

1 Department of Trade and Economic Development

2

3 Adopted Permanent Rules Relating to Once-Through Cooling

4 Conversion Loan Program

5

6 Rules as Adopted

7 ONCE-THROUGH COOLING CONVERSION LOAN PROGRAM

8 7380.0800 DEFINITIONS.

9 Subpart 1. Scope. The terms defined in this part apply to
10 parts 7380.0800 to 7380.0840.

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

14 Subp. 3. Authority. "Authority" means the Minnesota
15 Public Facilities Authority.

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

22 Subp. 5. Department. "Department" means the Department of
23 Public Service.

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

30 Subp. 7. Participation agreement. "Participation
31 agreement" means the agreement by and between the financial
32 institution and the authority which establishes the relationship
33 between the parties, and contains all the terms and conditions
34 regarding the participation in the borrower's loan which the
35 authority has purchased from the financial institution, and any

1 amendment, modification, or substitution thereof.

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

6 7380.0810 PROCEDURES FOR FINANCIAL ASSISTANCE APPLICATION.

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

17 Those applications certified by the department, based on
18 the information provided by the applicants in the applications,
19 shall be assigned rankings by the authority for funding in a
20 given year as provided in subpart 2, item C, and Minnesota
21 Statutes, section 446A.21. The authority shall provide the
22 balance of the application forms by August 1 of a given year to
23 those applicants which have been certified. Applicants shall
24 submit the rest of the applications as provided in subpart 3 to
25 the executive director of the authority postmarked no later than
26 October 1 or the first business day of October of each year.
27 The full applications must include a letter from the
28 participating financial institution committing the financial
29 institution to provide project funding conditioned upon the
30 authority approval of the loan. The authority shall fund
31 certified projects in order of their rankings, as provided in
32 subpart 2, item C, and Minnesota Statutes, section 446A.21, and
33 award loans by December 31 of each year. The authority shall
34 change the application submission due dates and award dates only
35 by public notice in the State Register.

1 Subp. 2. Authority review.

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

8 B. The authority shall only approve and provide
9 financial assistance for the capital cost for certified
10 applicants that demonstrate that:

11 (1) the total financing of the project is
12 assured;

13 (2) the applicant has the capacity to repay the
14 loan to the authority;

15 (3) the applicant has a written commitment from a
16 financial institution for the necessary amount of the project
17 loan; and

18 (4) the applicant is able to provide collateral
19 for the loan.

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

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

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

36 (3) providing funding to as many projects as

1 possible within the limits of available funding based on the
2 rank order.

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

7 Subp. 4. **Incomplete application.** If an incomplete
8 application is received from an applicant before August 1 of a
9 given year, the executive director of the authority shall notify
10 the applicant of the specific deficiencies in the application.
11 If a revised and completed application is not received by the
12 executive director by the application deadline, October 1, or
13 the first business day of October, the application is deemed to
14 be rejected, and the applicant, subject to parts 7685.0100 to
15 7685.0140, must reapply in a later year to be considered.

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

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

26 7380.0820 PARTICIPATION LOAN TERMS AND CONDITIONS.

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

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

32 A. The authority shall utilize loan participation as
33 the means to provide financial assistance to borrowers. An
34 applicant may select a financial institution of its choice. The
35 authority, subject to the requirements of this part, shall

1 purchase a loan participation in a loan up to 50 percent of the
2 total eligible project cost of the project.

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

13 Subp. 3. Dedicated sources of repayment and collateral
14 requirements.

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

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

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

27 D. As required by Minnesota Statutes, section
28 446A.21, subdivision 2, paragraph (b), a public entity shall
29 provide to the financial institution and the authority, audits
30 and budgets which document that the entity has the revenue to
31 repay the loan.

32 E. As required in Minnesota Statutes, section
33 446A.21, subdivision 2, paragraph (b), private and nonprofit
34 organizations shall provide to the financial institution or the
35 authority, income and earnings forecasts, audits, credit
36 reports, and other related materials that documents that the

1 entity has revenues to repay the loan. The financial
2 institution and the authority shall take a security interest in
3 capital assets or real property.

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

8 A. ten years for land, building, or other real
9 property;

10 B. five years for equipment or machinery; or

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

14 7380.0830 FEES.

15 Any loan origination fees charged a loan recipient by the
16 authority shall be as provided in Minnesota Statutes, section
17 446A.04, subdivision 5, paragraph (a).

18 7380.0840 AUDITS.

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