direction of and
32 signed by a professional mechanical or electrical engineer or by
33 an architect registered in Minnesota.

34 Conservation measures with paybacks of ten years or less
35 that are identified and described in maxi-audits are eligible.
36 Loans may not be awarded to buildings with a remaining useful

1 life less than or equal to the payback of the conservation
2 measures proposed. Loans may not be awarded for a conservation
3 measure if the payback of the conservation measure proposed is
4 greater than or equal to the useful life of the measure.

5 The authority shall examine a maxi-audit that accompanies a
6 loan application to verify that conservation measures requested
7 are analyzed with adequate details of the existing conditions
8 and proposed changes using appropriate calculation procedures,
9 and that the proposed measures are eligible.

10 Subp. 3. Review results. The authority shall accept,
11 reject, or modify a loan application request as necessary based
12 on this review. The authority shall give to an applicant whose
13 application is rejected a written notice of problems encountered
14 in the review process and options available to correct them for
15 resubmission of the application. If only certain of the
16 conservation measures included in the project are rejected or
17 modified, the applicant may decide to accept a loan for the
18 approved portions or resubmit the project proposal at a later
19 date after making the necessary changes.

20 8300.2506 LOAN APPROVAL.

21 Subpart 1. Authority approval. The authority shall
22 approve loans that comply with parts 8300.2502 to 8300.2505, on
23 a first-come-first-served basis based as on the order in which
24 eligible and complete loan applications are received by the
25 authority. If eligible and complete loan applications received
26 at the same time cannot all be funded due to lack of available
27 funds, the authority shall approved loans so that each affected
28 application receives an equal percentage of the eligible loan
29 amount request.

30 Subp. 2. Execution of loan contract and disbursement of
31 funds. Upon approval of a school energy loan, the authority
32 shall send a loan contract to the applicant. The authority
33 shall attach to a loan contract a loan repayment schedule based
34 on the approved loan application according to Minnesota
35 Statutes, section 116J.37, subdivision 4, paragraph (b). The
36 applicant shall have a duly authorized official execute and

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY:

1 return the loan contract to the authority for execution of the
2 loan contract by state officials and for disbursement of the
3 loan funds. Loan funds must be issued upon execution of and
4 according to the terms of the loan contract.

5 8300.2507 REPORTS AND MONITORING FOR SCHOOL ENERGY LOAN PROGRAM.

6 Subpart 1. In general. A school district that receives a
7 loan from the authority shall submit the reports listed in
8 subparts 2 to 5.

9 Subp. 2. Annual project status report. The school
10 district shall submit to the authority on forms provided by the
11 authority an annual project status report covering the period
12 July 1 through June 30. This report is due each July 31 until
13 the project is completed. The project status report must
14 indicate the progress of the implementation of the measures
15 funded, problems encountered, the effect of the problems on the
16 project, and the corrective action taken. If at any time the
17 school district fails to substantially comply with the start and
18 end dates given in the loan application as approved, and if the
19 school district cannot reasonably justify to the authority its
20 lack of progress, the entire loan amount may become due and
21 payable at the discretion of the authority.

22 Subp. 3. Quarterly financial report. The school district
23 shall submit to the authority, on forms provided by the
24 authority, a quarterly financial status report that indicates
25 expenditures of loan funds through the last date of each
26 quarter. This report is due within 30 days of the end of each
27 calendar quarter until the project is completed.

28 Subp. 4. Final report. Within 60 days of the completion
29 of the project, the school district shall submit to the
30 authority, on forms provided by the authority, a final project
31 status report and a financial status report that gives actual
32 expenditures of the measures implemented.

33 Subp. 5. Annual energy report. The school district shall
34 submit to the authority, on forms provided by the authority, an
35 annual energy use and energy expenditure report by fuel type due
36 each October 31 for the duration of the loan contract period, or

1 for a minimum of three years after project completion if the
2 loan is paid in less than three years, unless the authority
3 cancels this requirement prior to the end of the loan contract
4 period.

5 8300.2508 SCHOOL ENERGY LOAN PROGRAM EVALUATION.

6 The authority shall evaluate the program's effectiveness in
7 reducing the energy costs of participating school districts 18
8 months after the effective date of these permanent rules and
9 annually thereafter until all loan funds are issued. The school
10 district shall provide the authority with information that is
11 reasonably needed to conduct an evaluation of the loan program,
12 which shall include but not be limited to the reports required
13 in part 8300.2507.

14 8300.2509 CLOSURE OF SCHOOL ENERGY LOAN ACCOUNT.

15 If the authority determines that the project that was
16 approved for loan funds has been implemented, it shall authorize
17 closure of the loan account upon full repayment.

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY: