

1 Waste Management Board

2

3 Adopted Permanent Rules Relating to Waste Tire Recycling Grant
4 and Loan Program

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6 Rules as Adopted

7 9220.0800 DEFINITIONS.

8 Subpart 1. **Scope.** For the purposes of parts 9220.0800 to
9 9220.0835, the following terms have the meaning given them
10 unless the context requires otherwise.

11 Subp. 2. **Board.** "Board" means the Minnesota Waste
12 Management Board.

13 Subp. 3. **Chair.** "Chair" means the chair and chief
14 executive officer of the board.

15 Subp. 4. **Institutional arrangements.** "Institutional
16 arrangements" means methods of financing, marketing,
17 procurement, securing the waste supply, or joint efforts by more
18 than one local government unit.

19 Subp. 5. **Waste tire recycling business.** "Waste tire
20 recycling business" means a business engaged in energy recovery
21 or resource recovery from waste tires.

22 Subp. 6. **Waste tire recycling project.** "Waste tire
23 recycling project" means a mechanism, method, or facility
24 designed to process waste tires to recover energy or resources.

25 9220.0805 SCOPE.

26 Parts 9220.0800 to 9220.0835 implement the waste tire
27 recycling grant and loan program created in Minnesota Statutes,
28 section 116.55 by establishing the substantive criteria and
29 procedural conditions under which the board may award grants for
30 waste tire recycling project studies and loans for waste tire
31 recycling projects.

32 9220.0810 GRANTS.

33 Subpart 1. **Eligible applicants.** Individuals,
34 partnerships, corporations, and associations are eligible for

1 grants.

2 Subp. 2. Eligible studies. Grant funds are available to
3 pay costs associated with studies necessary to demonstrate the
4 technical and economic feasibility of a waste tire recycling
5 project.

6 Subp. 3. Eligible costs. Eligible costs are limited to
7 the following:

8 A. the salary of employees or the cost of a
9 consultant employed to research and analyze the technical and
10 economic feasibility of the waste tire recycling project that is
11 the subject of the study;

12 B. the cost of drafting, printing, and distributing
13 the final report required under part 9220.0820;

14 C. the cost of in-state travel, the primary purpose
15 of which is to gather information needed for the study, in no
16 greater amount than provided in the current commissioner's plan
17 adopted by the commissioner of employee relations under
18 Minnesota Statutes, section 43A.18, subdivision 2; and

19 D. the cost of supplies required for the study,
20 provided the supplies are fully expended during the course of
21 the research or production of the report.

22 Subp. 4. Ineligible costs. The cost of overhead and the
23 cost of developing the application submitted to the board are
24 not eligible for funding.

25 9220.0815 CONTENT, REVIEW, AND EVALUATION OF GRANT APPLICATION.

26 Subpart 1. Contents. An application for a grant to study
27 the technical and economic feasibility of a proposed waste tire
28 recycling project must include the following information:

29 A. the name, address, and telephone number of the
30 applicant;

31 B. a description of the waste tire recycling project
32 that will be the subject of the study;

33 C. a detailed description of the proposed study,
34 including objectives, tasks, estimated hours for completion of
35 each task, and the estimated cost of completing each task;

1 D. a description of the information that will be
2 contained in the final report developed as required by part
3 9220.0820;

4 E. the total cost of the study and the eligible cost
5 of the study;

6 F. the total grant funding requested; and

7 G. the name, address, and telephone number of the
8 person or persons who will actually perform the research, if
9 known.

10 Subp. 2. **Determination of eligibility and completeness.**

11 Upon receipt of an application, the chair or a designee shall
12 determine the eligibility of the applicant, the eligibility of
13 the costs identified in the application, the eligibility of the
14 study described in the application, and the completeness of the
15 application. Applicants are encouraged to contact the chair and
16 request a preapplication review of the proposed study.

17 Subp. 3. **Notice of determination of eligibility and**

18 **completeness.** Within 14 days after receiving the application,
19 the chair shall notify the applicant of the chair's
20 determinations of eligibility and completeness. If the chair
21 determines that the applicant or the study is ineligible, the
22 chair shall reject the application, return it to the applicant,
23 and notify the applicant of the reasons for the rejection. If
24 the chair determines that any part of the study costs is
25 ineligible or that the application is incomplete, the chair
26 shall notify the applicant of the ineligible portion of the
27 costs or of the deficiency. The applicant has 14 days after
28 receiving the notice to correct any inadequacies identified by
29 the chair. If the inadequacies are corrected within the time
30 allowed, the application will be evaluated by the chair and sent
31 to the board for decision.

32 Subp. 4. **Board approval.** The board shall approve

33 applications and award grants for studies of the technical and
34 economic feasibility of waste tire recycling projects that will
35 result in the generation of information to aid the state in
36 developing waste tire recycling alternatives. The board shall

1 give priority to studies that are unlikely to be undertaken
2 without state assistance, or that could lead directly to
3 development of new waste tire recycling capacity needed in the
4 state.

5 9220.0820 GRANT LIMITATIONS; AGREEMENT.

6 Subpart 1. Grant amount. Grants must not exceed 75
7 percent of the eligible costs of the proposed study. No single
8 grant may exceed \$30,000. Grants must not be awarded to cover a
9 cost associated with tasks performed before the grant award or
10 after the expiration of the grant agreement.

11 Subp. 2. Grant agreement. Grant funds must be disbursed
12 only after a grant agreement containing the terms of this
13 subpart has been executed by the board and the recipient of the
14 grant award. The grant agreement must:

15 A. require the preparation of a final report to be
16 submitted to the board that contains:

17 (1) a detailed analysis of the technical and
18 economic feasibility of the waste tire recycling project that is
19 the subject of the study, including an estimate of the net
20 operating revenue, if any, to be generated by the waste tire
21 recycling project studied if it was developed, considering the
22 availability of waste tire supplies and markets for recovered
23 resources from the project;

24 (2) a proposal for developing the waste tire
25 recycling project that was the subject of the study, including
26 financing alternatives, if the study concludes that development
27 is feasible;

28 (3) an analysis of the impact that the waste tire
29 recycling project studied would have on existing waste tire
30 recycling if the project was developed; and

31 (4) other information that would be relevant to a
32 future decision by the state or other private or public entities
33 to fund or otherwise support the development of the waste tire
34 recycling project that was studied;

35 B. provide for staged disbursement of funds as

1 documentation of costs incurred is received from the grant
2 recipient, and for retainage of funds until the final report is
3 submitted and determined by the chair to be adequate;

4 C. incorporate by reference the final grant
5 application submitted to the board under part 9220.0815; and

6 D. provide that any cost overruns incurred in
7 performing the study and preparing the final report is the sole
8 responsibility of the recipient and that the board shall not
9 consider amendments to the grant agreement requesting that
10 additional funds be awarded to the recipient.

11 9220.0825 LOANS.

12 Subpart 1. Eligible applicants. Individuals,
13 partnerships, corporations, and associations engaged in a waste
14 tire recycling business, or intending to become engaged in a
15 waste tire recycling business, are eligible for waste tire
16 recycling loans.

17 Subp. 2. Eligible costs. Loan funds are available to pay
18 costs incurred for capital improvements associated with the
19 development of the waste tire recycling project, including the
20 cost of land and building acquisition or construction and the
21 cost of equipment purchase and installation.

22 9220.0830 CONTENT, REVIEW, AND EVALUATION OF APPLICATION.

23 Subpart 1. Contents. An application for a waste tire
24 recycling project loan must include the following information:

25 A. the name, address, and telephone number of the
26 applicant and project manager;

27 B. a description of the waste tire recycling project
28 that is proposed to be funded by the loan;

29 C. the total capital cost of the project;

30 D. the total grant-eligible cost of the project;

31 E. the amount of the loan requested; and

32 F. the amount and source of all other funding that
33 will be contributed to the project, including the amount of
34 funds to be contributed by the applicant.

35 Subp. 2. Supporting documentation. An application for a

1 waste tire recycling project loan must include the following
2 supporting documentation:

3 A. Credit information sufficient to support a finding
4 that the loan will be repaid. Credit information available from
5 private credit rating agencies such as Standard and Poor's, or
6 Dunn and Bradstreet must be accepted. For waste tire recycling
7 businesses that do not have a credit rating, personal credit
8 information pertaining to individual owners, partners, or
9 shareholders of closely-held corporations must be submitted for
10 evaluation and evaluated. Personal credit information must
11 include personal tax returns, personal credit reports from
12 credit bureaus or other credit reporting agencies if available,
13 and references from personal bankers.

14 B. A certification from the chair that the proposed
15 project is technically feasible.

16 C. A conceptual and technical feasibility report that
17 includes at least the following:

18 (1) a detailed description of the proposed waste
19 tire recycling project and the recycling process proposed;

20 (2) a description of the institutional
21 arrangements necessary for project implementation and operation;

22 (3) a description of the method of project
23 facility or equipment procurement;

24 (4) documentation substantiating that the
25 equipment to be procured has the capability and operating
26 history to perform as proposed;

27 (5) final design and engineering specifications,
28 including site plans, building plans, and floor plans detailing
29 the equipment layout; and

30 (6) an analysis of the quantity and source of the
31 waste tires that will be processed.

32 D. A financial plan that contains:

33 (1) initial capital development costs and the
34 method of financing those costs;

35 (2) annual operating and maintenance costs;

36 (3) projections of total project costs and

1 revenues over the term of the loan;

2 (4) projected tipping fees; and

3 (5) copies of contracts for the sale of project
4 products that specify quantities sold, price per unit sold, the
5 life of the contract and a marketing plan for the waste tire
6 recycling business proposed.

7 E. A description of how the facility fits the solid
8 waste management objectives of the jurisdiction where the
9 facility will be located.

10 Subp. 3. Determination of eligibility and completeness.

11 Upon receipt of an application, the chair or a designee shall
12 determine the eligibility of the applicant, the eligibility of
13 the costs identified in the application, the eligibility of the
14 project described in the application and the completeness of the
15 application. Applicants are encouraged to contact the chair to
16 arrange for a preapplication review of the proposed project.

17 Subp. 4. Notice of determination of eligibility and
18 completeness. Within 14 days after receiving the application,
19 the chair shall notify the applicant of the chair's
20 determinations of eligibility and completeness. If the chair
21 determines that the applicant or the project is ineligible, the
22 chair shall reject the application, return it to the applicant,
23 and notify the applicant of the reasons for the rejection. If
24 the chair determines that any part of the project costs is
25 ineligible or that the application is incomplete, the chair
26 shall notify the applicant of the ineligible portion of the
27 costs or of the deficiency. The applicant has 14 days after
28 receiving the notice to correct any inadequacies identified by
29 the chair. If the inadequacies are corrected within the time
30 allowed, the application will be evaluated by the chair and sent
31 to the board for decision.

32 Subp. 5. Board approval. The board shall approve
33 applications and award loans for development or improvement of
34 waste tire recycling facilities that will aid the state in
35 fulfilling waste tire management objectives. Priority must be
36 given to projects that best meet the waste management objectives

1 established in Minnesota Statutes, section 115A.02. No loan may
2 be approved unless the board finds that the proposed project has
3 been certified as technically feasible by the chair and that the
4 operating revenues will be sufficient to ensure full repayment
5 of loan, including interest.

6 9220.0835 LOAN LIMITATIONS.

7 Subpart 1. Loan amount. ~~No~~ The maximum waste tire
8 recycling loan ~~may-exceed~~ is 90 percent of the eligible capital
9 costs of the project or \$1,500,000, whichever is less.

10 Subp. 2. Interest rate. The interest rate of a loan from
11 the waste tire recycling loan program shall not be less than an
12 annual percentage rate of three percent. Interest payments on
13 the loan are due annually and begin to accrue from the date the
14 loan is disbursed by the board. The first repayment of the
15 principal amount of the loan is due one year after the project
16 becomes operational or two years after the date the loan
17 agreement is executed by the board, whichever is earlier. The
18 board shall consider the project operational at the point where
19 the project meets all vendor guaranteed operating specifications.

20 Subp. 3. Loan agreement. Loan funds must be disbursed
21 only after a loan agreement containing the terms of this subpart
22 has been executed by the board and the recipient of a loan
23 award. A grant agreement must:

24 A. incorporate by reference the final application
25 submitted to the board under part 9220.0830;

26 B. establish the term of the loan, which is
27 determined by considering the expected life of the project
28 facility or equipment;

29 C. establish a schedule for repayment of principal
30 and interest, and procedures to be followed in the case of
31 default in repayment;

32 D. provide that any cost overruns incurred in the
33 development of the proposed project are the sole responsibility
34 of the loan recipient;

35 E. provide that the board will not accept any

1 amendments or supplementary applications requesting that
2 additional loan funds be awarded to the loan recipient; and
3 F. require that the recipient provide periodic
4 reports to the board on the developmental and operational
5 history of the project so that knowledge and experience gained
6 from the project may be made available to other communities in
7 the state.

8 Subp. 4. Failure to complete and operate project. If a
9 project funded by a loan under this part is not completed and
10 operational in accordance with the terms and conditions of the
11 loan agreement, including time schedules, the board shall
12 declare default and require that the entire outstanding balance
13 of the loan be repaid. Before finding a default, the board
14 shall make a determination as to the reason the project was not
15 completed or operated as required. If the board finds that the
16 recipient could not complete or operate the project as required
17 due to forces beyond the control of the recipient, the board
18 shall consider a variance that will allow the original
19 objectives of the project to be accomplished.