

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 1183 05 0009 0142

7/11 Marinac to send new title page.

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 7-8-85
DATE FOR REVIEW 7-17-85
DATE DUE 7-22-85

Adopted w/a hearing ____
Adopted w/o hearing ✓
Temporary rule ____

Approved 7-22-85 JMM Disapproved ____ Returned to Agency ____

Resubmitted ____ Due ____
Approved ____ Disapproved ____ Returned to Agency ____

Date filed w/Secretary of State 7-24-85 Revisor approved 7/9/85
disapproved ____

✓ Rule as Adopted (incorrect title - Revisor will certify corrected version)

____ Rule as Proposed

✓ Order Adopting 6.26.85 Date combined with FF

____ Notice of Intent to Solicit Outside Opinion

✓ Order for rulemaking
N/A date of Hearing

✓ Certificate of Board's Authorizing Resolution

✓ Notice of rulemaking
? Sufficiency no explicit small biz statement except explanation of what rule is about.

✓ Affidavit of Mailing Notice or rulemaking
5.20.85 At least 30 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
5.20.85 At least 30/~~20~~ days prior to ~~hearing~~/adoption

N/A Hearing Examiner's Report

✓ Chief Hearing Examiner's Report(s)
____ Approving H.E.'s Report
____ Approving agency action

✓ Agency's Findings of Fact combined with Order Adopting

N/A LCRAR Report or agency Affidavit

✓ Certificate of Board's Resolution Adopting Rules

N/A Order Approving Incorporation by Reference

✓ Statement of Need and Reasonableness

N/A Petition for Adoption of a Rule

✓ Record (includes transcript or tape, exhibits, comments received by agency, requests for a hearing, and other relevant materials)

✓ Certificate of Compliance w/Rulemaking Procedures

N/A Affidavit of Mailing Notice of Submission to Attorney General

✓ Notice of Submission to the Attorney General

To: . . Paul Mariac 60948

Date: 7/11/85

Re: DEED - Small Business Development; Special Assistance; Pollution Control Financial Assistance.

Rules as Adopted

p. 3, line 28 .0100, subp. 3

"commisioner" is incorrect spelling

p. 10, line 12 .3013, subp. 9

Either there should be some added language or a grammatical change made to "assists" so that the sentence starting on line 9 tracks properly.

p. 19, line 22 .3042, subp. 1

Section contains "including but not limited to" without criteria to limit agency discretion.

7/24 Paul Mariac was asked by JVW to supply corrected pages for first two items listed above.

7/24 pages rec'd + inserted

SF-00006-03

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO: JUDITH WEHRWEIN
2nd Floor Administration Building

DATE: July 8, 1985

FROM: CHRISTIE B. ELLER CBE
Special Assistant Attorney General

PHONE: 296-9200

SUBJECT: RULES OF THE ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY RELATING TO SMALL BUSINESS DEVELOPMENT; SPECIAL ASSISTANCE; POLLUTION CONTROL FINANCIAL ASSISTANCE.

Enclosed please find the documents listed below relating to the above-entitled rules.

1. Certificate of the Authority's Resolution Adopting the Rules
2. Order for Notice of Intent to Adopt a Rule Without a Public Hearing
3. Certificate of Authority's Authorizing Resolution
4. Mailing List Certificate
5. Statement of Need and Reasonableness
6. Certificate of Compliance with Rulemaking Procedures
7. Copy of Notice of Intent
8. Affidavit of Mailing Notice
9. Copy of Rule as Proposed
10. Four Copies of Rule as Adopted
11. Two Copies of Findings of Fact, Conclusions and Order Adopting the Rule

The rules amend the present permanent rules, Minn. Rules pts. 8300.0100 to 8300.2200, and propose to make permanent the existing emergency rules, Minn. Rules pts. 8300.3010 to 8300.3035 [Emergency]. The proposed rules contain only a few minor changes from the emergency rules under which these programs have been operating.

CBE/smo
Enclosures

cc: Terry Brown

(over)

P.S. As we discussed, the title to the rules as adopted and as published in the State Register is incorrect. I have marked the correct title on one of the copies of the Rules as adopted. I have also discussed the matter with Paul Marinac of the Revisor's Office and he suggested making the change when the Revisor provides its certificate as to the rules. In addition, the Authority will have an errata published in the State Register whenever the notice of the adoption of the rules is published.

SF-00006-03

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO: MARK B. DAYTON, Chairman
Minnesota Energy & Economic Development Authority

DATE: 7-24-85

ATTN: CHRISTIE B. ELLER
Special Assistant Attorney General

FROM: J. MICHAEL MILES JMM
Assistant Attorney General

PHONE: 296-6555

SUBJECT: In the Matter of the Proposed Adoption of the Rules of the State of Minnesota Energy and Economic Development Authority Governing Loan Application Procedures.

The above-referenced rule has been approved as to its legality by the Attorney General on July 22, 1985.

Enclosed is the agency's copy of the approved rule. This office has already filed two copies of the approved rule with the Secretary of State, who will forward one copy to the Revisor of Statutes. The fourth copy is being retained by this division of the Attorney General's Office for its records.

Also enclosed are any petitions, requests, submission or comments received by the agency and any extra copies of documents which the agency submitted to the Attorney General.

In order for a permanent rule without a hearing to become effective, your agency must publish a notice of adoption in the State Register in accordance with Minn. Stat. § 14.27. An emergency rule becomes effective five working days after approval by the Attorney General; however, the agency must publish a notice in the State Register in accordance with Minn. Stat. § 14.34.

If you have any questions in this regard, please contact me.

JMM:sz

Enclosures

cc: Maryanne Hruby
Executive Director
Legislative Commission to Review
Administrative Rules

Duane Harves
Chief Administrative Law Judge
Office of Administrative Hearings

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Department of Energy and Economic Development
Energy and Economic Development Authority

Adopted Rules Relating to Small Business Development; Pollution Control Financial Assistance

Rules as Adopted

8300.0050 SCOPE.

Parts 8300.0100 to 8300.3013 are general rules that apply to all applications for financial assistance made available by the authority under the act and under Minnesota Statutes, chapter 472.

8300.0100 DEFINITIONS.

Subpart 1. **Statutory definitions.** The terms defined in Minnesota Statutes, sections 116M.03 and 472.03 and this part apply to this chapter.

Subp. 2. **Act.** "Act" means Laws of Minnesota 1980, chapter 547.

Subp. 2a. **Applicant.** "Applicant" means a person, partnership, firm, corporation, or association that applies to the authority for financial assistance.

Subp. 2b. **Authority.** "Authority" means the Minnesota Energy and Economic Development Authority.

Subp. 3. **Commissioner.** "Commissioner" means the commissioner of energy and economic development or his or her designee.

Subp. 4. **Financial assistance.** "Financial assistance" means loans, loan guarantees or insurance, and any other use of funds permitted by the act.

Subp. 5. **Members.** "Members" means the commissioner and those persons appointed to the authority under Minnesota Statutes, section 116M.09.

Subp. 6. **Project.** "Project" means that which is funded or secured, or is proposed to be funded or secured, by financial assistance.

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Department of Energy and Economic Development
Energy and Economic Development Authority

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8300.3011 PROCEDURES FOR FINANCIAL ASSISTANCE APPLICATIONS.

Subpart 1. In general. To apply for assistance from the authority, an applicant shall submit an application form to the commissioner on a form provided by the commissioner. An application must be completed, dated, and signed by an owner, general partner, or an authorized officer of the applicant. The commissioner shall follow the procedures under part 8300.3014.

Subp. 2. Contents. An application must contain at a minimum the following information:

A. A written history of the business.

B. The source and use of funds to finance the project.

C. Financial statements that include a balance sheet, an operating statement, a statement of the sources and uses of funds, and footnotes to the statements if available for the following time periods:

(1) Financial statements from the previous three years, if applicable. If unaudited, the statements must be signed by an authorized financial officer of the business making application.

(2) A current quarterly financial statement that was compiled within 90 days of the date the application was submitted, if quarterly financial statements are regularly prepared.

(3) Federal tax returns filed by the business for the previous three years if applicable, if the applicant is an individual or partnership.

(4) A proforma balance sheet and income statement for the 24 months following the financial assistance closing that shows the financial position of the applicant and that includes the proposed financing.

D. A marketing plan that describes:

(1) the industry the applicant is in;

(2) the economic outlook of that industry for the next three to five years;

(3) the major characteristics of the industry, names, locations, products, or services provided;

(4) the duration and conditions of the applicant's contracts currently in place; and

(5) the percentage of annual sales volume for each major customer over the previous three years.

E. Current resumes of key personnel and signed personal financial statements dated as of the date of the application for any person who owns 20 percent or more interest in the business.

F. A resolution of support or other comparable preliminary approval from the local government unit with respect to the project to be financed or secured with financial assistance.

G. A statement of informed consent by the applicant regarding the use and dissemination of the private data as provided in Minnesota Statutes, section 13.05, subdivision 4, paragraph (d). If the applicant is a corporation, then an authorized representative of the applicant shall provide a statement of informed consent in a form similar to that provided in Minnesota Statutes, section 13.05, subdivision 4, paragraph (d).

H. Certification that the employer does not discriminate in employment in a manner contrary to applicable federal or state laws and rules.

I. Certification of business compliance with all federal, state, or local laws or rules that affect the conduct of business in the state.

Subp. 3. **Business plan.** As part of the application, the applicant shall submit to the commissioner a comprehensive business plan. The business plan must include, but is not limited to, the following:

A. a management summary of the plan including:

(1) name of the business;

(2) business location and plan description;

(3) discussion of the product, market, and competition;

(4) expertise of the management team;

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(5) summary of financial projections;

(6) amount of financial assistance requested;

(7) form of and purpose for the financial assistance;

(8) purpose for undertaking the project; and

(9) business goals;

B. a description of the company including the following:

(1) date and state of incorporation, date and state of formation of partnership, or date and state of formation of sole proprietorship;

(2) history of the company; and

(3) principals and the roles they played in the evolution of the company;

C. a market analysis including:

(1) description of the current industry status and industry trends;

(2) effects of major social, economic, technological, or regulatory trends on the industry;

(3) description of the total market, principal market participants, and their performance; and

(4) discussion of the target market and competition;

D. a description of the product or product line including:

(1) list of patents, copyrights, licenses, or statement of the proprietary interest in the product or product line;

(2) discussion of technical and legal considerations;

(3) comparisons to competitors' products or product lines; and

(4) description of research and development and future plans for research and development;

E. a description of the marketing strategy including:

(1) overall strategy;

(2) pricing policy;

(3) sales channels and terms;

(4) method of selling, distributing, and servicing product;

(5) estimated sales and market share; and

(6) advertising, public relations, and promotion;

F. the management plan including:

(1) form of business organization;

(2) board of directors composition, if applicable;

(3) officers organization chart and responsibilities; and

(4) resumes of key personnel;

G. an operating plan including:

(1) schedule of upcoming work for the next one to two years;

(2) facilities plan or planned capital improvements for the next three years;

(3) manufacturing processes; and

(4) staffing plan (number of employees);

H. a schedule indicating the completion dates for realizing the significant aspects of the business plan;

I. a discussion of the risks and problems inherent to the business plan, including both the negative factors and plans to minimize the impact of those factors; and

J. financial data including:

(1) a funding request indicating the desired financing, capitalization, use of funds, and future financing;

(2) financial statements for the past three years, if applicable;

(3) current financial statements;

(4) monthly cash flow financial projections including the proposed financing for two years; and

(5) projected balance sheets, income statement, and statement of changes in financial position for two years including the proposed financing.

8300.3012 COLLATERAL REQUIREMENTS AND ADDITIONAL INFORMATION OR

CERTIFICATIONS.

Subpart 1. **Collateral requirements.** The authority shall require collateral as it considers necessary in accordance with generally accepted commercial lending practices to protect the interests of the authority in the financial assistance. At a minimum, the collateral will take one or more of the following forms:

A. mortgage on real property;

B. security position on personal property;

C. security of its financial assistance with assets being financed by the financial assistance and other assets of the company to protect the interests of the state's financial participation;

D. letter of credit or equivalent instrument;

E. guarantees or other assurances of repayment of affiliates of the applicant or other interested parties with respect thereto;

F. guarantees or other assurances of repayment of shareholders or partners who have 20 percent or more ownership in the applicant;

G. bond insurance or other credit enhancements; and

H. assignments of leases or rents on property or equipment.

Subp. 2. **Additional information or certifications.** The following additional information, as applicable, is required by the authority prior to disbursing financial assistance, as well as any other information that the authority in its sole discretion considers advisable for prudent financial management of authority financial assistance:

A. a lease agreement on property or equipment;

B. a listing of property, including serial numbers for machinery and equipment, that will serve as collateral to the financial assistance;

C. certification of insurance for workers' compensation and employer's liability;

D. a statement provided by the Internal Revenue

Service of tax clearance;

E. an appraisal of collateral offered to the authority for the financial assistance; and

F. a certificate of the insurers of all collateral that insurance is in force and effect. Prior to expiration of any insurance policy, the applicant shall furnish the commissioner with evidence that the policy has been renewed, replaced, or is no longer required.

8300.3013 PROCEDURES FOR APPLICATION PROCESSING.

Subpart 1. **Deadline for submission.** The applicant shall submit a complete application to the commissioner by the first business day of any month in order for the authority to consider it in that month. If an application is received after the first of the month and can be reviewed by the commissioner for eligibility and financial feasibility prior to the authority agenda deadline, the authority may consider the application at the meeting in that month.

Subp. 2. **Completed applications.** An application is complete when the commissioner receives all required documentation and exhibits.

Subp. 3. **Incomplete applications.** If an incomplete application is received, the commissioner shall notify the applicant of specific deficiencies in the application. The applicant has 60 days from the date of mailing of the commissioner's notification to complete the application. If the application is not completed and received by the commissioner within 60 days, the application is deemed to be rejected and the applicant shall reapply to be further considered.

Subp. 4. **Review of eligibility of project and applicant.** The commissioner shall review all completed applications to determine if the project and the applicant are eligible and meet the requirements of the act and any of parts 8300.3011 to 8300.3014 and any parts relating to the financial assistance for which the applicant has applied.

If the project and applicant are eligible, the commissioner shall review the application for economic feasibility as

provided in subpart 6.

Subp. 5. **Ineligible project or applicant.** The commissioner shall notify the applicant in writing if the applicant or the project is ineligible. The applicant has 30 days from the date of the commissioner's notification to amend the application.

Upon receipt of an amended application, the commissioner shall review the amended application under subpart 4. The commissioner shall reject the amended application if the project or applicant are ineligible. If the project and applicant are eligible, the commissioner shall review the amended application for economic feasibility under subpart 6.

If the application is not amended within 30 days, the application must be rejected and will not receive any further consideration.

Subp. 6. **Economic feasibility review.** The commissioner shall review the application in accordance with generally accepted commercial lending practices, including the use of the standards as printed in the most current annually updated version of the Annual Statement Studies, issued by Robert Morris Associates, Philadelphia, PA.

The commissioner shall obtain any other credit information when available from private credit rating agencies including, but not limited to, Standard & Poors and Dun & Bradstreet. In accordance with generally accepted commercial lending practices, the commissioner may check personal references.

The commissioner shall determine if the applicant can generate sufficient cash flow and maintain a sound financial condition.

The commissioner shall determine if there is sufficient collateral for the financial assistance. The submission of the application by the commissioner to the authority at a board meeting shall be deemed conclusive evidence that the commissioner has made the determinations required pursuant to this subpart.

Subp. 7. **Rejection of application based on economic**

feasibility. The commissioner shall notify the applicant in writing if the application is not economically feasible and the application is rejected.

If the application is rejected due to economic feasibility, the applicant may, within 30 days after written notification by the commissioner, request that the commissioner submit the rejected application to the authority for review at the next regularly scheduled meeting of the authority for which the agenda has not been established.

If so submitted, the authority must evaluate the application at its board meeting, in accordance with subpart 9.

Subp. 8. **Certification of public purpose for small business and business loans.** In addition to the economic feasibility review in subpart 6, the applicant must certify that the project assists in fulfilling the purposes of the act as expressed in Minnesota Statutes, section 116M.09, or assists in fulfilling one or more of the following criteria:

A. The applicant is located in an area of the state that is experiencing one of the most severe unemployment rates in the state.

B. The applicant is located in a border community that experiences a competitive disadvantage due to location and with this financial assistance the applicant would be induced to stay in Minnesota rather than to move to another state.

C. The applicant is likely to expand within the state and to create additional taxable property to local units of government.

D. The financial assistance applied for will help induce the applicant to locate in an area of economic distress or will help to provide jobs that would not otherwise be available to that area without the inducement of this financial assistance.

E. The financial assistance applied for will create or maintain sufficient numbers and types of jobs to justify participation in the financial assistance programs.

F. Energy sources and public facilities will be

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sufficient to support the successful operation of the project.

G. If the financial assistance will have the effect of a transfer of employment from one area of the state to another, that the project is economically advantageous to the state or that the project is necessary to the continued operation of the business enterprise within the state.

Subp. 9. **Authority evaluation procedure.** Applications approved for processing by the commissioner must be presented to the authority for approval or disapproval. The authority shall review and consider approval of an application on the basis of effectuating the purposes of the act as expressed in Minnesota Statutes, section 116M.09 or assist in fulfilling one or more of the criteria listed in subpart 8. If the authority disapproves the application, the commissioner shall so notify the applicant. If the authority approves the financial assistance, it shall pass a preliminary or a final resolution giving approval to the project to be financed and stating in either the preliminary or final resolution or combination of both the name of the project owner; a brief description of the project; the maximum amount of bonds to be issued, or the maximum amount of the loan to be made, or the maximum amount of the loan to be guaranteed or insured, whichever is applicable; and other provisions as the authority in its sole discretion deems advisable for prudent financial management of authority financial assistance. The commissioner shall notify the applicant of the authority's approval and provide the applicant with a copy of the resolution passed. If the financial assistance is funded by bonds, then passage of a preliminary and a final resolution as provided in subpart 10 are required before financial assistance is approved. Throughout this process if the authority does not extend financial assistance, the authority has no liability to the applicant.

Subp. 10. **Funding of financial assistance by bonds.** If the authority intends to fund the financial assistance by issuing bonds, the authority shall first pass a preliminary resolution. The preliminary resolution must not obligate the

authority to issue bonds or to fund financial assistance, but must only constitute an expression of current intention of the authority to issue bonds or to fund the financial assistance. If the authority subsequently determines that there are no adverse changes in the financial conditions or key personnel of the applicant, market conditions, availability of bond issuance authority, and other conditions that the authority deems necessary and the authority decides in accordance with generally accepted commercial lending practices to make financial assistance available, the authority shall pass a final resolution that authorizes the issuance and sale of bonds to extend financial assistance. The final resolution must specify the terms and conditions under which bonds will be issued. The preliminary resolution may contain a time limit with respect to the issuance of the bonds, may be revoked or amended by the authority at any time prior to the final resolution of the authority without liability to the authority, and may impose any conditions or requirements that the authority deems desirable. The commissioner shall notify the applicant of the authority's approval and provide the applicant with a copy of the resolution passed. Throughout this process, if the authority does not extend financial assistance, the authority has no liability to the applicant.

Subp. 11. **Preparation of documents.** The commissioner has the authority and responsibility to prepare or cause to be prepared all necessary documents and to execute them on behalf of the authority.

SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

8300.3020 PURPOSE OF SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

The small business development loan program issues financial assistance in a form involving a guarantee or insurance from the economic development fund or any account thereof and revenue bonds to finance small business loans.

8300.3021 ELIGIBLE APPLICANTS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Persons, partnerships, firms, or corporations engaged in and determined by the authority to constitute a small business as defined in the regulations of the United States Small Business Administration, Code of Federal Regulations, title 13, part 121, are considered eligible small businesses or eligible applicants.

8300.3022 ELIGIBLE LOANS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Subpart 1. **In general.** The authority shall make small business loans to applicants in compliance with the act and parts 8300.3011 to 8300.3024 in order to help create or retain jobs for the state.

Subp. 2. **Purpose of loan.** A small business loan must be used to provide interim or long-term financing for certain capital expenditures as provided in the act, and for expenditures that meet the requirements of federal industrial development bond laws, including:

A. acquisition costs of land, buildings, or both;

B. site preparation;

C. construction costs;

D. engineering costs;

E. costs of equipment, machinery, or both;

F. bond issuance costs;

G. underwriting or placement fees;

H. trustee's fees;

I. fee of guarantor, insurer, or financial institution, other than the authority, who provides letters of credit, surety bonds, or equivalent security;

J. authority fees, including application and guaranty fees of the authority and administrative costs and expenses;

K. certain contingency costs;

L. interest costs during construction;

M. legal fees, including those of the authority's bond counsel; and

N. debt service reserve fund.

Working capital loans are not eligible for financial

assistance under this loan program.

Subp. 3. **Size of eligible loans.** The principal amount of any financial assistance in the form of bonds to be financed by the authority may not be less than $250,000, unless the applicant agrees to pay all bond issuance costs, and may not exceed the maximum amount permitted to be loaned to an eligible small business as defined in the act for the total value of eligible items listed in subpart 2.

Subp. 4. **Equity requirements.** The maximum amount of a loan for project equipment is 75 percent of the cost of the equipment, and for all other authorized project expenses is 80 percent of the cost. The applicant must contribute at least 25 percent of the cost of project equipment and at least 20 percent of all other costs. Instead of a cash equity contribution the authority shall accept collateral which, if contributed to the financial assistance, would make the maximum loan percentage of the project costs for equipment equal to 75 percent and for all other authorized expenses equal 80 percent. The authority may require a lower loan to project percentage based upon the economic feasibility of the application. The authority may accept letters of credit or other credit enhancements as part of the equity contribution by the applicant.

Subp. 5. **Maximum term.** The maximum term of a small business development loan may not exceed the average useful life of the real property, or 80 percent of the useful life of the equipment or machinery, or the following limits, whichever is less:

A. for real property, land, or buildings, 21 years;

B. for equipment or machinery, 11 years;

C. for a combination of items A and B, a weighted average of those years will be used.

Subp. 6. **Interest rate.** The authority shall set interest rates at a negotiated rate that approximates the market rate of interest for securities of equivalent value at the time the bonds are initially sold.

Subp. 7. **Security requirements.** Financial assistance,

either for real property or equipment, may be secured only with the best available security including one or more of the following:

A. A mortgage or other adequate security as determined by the authority on the real property to be financed.

B. A lien or other adequate security as determined by the authority on equipment to be financed by the authority.

C. Other security as determined by the commissioner to have a value at least equal to the principal amount to be financed by the authority less the value, as determined by the authority, of the security provided in items A and B, if any. Other security shall be in a form and kind satisfactory to the authority and may consist of some or all of the following:

(1) a senior, junior, or parity lien on other assets of the applicant;

(2) a senior, junior, or parity lien on assets of certain owners, officers, and affiliated persons of the applicant (including sole proprietors and their spouses, partners and their spouses, and major shareholders or corporate officers and their spouses);

(3) a guarantee of owners, officers, and affiliated persons of the applicant (including sole proprietors and their spouses, partners and their spouses, and major shareholders or corporate officers and their spouses), or other related entities such as subsidiaries or parent corporations of the applicant; or

(4) additional forms of security, if necessary to strengthen the authority's collateral position on the financial assistance.

D. In addition to or in substitution for any of the items A to C, any guarantee or other collateral or security, as required by insurers or other providers of collateral or security with respect to the bonds, other than the authority, or as required by the authority in accordance with generally accepted commercial lending practices.

8300.3023 DEBT SERVICE RESERVE FUND FOR SMALL BUSINESS

DEVELOPMENT LOAN PROGRAM.

In conjunction with each amount of financial assistance it extends, the authority shall establish and fund a debt service reserve fund sufficient to cover approximately 12 months' debt service or a lesser amount to ensure the tax exempt status of interest on the bonds if the bonds are intended to be tax exempt. The reserve must be funded through the proceeds of the bonds to be issued and sold in conjuction with each particular amount of financial assistance extended. The interest earned on the debt service reserve fund must accrue to the benefit of the applicant except to the extent necessary to ensure the tax exempt status of the interest on the bonds if the bonds are intended to be tax exempt. This amount must be applied to offset the principal and interest payments on an annual basis or to redeem bonds prior to maturity provided the financial assistance is current.

8300.3024 FINAL RESOLUTION FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Subpart 1. **Final resolution.** After the authority passes a preliminary resolution, the authority may pass a final resolution that authorizes the issuance and sale of bonds to fund the financial assistance to the applicant, both as discussed in part 8300.3013, subpart 10. Whether the authority may pass the final resolution for an application under the program depends, in part, upon the following:

A. a determination that there are no adverse changes in the financial condition or key personnel of the applicant since the date of completion of the application;

B. market conditions;

C. availability of bond issuance authority; and

D. other conditions that the authority considers necessary in accordance with generally accepted commercial lending practices.

Subp. 2. **Bond issuance.** Upon passage of the final resolution, the authority shall commence to issue bonds in accordance with market conditions and the other legal conditions

that govern the issuance of its bonds and notes. This issuance must be in accordance with the contents of any insurance contracts, agreements with lenders providing letters of credit, or other forms of financial assistance and other terms and conditions necessary to effectuate bond sale. Funds will not be disbursed at the loan closing until it has been determined by the commissioner that there are no adverse changes in the condition or key personnel of the business entity applying for the financial assistance in accordance with generally accepted commercial lending practices. After the bonds are issued and sold, there will be a loan closing at which the funds are transferred and documents are signed in accordance with the terms of the final resolution and the respective bond resolution.

POLLUTION CONTROL FINANCIAL ASSISTANCE

8300.3025 POLLUTION CONTROL FINANCIAL ASSISTANCE.

An applicant for pollution control financial assistance shall submit to the commissioner an application form approved by the commissioner and shall comply with parts 8300.3011 to 8300.3013. The application processing and evaluation shall be in accordance with the act and parts 8300.3011 to 8300.3013, 8300.3025, and 8300.3026.

8300.3026 ACCEPTANCE OF POLLUTION CONTROL FINANCIAL ASSISTANCE APPLICATIONS.

In determining whether to accept applications for pollution control financial assistance, the authority shall examine the following facts:

A. the probable eligibility of the pollution control financial assistance for a federal guarantee;

B. the nature of the pollution control facilities to be financed with the financial assistance;

C. the location of the proposed facilities;

D. the availability of bonding authority under the act; and

E. the extent to which the financial assistance will assist and encourage the establishment, maintenance, and growth

of business in Minnesota and reduce to a manageable level the cost of the control of pollution and disposal of waste resulting from the operations of business.

MINNESOTA FUND LOANS

8300.3030 PURPOSE FOR MINNESOTA FUND LOANS.

The Minnesota fund loan program issues business loans for fixed-asset financing for new and existing businesses. The authority shall make business loans for fixed asset financing for new and existing businesses from the Minnesota fund in compliance with the act, Minnesota Statutes, chapter 472, and parts 8300.3011 to 8300.3013 and 8300.3030 to 8300.3034. Under the act, Minnesota Statutes, section 472.11, subdivision 8, the local unit of government must pass and file a resolution in support for the project that stipulates the project's economic benefits to the local community.

8300.3031 ELIGIBILITY OF PROJECT FOR MINNESOTA FUND LOANS.

An applicant for financial assistance from the Minnesota fund established under Laws of Minnesota 1984, chapter 583, section 36, shall submit to the commissioner an application form approved by the authority. The amount applied for cannot exceed 20 percent of the eligible project costs, as defined in part 8300.3032. The applicant shall provide the commissioner with written verification that an amount at least equal to ten percent of the eligible project costs has been or will be committed by the applicant or local development agency to the project. The applicant shall provide the commissioner with a written commitment from the lender who provides the 70 percent financing. The project must meet the requirements of the act, Minnesota Statutes, chapter 472, and parts 8300.3011 to 8300.3013 and 8300.3030 to 8300.3034. If the money to be loaned is from a source other than the Minnesota fund, then the eligibility criteria required by the source will be imposed.

8300.3032 ELIGIBLE PROJECT COSTS FOR MINNESOTA FUND LOANS.

Eligible project costs for financing by the authority include the acquisition of land, buildings, or both land and

buildings, site preparation, building construction or improvement, and architectural engineering, equipment, and machinery.

8300.3033 INTEREST RATE FOR MINNESOTA FUND LOANS.

The interest rate of financial assistance from the Minnesota fund is three percentage points below a full faith and credit obligation of the United States government of comparable maturity, at the time the financial assistance resolution is approved, or the authority shall set interest rates at a negotiated rate after reviewing market rates and comparable sources of financing available to the applicant at the time the financial assistance resolution is approved.

8300.3034 TERM OF FINANCIAL ASSISTANCE FOR MINNESOTA FUND LOANS.

The maximum term of financial assistance from the Minnesota fund is 20 years. The term of financial assistance will not exceed the maximum useful life of the project financed.

The commissioner may restructure the financial assistance at the request of the applicant or upon his or her own initiative if the commissioner determines that restructuring the financial assistance will increase the probability that the financial assistance will be repaid to the state.

If the applicant requests the commissioner to restructure the financial assistance and the financial assistance is restructured, the commissioner shall charge the applicant a fee in the amount of one-half percent on the outstanding principal amount of the financial assistance.

SPECIAL ASSISTANCE PROGRAM

8300.3039 PURPOSE OF SPECIAL ASSISTANCE.

The special assistance program provides financial assistance to businesses that are designated as being in need of special assistance.

8300.3040 PUBLIC PURPOSE.

To qualify for special assistance, an applicant shall submit an application on a form to be prepared by the

commissioner. In addition, an applicant shall certify in writing that the special assistance will be used for the public purposes provided in Minnesota Statutes, section 116M.07, subdivision 11, paragraph (b).

8300.3041 FORM OF SPECIAL ASSISTANCE.

If an applicant requests special assistance in a form similar to that of the Small Business Development Loan Program, the applicant shall comply with parts 8300.3011 to 8300.3024 and 8300.3039 to 8300.3042, except the applicant need not comply with the requirement in part 8300.3022, subpart 3, and the application will be processed under parts 8300.3013 and 8300.3024.

If an applicant requests special assistance in a form other than that of the Small Business Development Loan Program, the applicant shall comply with parts 8300.3011 to 8300.3013 and 8300.3039 to 8300.3042, and the application evaluation will be performed in accordance with parts 8300.3013 and 8300.3039 to 8300.3042.

8300.3042 EXPENDITURES ELIGIBLE FOR SPECIAL ASSISTANCE.

Subpart 1. **Eligible costs.** Costs eligible for funding under the special assistance program are the expenditures set forth in the act, including but not limited to the following:

? what else
- no criteria

A. land and/or building acquisition costs;

B. site preparation;

C. construction costs;

D. engineering costs;

E. equipment and/or machinery;

F. bond issuance costs;

G. underwriting or placement fees;

H. trustee's fee;

I. fees of guarantor, fees or insurance contracts, letters of credit, municipal bond insurance, and surety bonds;

J. Small Business Administration processing and administration fee, if applicable;

K. authority fee and administrative costs and

expenses;

L. certain contingency costs;

M. interest costs during construction;

N. legal fees, including those of authority's bond counsel; and

O. short-term costs of conducting an eligible business.

Subp. 2. **Maximum term.** The maximum term of a loan made under the special assistance program may not exceed the average useful life of the collateral.

Subp. 3. **Interest rate.** The authority shall set interest rates at a negotiated rate after reviewing market rates and comparable sources of financing available to the applicant at the time the loan is made.

Subp. 4. **Loan servicing.** The commissioner shall monitor the payment of the principal and interest as set out in the amortization schedule. The commissioner shall also monitor the applicant's compliance with the terms and conditions of the loan contract.

The commissioner may restructure the loan at the request of the borrower or upon his or her own initiative if he or she determines that restructuring the loan will increase the probability that the loan will be repaid to the state.

If the applicant requests the commissioner to restructure the loan and the loan is restructured, the commissioner shall charge the applicant a fee in the amount of one-half percent on the outstanding principal amount of the loan.

REPEALER. Minnesota Rules, parts 8300.1000, 8300.1100, 8300.1200, 8300.1500, 8300.1600, 8300.1700, 8300.1800, 8300.1900, 8300.2000, 8300.2100, and 8300.2200, are repealed.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JUL 24 1985 3:13 P.M
Joan Anderson Growe
Secretary of State

APPROVED AS TO FORM AND LEGALITY
7/22 1985
HUBERT H. HUMPHREY, III
ATTORNEY GENERAL
BY _____
ASSISTANT ATTORNEY GENERAL

Rules as Proposed

8300.0050 SCOPE.

Parts 8300.0100 to 8300.3013 are general rules that apply to all applications for financial assistance made available by the authority under the act and under Minnesota Statutes, chapter 472.

8300.0100 DEFINITIONS.

Subpart 1. **Statutory definitions.** The terms defined in Minnesota Statutes, ~~section 116J.88 have the same meanings when used in~~ sections 116M.03 and 472.03 and this part apply to this chapter ~~8300 as ascribed to them in the act~~.

Subp. 2. **Act.** "Act" means Laws of Minnesota 1980, chapter 547.

Subp. 2a. **Applicant.** "Applicant" means a person, partnership, firm, corporation, or association that applies to the authority for financial assistance.

Subp. 2b. **Authority.** "Authority" means the Minnesota Energy and Economic Development Authority~~, formerly known as the small business finance agency~~.

Subp. 3. **Commissioner.** "Commissioner" means the commissioner of energy and economic development or his or her designee.

Subp. 4. **Financial assistance.** "Financial assistance" means loans, loan guarantees or insurance, and any other use of funds permitted by the act.

Subp. 5. **Members.** "Members" means the commissioner and those persons appointed to the authority under Minnesota Statutes, section ~~116J.89~~ 116M.09.

Subp. 6. **Project.** "Project" means that which is funded or secured, or is proposed to be funded or secured, by financial assistance.

Rules as Proposed (all new material)

8300.3011 PROCEDURES FOR FINANCIAL ASSISTANCE APPLICATIONS.

Subpart 1. **In general.** To apply for assistance from the

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authority, an applicant shall submit an application form to the commissioner on a form provided by the commissioner. An application must be completed, dated, and signed by an owner, general partner, or an authorized officer of the applicant. The commissioner shall follow the procedures under part 8300.3014.

Subp. 2. **Contents.** An application must contain at a minimum the following information:

A. A written history of the business.

B. The source and use of funds to finance the project.

C. Financial statements that include a balance sheet, an operating statement, a statement of the sources and uses of funds, and footnotes to the statements if available for the following time periods:

(1) Financial statements from the previous three years, if applicable. If unaudited, the statements must be signed by an authorized financial officer of the business making application.

(2) A current quarterly financial statement that was compiled within 90 days of the date the application was submitted, if quarterly financial statements are regularly prepared.

(3) Federal tax returns filed by the business for the previous three years if applicable, if the applicant is an individual or partnership.

(4) A proforma balance sheet and income statement for the 24 months following the financial assistance closing that shows the financial position of the applicant and that includes the proposed financing.

D. A marketing plan that describes:

(1) the industry the applicant is in;

(2) the economic outlook of that industry for the next three to five years;

(3) the major characteristics of the industry, names, locations, products, or services provided;

(4) the duration and conditions of the applicant's contracts currently in place; and

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(5) the percentage of annual sales volume for each major customer over the previous three years.

E. Current resumes of key personnel and signed personal financial statements dated as of the date of the application for any person who owns 20 percent or more interest in the business.

F. A resolution of support or other comparable preliminary approval from the local government unit with respect to the project to be financed or secured with financial assistance.

G. A statement of informed consent by the applicant regarding the use and dissemination of the private data as provided in Minnesota Statutes, section 13.05, subdivision 4, paragraph (d). If the applicant is a corporation, then an authorized representative of the applicant shall provide a statement of informed consent in a form similar to that provided in Minnesota Statutes, section 13.05, subdivision 4, paragraph (d).

H. Certification that the employer does not discriminate in employment in a manner contrary to applicable federal or state laws and rules.

I. Certification of business compliance with all federal, state, or local laws or rules that affect the conduct of business in the state.

Subp. 3. **Business plan.** As part of the application, the applicant shall submit to the commisioner a comprehensive business plan. The business plan must include, but is not limited to, the following:

A. a management summary of the plan including:

(1) name of the business;

(2) business location and plan description;

(3) discussion of the product, market, and competition;

(4) expertise of the management team;

(5) summary of financial projections;

(6) amount of financial assistance requested;

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(7) form of and purpose for the financial assistance;

(8) purpose for undertaking the project; and

(9) business goals;

B. a description of the company including the following:

(1) date and state of incorporation, date and state of formation of partnership, or date and state of formation of sole proprietorship;

(2) history of the company; and

(3) principals and the roles they played in the evolution of the company;

C. a market analysis including:

(1) description of the current industry status and industry trends;

(2) effects of major social, economic, technological, or regulatory trends on the industry;

(3) description of the total market, principal market participants, and their performance; and

(4) discussion of the target market and competition;

D. a description of the product or product line including:

(1) list of patents, copyrights, licenses, or statement of the proprietary interest in the product or product line;

(2) discussion of technical and legal considerations;

(3) comparisons to competitors' products or product lines; and

(4) description of research and development and future plans for research and development;

E. a description of the marketing strategy including:

(1) overall strategy;

(2) pricing policy;

(3) sales channels and terms;

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(4) method of selling, distributing, and servicing product;

(5) estimated sales and market share; and

(6) advertising, public relations, and promotion;

F. the management plan including:

(1) form of business organization;

(2) board of directors composition, if applicable;

(3) officers organization chart and responsibilities; and

(4) resumes of key personnel;

G. an operating plan including:

(1) schedule of upcoming work for the next one to two years;

(2) facilities plan or planned capital improvements for the next three years;

(3) manufacturing processes; and

(4) staffing plan (number of employees);

H. a schedule indicating the completion dates for realizing the significant aspects of the business plan;

I. a discussion of the risks and problems inherent to the business plan, including both the negative factors and plans to minimize the impact of those factors; and

J. financial data including:

(1) a funding request indicating the desired financing, capitalization, use of funds, and future financing;

(2) financial statements for the past three years, if applicable;

(3) current financial statements;

(4) monthly cash flow financial projections including the proposed financing for two years; and

(5) projected balance sheets, income statement, and statement of changes in financial position for two years including the proposed financing.

8300.3012 COLLATERAL REQUIREMENTS AND ADDITIONAL INFORMATION OR CERTIFICATIONS.

Subpart 1. **Collateral requirements.** The authority shall

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require collateral as it considers necessary in accordance with generally accepted commercial lending practices to protect the interests of the authority in the financial assistance. At a minimum, the collateral will take one or more of the following forms:

A. mortgage on real property;

B. security position on personal property;

C. security of its financial assistance with assets being financed by the financial assistance and other assets of the company to protect the interests of the state's financial participation;

D. letter of credit or equivalent instrument;

E. guarantees or other assurances of repayment of affiliates of the applicant or other interested parties with respect thereto;

F. guarantees or other assurances of repayment of shareholders or partners who have 20 percent or more ownership in the applicant;

G. bond insurance or other credit enhancements; and

H. assignments of leases or rents on property or equipment.

Subp. 2. **Additional information or certifications.** The following additional information, as applicable, is required by the authority prior to disbursing financial assistance, as well as any other information that the authority in its sole discretion considers advisable for prudent financial management of authority financial assistance:

A. a lease agreement on property or equipment;

B. a listing of property, including serial numbers for machinery and equipment, that will serve as collateral to the financial assistance;

C. certification of insurance for workers' compensation and employer's liability;

D. a statement provided by the Internal Revenue Service of tax clearance;

E. an appraisal of collateral offered to the

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authority for the financial assistance; and

F. a certificate of the insurers of all collateral that insurance is in force and effect. Prior to expiration of any insurance policy, the applicant shall furnish the commissioner with evidence that the policy has been renewed, replaced, or is no longer required.

8300.3013 PROCEDURES FOR APPLICATION PROCESSING.

Subpart 1. **Deadline for submission.** The applicant shall submit a complete application to the commissioner by the first business day of any month in order for the authority to consider it in that month. If an application is received after the first of the month and can be reviewed by the commissioner for eligibility and financial feasibility prior to the authority agenda deadline, the authority may consider the application at the meeting in that month.

Subp. 2. **Completed applications.** An application is complete when the commissioner receives all required documentation and exhibits.

Subp. 3. **Incomplete applications.** If an incomplete application is received, the commissioner shall notify the applicant of specific deficiencies in the application. The applicant has 60 days from the date of mailing of the commissioner's notification to complete the application. If the application is not completed and received by the commissioner within 60 days, the application is deemed to be rejected and the applicant shall reapply to be further considered.

Subp. 4. **Review of eligibility of project and applicant.** The commissioner shall review all completed applications to determine if the project and the applicant are eligible and meet the requirements of the act and any of parts 8300.3011 to 8300.3014 and any parts relating to the financial assistance for which the applicant has applied.

If the project and applicant are eligible, the commissioner shall review the application for economic feasibility as provided in subpart 6.

Subp. 5. **Ineligible project or applicant.** The

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commissioner shall notify the applicant in writing if the applicant or the project is ineligible. The applicant has 30 days from the date of the commissioner's notification to amend the application.

Upon receipt of an amended application, the commissioner shall review the amended application under subpart 4. The commissioner shall reject the amended application if the project or applicant are ineligible. If the project and applicant are eligible, the commissioner shall review the amended application for economic feasibility under subpart 6.

If the application is not amended within 30 days, the application must be rejected and will not receive any further consideration.

Subp. 6. **Economic feasibility review.** The commissioner shall review the application in accordance with generally accepted commercial lending practices, including the use of the standards as printed in the most current annually updated version of the Annual Statement Studies, issued by Robert Morris Associates, Philadelphia, PA.

The commissioner shall obtain any other credit information when available from private credit rating agencies including, but not limited to, Standard & Poors and Dun & Bradstreet. In accordance with generally accepted commercial lending practices, the commissioner may check personal references.

The commissioner shall determine if the applicant can generate sufficient cash flow and maintain a sound financial condition.

The commissioner shall determine if there is sufficient collateral for the financial assistance. The submission of the application by the commissioner to the authority at a board meeting shall be deemed conclusive evidence that the commissioner has made the determinations required pursuant to this subpart.

Subp. 7. **Rejection of application based on economic feasibility.** The commissioner shall notify the applicant in writing if the application is not economically feasible and the

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application is rejected.

If the application is rejected due to economic feasibility, the applicant may, within 30 days after written notification by the commissioner, request that the commissioner submit the rejected application to the authority for review at the next regularly scheduled meeting of the authority for which the agenda has not been established.

If so submitted, the authority must evaluate the application at its board meeting, in accordance with subpart 9.

Subp. 8. **Certification of public purpose for small business and business loans.** In addition to the economic feasibility review in subpart 6, the applicant must certify that the project assists in fulfilling the purposes of the act as expressed in Minnesota Statutes, section 116M.09, or assists in fulfilling one or more of the following criteria:

A. The applicant is located in an area of the state that is experiencing one of the most severe unemployment rates in the state.

B. The applicant is located in a border community that experiences a competitive disadvantage due to location and with this financial assistance the applicant would be induced to stay in Minnesota rather than to move to another state.

C. The applicant is likely to expand within the state and to create additional taxable property to local units of government.

D. The financial assistance applied for will help induce the applicant to locate in an area of economic distress or will help to provide jobs that would not otherwise be available to that area without the inducement of this financial assistance.

E. The financial assistance applied for will create or maintain sufficient numbers and types of jobs to justify participation in the financial assistance programs.

F. Energy sources and public facilities will be sufficient to support the successful operation of the project.

G. If the financial assistance will have the effect

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of a transfer of employment from one area of the state to another, that the project is economically advantageous to the state or that the project is necessary to the continued operation of the business enterprise within the state.

Subp. 9. **Authority evaluation procedure.** Applications approved for processing by the commissioner must be presented to the authority for approval or disapproval. The authority shall review and consider approval of an application on the basis of effectuating the purposes of the act as expressed in Minnesota Statutes, section 116M.09 or assists in fulfilling one or more of the criteria listed in subpart 8. If the authority disapproves the application, the commissioner shall so notify the applicant. If the authority approves the financial assistance, it shall pass a preliminary or a final resolution giving approval to the project to be financed and stating in either the preliminary or final resolution or combination of both the name of the project owner; a brief description of the project; the maximum amount of bonds to be issued, or the maximum amount of the loan to be made, or the maximum amount of the loan to be guaranteed or insured, whichever is applicable; and other provisions as the authority in its sole discretion deems advisable for prudent financial management of authority financial assistance. The commissioner shall notify the applicant of the authority's approval and provide the applicant with a copy of the resolution passed. If the financial assistance is funded by bonds, then passage of a preliminary and a final resolution as provided in subpart 10 are required before financial assistance is approved. Throughout this process if the authority does not extend financial assistance, the authority has no liability to the applicant.

Subp. 10. **Funding of financial assistance by bonds.** If the authority intends to fund the financial assistance by issuing bonds, the authority shall first pass a preliminary resolution. The preliminary resolution must not obligate the authority to issue bonds or to fund financial assistance, but must only constitute an expression of current intention of the

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authority to issue bonds or to fund the financial assistance. If the authority subsequently determines that there are no adverse changes in the financial conditions or key personnel of the applicant, market conditions, availability of bond issuance authority, and other conditions that the authority deems necessary and the authority decides in accordance with generally accepted commercial lending practices to make financial assistance available, the authority shall pass a final resolution that authorizes the issuance and sale of bonds to extend financial assistance. The final resolution must specify the terms and conditions under which bonds will be issued. The preliminary resolution may contain a time limit with respect to the issuance of the bonds, may be revoked or amended by the authority at any time prior to the final resolution of the authority without liability to the authority, and may impose any conditions or requirements that the authority deems desirable. The commissioner shall notify the applicant of the authority's approval and provide the applicant with a copy of the resolution passed. Throughout this process, if the authority does not extend financial assistance, the authority has no liability to the applicant.

Subp. 11. **Preparation of documents.** The commissioner has the authority and responsibility to prepare or cause to be prepared all necessary documents and to execute them on behalf of the authority.

SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

8300.3020 PURPOSE OF SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

The small business development loan program issues financial assistance in a form involving a guarantee or insurance from the economic development fund or any account thereof and revenue bonds to finance small business loans.

8300.3021 ELIGIBLE APPLICANTS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Persons, partnerships, firms, or corporations engaged in and determined by the authority to constitute a small business

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as defined in the regulations of the United States Small Business Administration, Code of Federal Regulations, title 13, part 121, are considered eligible small businesses or eligible applicants.

8300.3022 ELIGIBLE LOANS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Subpart 1. **In general.** The authority shall make small business loans to applicants in compliance with the act and parts 8300.3011 to 8300.3024 in order to help create or retain jobs for the state.

Subp. 2. **Purpose of loan.** A small business loan must be used to provide interim or long-term financing for certain capital expenditures as provided in the act, and for expenditures that meet the requirements of federal industrial development bond laws, including:

A. acquisition costs of land, buildings, or both;

B. site preparation;

C. construction costs;

D. engineering costs;

E. costs of equipment, machinery, or both;

F. bond issuance costs;

G. underwriting or placement fees;

H. trustee's fees;

I. fee of guarantor, insurer, or financial institution, other than the authority, who provides letters of credit, surety bonds, or equivalent security;

J. authority fees, including application and guaranty fees of the authority and administrative costs and expenses;

K. certain contingency costs;

L. interest costs during construction;

M. legal fees, including those of the authority's bond counsel; and

N. debt service reserve fund.

Working capital loans are not eligible for financial assistance under this loan program.

Subp. 3. **Size of eligible loans.** The principal amount of

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any financial assistance in the form of bonds to be financed by the authority may not be less than $250,000, unless the applicant agrees to pay all bond issuance costs, and may not exceed the maximum amount permitted to be loaned to an eligible small business as defined in the act for the total value of eligible items listed in subpart 2.

Subp. 4. **Equity requirements.** The maximum amount of a loan for project equipment is 75 percent of the cost of the equipment, and for all other authorized project expenses is 80 percent of the cost. The applicant must contribute at least 25 percent of the cost of project equipment and at least 20 percent of all other costs. Instead of a cash equity contribution the authority shall accept collateral which, if contributed to the financial assistance, would make the maximum loan percentage of the project costs for equipment equal to 75 percent and for all other authorized expenses equal 80 percent. The authority may require a lower loan to project percentage based upon the economic feasibility of the application. The authority may accept letters of credit or other credit enhancements as part of the equity contribution by the applicant.

Subp. 5. **Maximum term.** The maximum term of a small business development loan may not exceed the average useful life of the real property, or 80 percent of the useful life of the equipment or machinery, or the following limits, whichever is less:

A. for real property, land, or buildings, 21 years;

B. for equipment or machinery, 11 years;

C. for a combination of items A and B, a weighted average of those years will be used.

Subp. 6. **Interest rate.** The authority shall set interest rates at a negotiated rate that approximates the market rate of interest for securities of equivalent value at the time the bonds are initially sold.

Subp. 7. **Security requirements.** Financial assistance, either for real property or equipment, may be secured only with the best available security including one or more of the

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following:

A. A mortgage or other adequate security as determined by the authority on the real property to be financed.

B. A lien or other adequate security as determined by the authority on equipment to be financed by the authority.

C. Other security as determined by the commissioner to have a value at least equal to the principal amount to be financed by the authority less the value, as determined by the authority, of the security provided in items A and B, if any. Other security shall be in a form and kind satisfactory to the authority and may consist of some or all of the following:

(1) a senior, junior, or parity lien on other assets of the applicant;

(2) a senior, junior, or parity lien on assets of certain owners, officers, and affiliated persons of the applicant (including sole proprietors and their spouses, partners and their spouses, and major shareholders or corporate officers and their spouses);

(3) a guarantee of owners, officers, and affiliated persons of the applicant (including sole proprietors and their spouses, partners and their spouses, and major shareholders or corporate officers and their spouses), or other related entities such as subsidiaries or parent corporations of the applicant; or

(4) additional forms of security, if necessary to strengthen the authority's collateral position on the financial assistance.

D. In addition to or in substitution for any of the items A to C, any guarantee or other collateral or security, as required by insurers or other providers of collateral or security with respect to the bonds, other than the authority, or as required by the authority in accordance with generally accepted commercial lending practices.

8300.3023 DEBT SERVICE RESERVE FUND FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

In conjunction with each amount of financial assistance it

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extends, the authority shall establish and fund a debt service reserve fund sufficient to cover approximately 12 months' debt service or a lesser amount to ensure the tax exempt status of interest on the bonds if the bonds are intended to be tax exempt. The reserve must be funded through the proceeds of the bonds to be issued and sold in conjuction with each particular amount of financial assistance extended. The interest earned on the debt service reserve fund must accrue to the benefit of the applicant except to the extent necessary to ensure the tax exempt status of the interest on the bonds if the bonds are intended to be tax exempt. This amount must be applied to offset the principal and interest payments on an annual basis or to redeem bonds prior to maturity provided the financial assistance is current.

8300.3024 FINAL RESOLUTION FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Subpart 1. **Final resolution.** After the authority passes a preliminary resolution, the authority may pass a final resolution that authorizes the issuance and sale of bonds to fund the financial assistance to the applicant, both as discussed in part 8300.3013, subpart 10. Whether the authority may pass the final resolution for an application under the program depends, in part, upon the following:

A. a determination that there are no adverse changes in the financial condition or key personnel of the applicant since the date of completion of the application;

B. market conditions;

C. availability of bond issuance authority; and

D. other conditions that the authority considers necessary in accordance with generally accepted commercial lending practices.

Subp. 2. **Bond issuance.** Upon passage of the final resolution, the authority shall commence to issue bonds in accordance with market conditions and the other legal conditions that govern the issuance of its bonds and notes. This issuance must be in accordance with the contents of any insurance

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contracts, agreements with lenders providing letters of credit, or other forms of financial assistance and other terms and conditions necessary to effectuate bond sale. Funds will not be disbursed at the loan closing until it has been determined by the commissioner that there are no adverse changes in the condition or key personnel of the business entity applying for the financial assistance in accordance with generally accepted commercial lending practices. After the bonds are issued and sold, there will be a loan closing at which the funds are transferred and documents are signed in accordance with the terms of the final resolution and the respective bond resolution.

POLLUTION CONTROL FINANCIAL ASSISTANCE

8300.3025 POLLUTION CONTROL FINANCIAL ASSISTANCE.

An applicant for pollution control financial assistance shall submit to the commissioner an application form approved by the commissioner and shall comply with parts 8300.3011 to 8300.3013. The application processing and evaluation shall be in accordance with the act and parts 8300.3011 to 8300.3013, 8300.3025, and 8300.3026.

8300.3026 ACCEPTANCE OF POLLUTION CONTROL FINANCIAL ASSISTANCE APPLICATIONS.

In determining whether to accept applications for pollution control financial assistance, the authority shall examine the following facts:

A. the probable eligibility of the pollution control financial assistance for a federal guarantee;

B. the nature of the pollution control facilities to be financed with the financial assistance;

C. the location of the proposed facilities;

D. the availability of bonding authority under the act; and

E. the extent to which the financial assistance will assist and encourage the establishment, maintenance, and growth of business in Minnesota and reduce to a manageable level the cost of the control of pollution and disposal of waste resulting

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from the operations of business.

MINNESOTA FUND LOANS

8300.3030 PURPOSE FOR MINNESOTA FUND LOANS.

The Minnesota fund loan program issues business loans for fixed-asset financing for new and existing businesses. The authority shall make business loans for fixed asset financing for new and existing businesses from the Minnesota fund in compliance with the act, Minnesota Statutes, chapter 472, and parts 8300.3011 to 8300.3013 and 8300.3030 to 8300.3034. Under the act, Minnesota Statutes, section 472.11, subdivision 8, the local unit of government must pass and file a resolution in support for the project that stipulates the project's economic benefits to the local community.

8300.3031 ELIGIBILITY OF PROJECT FOR MINNESOTA FUND LOANS.

An applicant for financial assistance from the Minnesota fund established under Laws of Minnesota 1984, chapter 583, section 36, shall submit to the commissioner an application form approved by the authority. The amount applied for cannot exceed 20 percent of the eligible project costs, as defined in part 8300.3032. The applicant shall provide the commissioner with written verification that an amount at least equal to ten percent of the eligible project costs has been or will be committed by the applicant or local development agency to the project. The applicant shall provide the commissioner with a written commitment from the lender who provides the 70 percent financing. The project must meet the requirements of the act, Minnesota Statutes, chapter 472, and parts 8300.3011 to 8300.3013 and 8300.3030 to 8300.3034. If the money to be loaned is from a source other than the Minnesota fund, then the eligibility criteria required by the source will be imposed.

8300.3032 ELIGIBLE PROJECT COSTS FOR MINNESOTA FUND LOANS.

Eligible project costs for financing by the authority include the acquisition of land, buildings, or both land and buildings, site preparation, building construction or improvement, and architectural engineering, equipment, and

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machinery.

8300.3033 INTEREST RATE FOR MINNESOTA FUND LOANS.

The interest rate of financial assistance from the Minnesota fund is three percentage points below a full faith and credit obligation of the United States government of comparable maturity, at the time the financial assistance resolution is approved, or the authority shall set interest rates at a negotiated rate after reviewing market rates and comparable sources of financing available to the applicant at the time the financial assistance resolution is approved.

8300.3034 TERM OF FINANCIAL ASSISTANCE FOR MINNESOTA FUND LOANS.

The maximum term of financial assistance from the Minnesota fund is 20 years. The term of financial assistance will not exceed the maximum useful life of the project financed.

The commissioner may restructure the financial assistance at the request of the applicant or upon his or her own initiative if the commissioner determines that restructuring the financial assistance will increase the probability that the financial assistance will be repaid to the state.

If the applicant requests the commissioner to restructure the financial assistance and the financial assistance is restructured, the commissioner shall charge the applicant a fee in the amount of one-half percent on the outstanding principal amount of the financial assistance.

SPECIAL ASSISTANCE PROGRAM

8300.3039 PURPOSE OF SPECIAL ASSISTANCE.

The special assistance program provides financial assistance to businesses that are designated as being in need of special assistance.

8300.3040 PUBLIC PURPOSE.

To qualify for special assistance, an applicant shall submit an application on a form to be prepared by the commissioner. In addition, an applicant shall certify in writing that the special assistance will be used for the public

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purposes provided in Minnesota Statutes, section 116M.07, subdivision 11, paragraph (b).

8300.3041 FORM OF SPECIAL ASSISTANCE.

If an applicant requests special assistance in a form similar to that of the Small Business Development Loan Program, the applicant shall comply with parts 8300.3011 to 8300.3024 and 8300.3039 to 8300.3042, except the applicant need not comply with the requirement in part 8300.3022, subpart 3, and the application will be processed under parts 8300.3013 and 8300.3024.

If an applicant requests special assistance in a form other than that of the Small Business Development Loan Program, the applicant shall comply with parts 8300.3011 to 8300.3013 and 8300.3039 to 8300.3042, and the application evaluation will be performed in accordance with parts 8300.3013 and 8300.3039 to 8300.3042.

8300.3042 EXPENDITURES ELIGIBLE FOR SPECIAL ASSISTANCE.

Subpart 1. **Eligible costs.** Costs eligible for funding under the special assistance program are the expenditures set forth in the act, including but not limited to the following:

A. land and/or building acquisition costs;

B. site preparation;

C. construction costs;

D. engineering costs;

E. equipment and/or machinery;

F. bond issuance costs;

G. underwriting or placement fees;

H. trustee's fee;

I. fees of guarantor, fees or insurance contracts, letters of credit, municipal bond insurance, and surety bonds;

J. Small Business Administration processing and administration fee, if applicable;

K. authority fee and administrative costs and expenses;

L. certain contingency costs;

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M. interest costs during construction;

N. legal fees, including those of authority's bond counsel; and

O. short-term costs of conducting an eligible business.

Subp. 2. **Maximum term.** The maximum term of a loan made under the special assistance program may not exceed the average useful life of the collateral.

Subp. 3. **Interest rate.** The authority shall set interest rates at a negotiated rate after reviewing market rates and comparable sources of financing available to the applicant at the time the loan is made.

Subp. 4. **Loan servicing.** The commissioner shall monitor the payment of the principal and interest as set out in the amortization schedule. The commissioner shall also monitor the applicant's compliance with the terms and conditions of the loan contract.

The commissioner may restructure the loan at the request of the borrower or upon his or her own initiative if he or she determines that restructuring the loan will increase the probability that the loan will be repaid to the state.

If the applicant requests the commissioner to restructure the loan and the loan is restructured, the commissioner shall charge the applicant a fee in the amount of one-half percent on the outstanding principal amount of the loan.

REPEALER. Minnesota Rules, parts 8300.1000, 8300.1100, 8300.1200, 8300.1500, 8300.1600, 8300.1700, 8300.1800, 8300.1900, 8300.2000, 8300.2100, and 8300.2200, are repealed.

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY:

OFFICE OF THE REVISOR OF STATUTES

Proposed Rule

RD762

Agency: Energy and Economic Development Authority

Division:

Agency Contact: Terry Brown

Minnesota Rules: Parts 8300.0050; 8300.0100; 8300.3011; 8300.3012; 8300.3013; 8300.3020; 8300.3021; 8300.3022; 8300.3023; 8300.3024; 8300.3025; 8300.3026; 8300.3030; 8300.3031; 8300.3032; 8300.3033; 8300.3034; 8300.3039; 8300.3040; 8300.3041; and 8300.3042

Title: Proposed Rules Relating to Small Business Development; Special Assistance; Pollution Control Agency Finance

Type of Rules: Permanent

Incorporations by Reference: None

Steven C. Cross
Revisor of Statutes

David S. Niss
Assistant Revisor
Phone: 297-2948

Date: May 2, 1985

MEEDA RESOLUTION NO. 85-362
MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY
STATE OF MINNESOTA

In the Matter of the Proposed Adoption of the Rules of the State of Minnesota Energy and Economic Development Authority Governing Loan Application Procedures. Small Business Development Loans, Special Assistance and Amending the Adopted Rules Governing Authority Procedures, Pollution Control Financial Assistance and Business Financial Assistance.

FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING NONCONTROVERSIAL RULES

Notice of the Minnesota Energy and Economic Development Authority's proposed adoption of the above-entitled rules were published in the State Register on May 20, 1985 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, sections 14.14, subdivision 1, paragraph (a) and 14.22 on May 20, 1985.

All persons were given the opportunity to submit comments on the rules for 30 days after notice of proposed rulemaking. No written requests for hearing within the 30-day comment period were received. No comments were received.

The above-captioned rules are needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rules identified as the Rules of the Minnesota Energy and Economic Development Authority Governing Loan Application Procedures, Small Business Development Loans, Special Assistance and Amending the Adopted Rules Governing Authority Procedures, Pollution Control Financial Assistance and Business Financial Assistance are adopted this 26th day of June, 1985 pursuant to authority vested in the Authority by Minnesota Statutes, section 116M.08 Subd. 4.

STATE OF MINNESOTA

Mark B. Dayton, Chairman,
Minnesota Energy and Economic
Development Authority

ATTEST: _____
Member of the Authority

STATE OF MINNESOTA

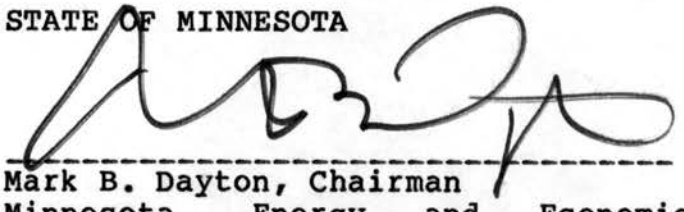
MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY

In the Matter of the Proposed Adoption of Permanent Rules of the State of Minnesota Energy and Economic Development Authority Governing Loan Application Procedures. Small Business Development Loans, Special Assistance and Amending the Adopted Rules Governing Authority Procedures, Pollution Control Financial Assistance and Business Financial Assistance.

ORDER FOR NOTICE OF INTENT TO ADOPT PERMANENT RULES WITHOUT PUBLIC HEARING

IT IS ORDERED this 20th day of May, 1985 that a Notice of Intent to Adopt Permanent Rules without Public Hearing in the above-entitled matter be given to all persons who have registered their names with the State Department of Energy and Economic Development for that purpose and be published in the State Register.

STATE OF MINNESOTA



Mark B. Dayton, Chairman
Minnesota Energy and Economic Development Authority

MEEDA RESOLUTION NO. 84-195
MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY
STATE OF MINNESOTA
ST. PAUL, MINNESOTA

In the Matter of the Proposed Adoption of Permanent Rules of The Minnesota Energy and Economic Development Authority Governing Loan Application Procedures, Small Business Development Loans, Minnesota Fund Loans, Special Assistance and Amending the Adopted Rules Governing Authority Procedures, Pollution Control Financial Assistance and Business Financial Assistance.

CERTIFICATE OF AUTHORITY'S AUTHORIZING RESOLUTION

I, Mark B. Dayton, do hereby certify that I am a member and the Chairman, of the Minnesota Energy and Economic Development Authority, a board duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Minnesota Energy and Economic Development Authority duly and properly called and held on the 26th day of September, 1984, that a quorum was present at said meeting, that a majority of those present voted for the resolution and that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

"RESOLVED, that Mark B. Dayton, Chair, Lyn Burton, Vice Chair, or David L. Printy, Secretary of the Minnesota Energy and Economic Development Authority, be and they hereby are granted the authority directed to sign an Order of the Minnesota Energy and Economic Development Authority directing that Notice be given of the Authority's intent to adopt without a public hearing proposed permanent rules governing loan application procedures, Small Business Development Loans, Minnesota Fund Loans, Special Assistance and Amending the adopted rules governing Authority Procedures, Pollution Control Financial Assistance and Business Financial Assistance, to sign the Notice thereof, and to perform any and all acts incidental thereto. In the event a public hearing becomes necessary, they hereby are granted the authority and directed to call a hearing for the purpose

of promulgating said rules as well as perform any and all acts incidental thereto, including but without being limited to signing an Order for Hearing and a Notice of Hearing as well as acting as the Authority's representative at all hearings."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 26th day of September, 1984.

Mark B. Dayton, Chairman and
Commissioner of Energy and
Economic Development

Attest: _____
Member

MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY

In the Matter of the Proposed Adoption of the Rules of the Minnesota Energy and Economic Development Authority Governing Loan Application Procedures, Small Business Development Loans, Special Assistance and Amending the Adopted Rules Governing Authority Procedures, Pollution Control Financial Assistance and Business Financial Assistance

NOTICE OF PROPOSED ADOPTION OF NONCONTROVERSIAL RULES

Notice is hereby given that the Minnesota Energy and Economic Development Authority proposes to adopt the above-entitled rule without a public hearing following the procedures set forth in Minnesota Statutes, sections 14.22 to 14.28. The specific statutory authority to adopt the rule is Minnesota Statutes 116M.08, subd. 4.

Persons interested in this rule shall have 30 days in which to submit comment in support of or in opposition to the proposed rule or any part or subpart of the rule and comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

Any person may make a written request for a public hearing on the rule within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the agency will proceed pursuant to Minnesota Statutes, sections 14.131 to 14.20.

Persons who wish to submit comments or a written request for a public hearing must submit such comments or requests to:

Terry Brown
Financial Management Division
900 American Center Building
150 East Kellogg Boulevard
St. Paul, Minnesota 55101
Telephone: 612/297-1981

The proposed rule may be modified if the modifications are supported by data and views and do not result in a substantial change in the proposed rule.

These rules govern loan application procedures for the Minnesota Energy and Economic Development Authority's business financial assistance and pollution control financing assistance programs. The small business development loan program issues financial assistance in a form involving a guarantee or insurance from the economic development fund or any account thereof and revenue bonds to finance small business loans. The Minnesota fund loan program issues business loans for fixed-asset financing for new and existing businesses. The special assistance program provides financial assistance to businesses that are designated as being in need of special assistance.

(A copy of the rule is available for review from Terry Brown at the above address upon request.)

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from Terry Brown at the above address upon request.

If no hearing is required, upon adoption of the noncontroversial rule, the rule and the required supporting noncontroversial rule, the rule and the required supporting documents will be delivered to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as proposed for adoption, must submit the written request to Terry Brown at the above address.

State of Minnesota

May 6, 1985
Date

Chairman, Minnesota
Energy and Economic
Development Authority

In the Matter of the Proposed
Adoption of Permanent Rules of
the Minnesota Energy and Economic
Development Authority Governing
the loan application procedures,
Small Business Development Loans,
Special Assistance and Amending the
adopted rules governing Authority
procedures, pollution control
financial assistance and business
financial assistance.

AFFIDAVIT OF MAILING

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

Darlene Christenson, being first duly sworn deposes and says:

That on the 20th day of May, 1985, at the City of St. Paul, County of Ramsey, State of Minnesota, she served that attached Notice of Intent to Adopt Rules without a Public Hearing by depositing in the State of Minnesota Central Mail System for United States mailing at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid, on all persons and associations who have requested that their names be placed on file with the State of Minnesota for the purpose of receiving notice of the proposed adoption of rules by this Department.

Darlene A. Christenson
Darlene A. Christenson

Subscribed and sworn to before me this
20th day of May, 1985.

Richard B. Nadeau

RICHARD B. NADEAU
NOTARY PUBLIC - MINNESOTA
RAMSEY COUNTY
My Commission Expires Apr. 8, 1987

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

CERTIFICATE

In the Matter of the Proposed Adoption
of the permanent rule for the Energy
and Economic Development Authority governing loan
application procedures; Small Business
Development Loans; Special Assistance and Amending
the Adopted Rules governing Authority procedures
pollution control financial assistance and business
financial assistance.

I hereby certify that the list of persons; associations and other interested groups who have requested; pursuant to Minnesota Statute 14.14 subd.1; that their names be placed on file with and maintained by the State Department of Energy and Economic Development for both the Department and the Energy Economic Development Authority for the purpose of receiving notice of the proposed adoption of rules by both the Energy and Economic Development Authority and the Department of Energy and Economic Development is accurate and complete as of Monday; this 20 day of May; 1985.

May Anderson

MINN DEPT OF ENERGY & ECONOMIC DEVELOPMENT
ENERGY DIVISION
POSTAL DATA BASE
RULES & REGULATIONS

COMPILED BY
MARY ANDERSEN

LABELS CONTAINING
THE FOLLOWING NAMES
DELIVERED 05/20/85
TO Darlene Christenson

LIST OF CODE RULES-POSTAL DATA BASE
85/05/17.

***	ID#	COMPANY	LAST NM	FIRST NM	ADDRESS	CITY	ZIP
*	6680		ALFERS	MARK	2496 145TH ST W	ROSEMOUNT	55068
*	8544		ANDERSON	HERBERT K	418 EIGHTH ST S	VIRGINIA	55792
*	8555		BROOKS JR	WILLIAM F	405 SECOND AVE S-RM 900	MPLS	55401
*	16845		BUCKLER	ROBERT	336 ROBERT ST N-RM 908	ST PAUL	55101
*	16966		DEML	BERNARD J	BOX 76	CARLOS	56319
*	8514		DIRACLES	JAMES C	80 EIGHTH ST S-RM 4040	MPLS	55402
*	8515		DRAWZ	JOHN E	120 SIXTH ST S-RM 2000	MPLS	55402
*	16789		EDEL	SUSAN	86 HILLSDALE COURT	WINONA	55987
*	36904		ELLER	CHRISTIE B	BREMER TOWER-RM 1100	ST PAUL	55101
*	8571		FITZPATRICK	LEO C	8138 HENSLOWE AVE S	COTTAGE GROVE	55016
*	12363		FLOHRS	WAYNE	COURTHOUSE-RM 105	FAIRMONT	56031
*	2267		FRANK	DONALD J	STATE CAPITOL BLDG-RM G28	ST PAUL	55155
*	6682		GREENWALD	MARTHA	2222 ELM ST SE	MPLS	55414
*	65317		JENSEN	JAMES	BOX 459	RUSHFORD	55971
*	8446		JERONIMUS	DAVID	4808 TIOGA ST	DULUTH	55802
*	1630		LINDBERG	CLARENCE P	750 PLAZA DR S	MENDOTA HTS	55118
*	16941		LOCKYEAR	ROBERT	14900 61ST ST N	STILLWATER	55082
*	6917		OHMAN	JON G	1732 LONDON RD	DULUTH	55812
*	6691		OLSON	GEOFF	1380 FROST AVE	MAPLEWOOD	55109
*	16763		OLSON	ROLAND E	5416 70TH ST W-RM 2	EDINA	55435
*	30025		OSMUNDSON	MICHAEL	240 GEORGIA AVE W	MPLS	55427
*	16799		RENNER JR	ROBERT G	120 SIXTH ST S-RM 1700	MPLS	55402
*	8641		ROSS	ALFRED J	6356 WARE RD	LINO LAKES	55014
*	16835		TROSKA	GREGORY F	804 11TH ST E	GLENCOE	55336
*	6694		UNMACHT	DAVID J	420 MAIN ST E	BELLE PLAINE	56011
*	16864		VIRKUS	THERESA	1031 SIXTH ST E	DULUTH	55805
*	8508	A F L-C I O	BROMMER	BERNARD L	175 AURORA AVE	ST PAUL	55103
*	16889	ALBANY CITY OF	WEIVODA	CLYDE A		ALBANY	56307
*	36525	ALEXANDRIA CITY OF	TADDEL	JAMES	114 SEVENTH AVE W-BOX 369	ALEXANDRIA	56308
*	8605	ANOKA CITY HALL	KIRCHNER	ROBERT	2015 FIRST AVE	ANOKA	55303
*	8547	ARROWHEAD REG DEVEL COMM	POWERS	JOHN	200 ARROWHEAD PL	DULUTH	55802
*	65316	ASSOC BLDRS & CONTRACTORS INC	BAUMGARTNER	JANET	6300 WALKER ST-STE 109	MPLS	55416
*	8582	ASSOCIATED MOTOR CARRIERS	HALLMAN	W A	1745 UNIVERSITY AVE	ST PAUL	55104
*	9759	AUSTIN COMM COLLEGE	FLANNERY	JAMES D	1600 EIGHTH AVE NW	AUSTIN	55912
*	16972	BARR ENGINEERING CO	CREME	FRANCINE	6800 FRANCE AVE S	MPLS	55435
*	16625	BARTON-ASCHMAN ASSOC	CHAPMAN	B B	610 SIXTH ST S	MPLS	55454
*	6677	BASS BROOK TOWN OF			BOX 146	COHASSET	55721
*	16863	BECHTEL POWER COMPANY	SLATER JR	JAMES E	15740 SHADY GROVE RD	GAITHERSBURG	20877
*	16854	BEMIDJI CHAMBER OF COMMERCE			BOX 806	BEMIDJI	56601
*	16853	BEMIDJI CHAMBER OF COMMERCE			BOX 806	BEMIDJI	56601
*	16706	BENNET RINGROSE WOLSFELD INC	WEBER	WILLIAM	700 THIRD ST	MPLS	55415
*	5	BENSON CITY OF	SHUKLE JR	EDWARD J	1411 PACIFIC AVE	BENSON	56215

*	16760	BENTON CO LAND USE TECH	BARTHELEMY	AL	COURTHOUSE	FOLEY	56329
*	8602	BLAINE CITY OF	JOHNSON	LESLIE M	9150 CENTRAL AVE NE	BLAINE	55434
*	16780	BLA IN PAPER CO	LICKE	W J	115 FIRST ST SW	GRAND RAPIDS	55744
*	8455	BLOOMINGTON BLDG & INSPECT DIV	GASTERLAND	JAN P	2215 OLD SHAKOPEE RD W	BLOOMINGTON	55431
*	8454	BLOOMINGTON CITY MGRS OFFICE	MEYER	HERBERT W	2215 OLD SHAKOPEE RD W	BLOOMINGTON	55431
*	16862	BOISE CASCADE WOODLAND	BARKER	BRUCE	BOX 1152	INTL FALLS	56649
*	16618	BONNESTRO & ASSOCIATES	PFEFFERLE	ROBERT	2335 HWY 36 W	ST PAUL	55113
*	16775	BRAINERD AREA CHAMBER OF COMMERCE	FRAZIOR	DOUGLAS	SIXTH & WASHINGTON STS	BRAINERD	56401

*	16828	BRAINERD COMM DEVEL ADMIN	BREKKE JR	CURT	CITY HALL	BRAINERD	56401
*	11	BRAINERD LIGHT & WATER DEPT	SJOLUND	WALTER C	501 LAUREL ST-BOX 373	BRAINERD	56401
*	8511	BRECKENRIDGE CITY OF	CASPER	M D	420 NEBRASKA AVE	BRECKENRIDGE	56520
*	11695	BROEKER HARTFELDT HEDGES & GRANT	BROEKER	JOHN M	2850 METRO DR-STE 800	BLOOMINGTON	55429
*	16673	BROOKLYN PARK CITY OF	BERG	GARY	5800 85TH AVE N	BROOKLYN PK	55430
*	8516	BROOKLYN PARK CITY OF	DULLINGER	GIL A	5800 85TH AVE N	BROOKLYN PK	55443
*	6686	BUREAU OF NATIONAL AFFAIRS	KESSLER	MARTHA	420 FORD RD-RM 318	ST LOUIS PK	55426
*	16871	BUTLER RESEARCH & ENG CO INC	BUTLER	ROBERT S	1306 CO RD F W	ST PAUL	55112
*	17200	CARLTON COUNTY OFFICES	TURNQUIST	P JEROME	COURTHOUSE-BOX 316	CLOQUET	55720
*	16636	CARVER CO OFFICES	HARRIS	VIRGINIA	600 FOURTH ST E	CHASKA	55318
*	17266	CHAMPION INTL CORP	FLAIM	JOSEPH J	2250 WABASHA ST-BOX 43260	ST PAUL	55114
*	16724	CHANHASSEN CITY OF	MARTIN	SCOTT A	690 COULTER DR	CHANHASSEN	55317
*	803	CIRCLE PINES UTILITIES	RAPP	CRAIG R	9201 LEXINGTON AVE N	CIRCLE PINES	55014
*	36556	CLOQUET CITY OF	SCHLENVOGT	WILLIAM	508 CLOQUET AVE	CLOQUET	55720
*	16725	COLUMBIA HTS HOUSING & REDEVEL AUTH	STUTZ	TODD M	590 40TH AVE	COLUMBIA HTS	55421
*	16990	COMMONWEALTH ASSOC	TAKATS	JOSEPH	209 WASHINGTON AVE E	JACKSON	49201
*	6685	CONSULTING ENGINEERS DIVERSIFIED	JOHNSON	ZACK	7200 HEMLOCK LN N-STE 200	MAPLE GROVE	55369
*	16884	CONSULTING ENGINEERS DIVERSIFIED	SCHOENECKER	MICHAEL A	7200 HEMLOCK LANE-STE 200	MAPLE GROVE	55369
*	5261	CONTROL DATA CORP	BELAU	JANE	8100 34TH AVE S	MPLS	55440
*	10691	COOPERATIVE POWER ASSN	AMBROSE	ROBERT P	14615 LONE OAK RD	EDEN PRAIRIE	55344
*	8486	COOPERATIVE POWER ASSN	MUSSELL	ADE	14615 LONE OAK RD	EDEN PRAIRIE	55344
*	16824	COTTONWOOD CO OFFICES	GRUNIG	FARLEY	COURTHOUSE	WINDOM	56101
*	16837	DAIRYLAND POWER COOPERATIVE	DIAL	ALBERT D	BOX 817	LACROSSE	54601
*	8478	DAIRYLAND POWER COOPERATIVE	LEIFER	JOHN P	2615 EAST AVE S	LACROSSE	54601
*	8562	DAYTON HERMAN GRAHAM & GETTS	DAYTON	CHARLES K	10 FIFTH ST S-STE 930	MPLS	55402
*	4741	DAYTON HERMAN GRAHAM & GETTS	HERMAN	JOHN H	10 FIFTH ST S-STE 930	MPLS	55402
*	16934	DAYTON HERMAN GRAHAM & GETTS	PEPIN JR	RICHARD G	10 FIFTH ST S-STE 930	MPLS	55402
*	6681	DETROIT LAKES CITY OF	GRABOW	RICHARD	10225 ROOSEVELT AVE-BOX 647	DETROIT LAKES	56501
*	8470	DEVAC INC	HETMAN	FRANK W	10130 HWY 55	MPLS	55441
*	6689	DEVAC INC	MCGRATH	FRANCIS X	10130 HWY 55	MPLS	55441
*	16947	DONALDSON CO	LUNN	ROBERT	1400 94TH ST W-BOX 1299	MPLS	55440
*	16839	DONOHUE & ASSOCIATES	HOFF	MICHAEL	7400 METRO BLVD-STE 450	MPLS	55435
*	16905	DONOVAN COMPANIES INC	SMITH	JAMES A	1080 MONTREAL AVE	ST PAUL	55116
*	4722	DONOVAN MCCARTHY CRASSWELLR LARSN&M	CRASSWELLER	DONALD B	ALWORTH BLDG-RM 1000	DULUTH	55802
*	16742	DORSEY WINDHRST HANNAFRD WHITNY&HAL	COMSTOCK	BECKY A	220 SIXTH ST S-RM 2300	MPLS	55402
*	5263	DORSEY & WHITNEY LIBRARY			2200 FIRST BANK PL E	MPLS	55402
*	16719	DULUTH CHAMBER OF COMMERCE	RAIMO	DAVID A	325 HARBOR DR	DULUTH	55802
*	16754	DULUTH CITY OF	NELSON	DOUGLAS	CITY HALL-RM 409	DULUTH	55802
*	8676	DULUTH COMM HEALTH SERV	ROWE	BRUCE T	325 LAKE AVE S-STE 604	DULUTH	55802
*	16663	E W A INC	NGO	VIET	12800 INDUS PK BLVD	PLYMOUTH	55441
*	2286	EAGAN BLDG INSPEC DEPT	PETERSON	DALE'S	3795 PILOT KNOB RD-BOX 21 199	EAGAN	55121
*	36557	EAGAN CITY OF	HEDGES	THOMAS L	3830 PILOT KNOB RD	EAGAN	55123
*	16643	EDEN PRAIRIE CITY OF	ENGER	CHRIS	8950 EDEN PRAIRIE RD	EDEN PRAIRIE	55344
*	16674	EDINA CHAMBER OF COMMERCE	BODINE	VIRGINIA	5200 73RD ST W	EDINA	55435
*	9861	EDINA COMMUNITY ED	BRANNON	ROD	5701 NORMANDALE RD	MPLS	55424
*	16935	ENRIGHT & ASSOC	EDMAN	JOHN F	220 ROBERT ST S	ST PAUL	55107
*	16952	EXPERIENCE INC	PIETRUS	JOSEPH T	527 MARQUETTE AVE-RM 1930	MPLS	55402
*	16965	FABYANSKE SUOBODA & WESTRA	WESTRA	MARK	400 ROBERT ST N-RM 100	ST PAUL	55101
*	16703	FARIBAULT AREA CHAMBER OF COMMERCE	HERING	DIANA	228 CENTRAL AVE-BOX 434	FARIBAULT	55021
*	16890	FERGUS FALLS CHAMBER OF COMMERCE	WIEBER	STANLEY	202 COURT ST S-BOX 724	FERGUS FALLS	56537
*	8521	FORSBERG AGRIC SERV	FORSBERG	WINFIELD	518 SUMMIT AVE	NEW ULM	56073
*	60688	FRIDLEY CITY OF	DEBLON	WILLIAM S	6431 UNIVERSITY AVE NE	FRIDLEY	55432
*	12455	FRUNDT FRUNDT & JOHNSON			117 FIFTH ST W-BOX 95	BLUE EARTH	56013
*	8584	GENERAL MILLS INC	HAUN	DR J W	BOX 1113	MPLS	55440
*	8549	GOLDEN VALLEY CITY OF	BECKER	LLOYD G	7800 GOLDEN VALLEY RD	GOLDEN VALLEY	55427

*	16620	GRAND MARAIS CITY OF	KENNEDY	TIMOTHY	COURTHOUSE	GRAND MARAIS	55604
*	16786	GRAND RAPIDS CHAMBER OF COMMERCE			WELCOME HOUSE	GRAND RAPIDS	55744
*	16716	GRANITE FALLS AVTI	HAWK	JACK	HWY 212 W	GRANITE FALLS	56241
*	16687	GRAVEN & ASSOCIATES			9800 ANN LN	MINNETONKA	55343
*	16915	GREATER DULUTH COACT	FURE	ERIC	2904 THIRD ST W	DULUTH	55806
*	16743	HAMLINE UNIV SCHOOL OF LAW	ROBERTS	MARILYNNE K	1536 HEWITT AVE	ST PAUL	55104
*	5281	HASTINGS CITY OF	GERLOCK	FRANK	100 SIBLEY ST	HASTINGS	55033
*	59166	HEADWATERS REGIONAL DEVEL COMM	OSTREM	JOHN	722 15TH ST NW-BOX 906	BEMIDJI	56601
*	8560	HENKEL CORP	DAILEY	THOMAS M	7900 78TH ST W	MPLS	55435
*	10562	HENNEPIN CO ENVIRON & ENERGY OFFICE	NELSON	LUTHER D	HENNEPIN CO GOVERNMENT CTR	MPLS	55487
*	8465	HENNEPIN CO OFFICES	LEE	A J	300 SIXTH ST S-RM A2307	MPLS	55487
*	8460	HENNEPIN CO OFFICES	MCMILLAN	JOHN G	300 SIXTH ST S-RM A2208	MPLS	55487
*	5433	HENNEPIN CO PUBLIC WORKS	WINTER	DAVID G	320 WASHINGTON AVE S	HOPKINS	55343
*	16831	HENNINGSON DURHAM & RICHARDSON	MCMICHAEL	DALE	5401 GAMBLE DR-RM 300	MPLS	55416
*	36538	HERMANTOWN CITY OF	RUTH	HELMER A	3161 MAPLE GROVE RD	HERMANTOWN	55811
*	16781	HESSIAN MCKASY & SODERBERG	KNAPP	JOHN A	1500 MIDWEST PLAZA	MPLS	55402
*	6166	HILL ASSOCIATION	HILL	JAMES R	8200 HUMBOLDT AVE S	BLOOMINGTON	55431
*	8661	HONEYWELL INC	VIITALA	W C	HONEYWELL PLAZA-BOX 524	MPLS	55440
*	16886	HOPKINS ENVIRONMENT & ENERGY DEPT	LIE	GREGORY B	320 WASHINGTON AVE S	HOPKINS	55343
*	9485	HORMEL & CO	HAHN	DOUGLAS	BOX 800	AUSTIN	55912
*	11596	HOUSTON CO OFFICES	FRANK	RICHARD	COURTHOUSE	CALEDONIA	55921
*	8464	HUBER LTD	HUBER	PAUL	1821 UNIVERSITY AVE	ST PAUL	55104
*	4654	IND SCHOOL DIST 623	VANDERWALL	JAN	1251 CO RD B2 W	ROSEVILLE	55113
*	16767	INTERSTATE POWER CO	CORDES	AL D	1000 MAIN ST	DUBUQUE	52001
*	16731	INVER HILLS COMM COLLEGE	MITCHELL	RUSTY	8445 COLLEGE TR	INVER GROVE HTS	55075
*	16975	ISBERG & ASSOC	ISBERG	GUNNAR	BOX 115	NORTHFIELD	55057
*	6693	JANESVILLE CITY OF	PLUYM	JANET	219 MAIN ST N	JANESVILLE	56048
*	16984	JENOS INC	STROBEL	JACK C	100 LIVE OAK GARDENS-BOX 200	CASSELBERRY	32707
*	8574	JOHNSON FREDIN KILLEN THIBODEAU&SEI	FREDIN	CONRAD M	NORWEST CTR-RM 811	DULUTH	55802
*	16712	KLEINSCHMIDT & WEBBER INC	WEBBER	ROBERT	4240 FIFTH ST	WINONA	55987
*	36663	LACRESCENT CITY OF	JILK	STEPHAN	315 MAIN ST	LACRESCENT	55947
*	8573	LAKE SUPERIOR INDUSTRIAL BUREAU	FRANCE	ALFRED E	NORWEST CTR-RM 828	DULUTH	55802
*	10030	LAKEWOOD COMM COLLEGE	WISCHMANN	ROBERT	3401 CENTURY AVE N	WHITE BEAR LK	55110
*	16991	LEFEUERE LAW FIRM	STRAND	JEFFREY J	120 SIXTH ST S-RM 2000	MPLS	55402
*	6688	LEHMANN & ASSOC INC	LEHMANN	ERNEST K	1409 WILLOW ST-RM 300	MPLS	55403
*	8480	LEVANDER GILLEN MILLER & MAGNUSON	MILLER	ROGER C	633 CONCORD ST-RM 402-BOX 298	S ST PAUL	55075
*	8600	LUTHERAN SOCIAL SERVICE	JOHNSON	GORDON	2414 PARK AVE	MPLS	55404
*	16974	LUVERNE CITY OF	GUHIN	MARY	203 MAIN ST E	LUVERNE	56156
*	16632	MAIER STEWART ASSOC	STEWART	JOHN	BREMER BLDG-RM 600	ST PAUL	55101
*	16696	MANKATO AREA CHAMBER OF COMMERCE			BOX 999	MANKATO	56001
*	6690	MANKATO COMM DEVEL OFFICE	MELENA	THOMAS	202 JACKSON ST E	MANKATO	56001
*	60188	MANKATO STATE UNIV	JACK	JAMES	BOX 36	MANKATO	56001
*	16793	METRO COUNCIL	MICHAND	CARL	121 SEVENTH ST E-RM 300	ST PAUL	55101
*	16971	METRO COUNCIL	RUTFORD	JOHN	121 SEVENTH ST E	ST PAUL	55101
*	16848	METRO MUNICIPAL ASSN	PETERSON	VERNON	183 UNIVERSITY AVE E	ST PAUL	55101
*	61113	MICHAUD COOLEY ERICKSON & ASSOC INC	HARTRANFT	FRANK F	625 FOURTH AVE S-STE 1325	MPLS	55415
*	16708	MILACA CITY OF	HESTER	RALPH K	145 CENTRAL AVE S	MILACA	56353
*	16761	MINN ATTORNEY GEN OFC-ANTITRUST DIV	CATANIA	THOMAS F	117 UNIV AVE-SECOND FLR	ST PAUL	55155
*	8512	MINN AUTO DEALERS ASSN	CLAESON JR	LOUIS W	277 UNIVERSITY AVE	ST PAUL	55103
*	16648	MINN BOARD OF AGING	ORSELLO	JEAN	121 SEVENTH ST E-RM 204	ST PAUL	55101
*	16962	MINN COACT-LEGAL SERV ADVOC PROJ	OSTERUD	DRU	60 FOURTH ST E-RM 300	ST PAUL	55101
*	8625	MINN COMMERCE & INDUSTRY ASSN OF	OCONNELL	RAYMOND E	480 CEDAR ST-RM 300	ST PAUL	55109
*	8651	MINN COOPERATIVES ASSN OF	SLETTOM	EDWARD E	480 CEDAR ST-RM 380	ST PAUL	55101
*	8649	MINN COUNTIES ASSN OF	SHIPMAN	JAMES C	555 PARK ST-STE 300	ST PAUL	55103
*	8586	MINN DEPT OF ADMIN	HINIKER JR	JAMES J	50 SHERBURNE AVE-RM 200	ST PAUL	55155

*	8674	POPHAM HAIK SCHNOBRICH KAUFMN&DOTY	BURK	ROBERT S	80 EIGHTH ST S-RM 4344	MPLS	55402
*	10211	POPHAM HAIK SCHNOBRICH KAUFMN&DOTY	HAIK	RAYMOND A	414 NICOLLET MALL	MPLS	55401
*	8599	POPHAM HAIK SCHNOBRICH KAUFMN&DOTY	JOHNSON	G ROBERT	80 EIGHTH ST S-RM 4344	MPLS	55402
*	16807	PROJECT ENVIRONMENT FOUNDATION			2929 FOURTH AVE S	MPLS	55408
*	8635	Q S S INC	KROEGER	CHARLES	BOX 838	FARIBAULT	55021
*	8448	RAMSEY CO COMM BOARD	KARON	JUDY	COURTHOUSE-STE 316	ST PAUL	55102
*	16893	REGION EIGHT REG DEVEL COMM	PERKINS	STEVEN L	214 SECOND ST NW	PIPESTONE	56164
*	42736	REGION FIVE REG DEVEL COMM	KNOSALLA	LARRY	611 IOWA AVE	STAPLES	56479
*	4639	REGION NINE REG DEVEL COMM	WALDRON	CRAIG	410 FIFTH ST S-BOX 3367	MANKATO	56001
*	1786	REGION SIX EAST REG DEVEL COMM	HIPPE	H EUGENE	311 SIXTH ST W	WILLMAR	56201
*	16810	RICHFIELD CITY OF	JOPKE	RICHARD	6700 PORTLAND AVE	RICHFIELD	55423
*	1088	RIEKE CARROLL MULLER ASSOC	HENNEMUTH	WILLIAM H	1011 FIRST ST S-BOX 130	HOPKINS	55343
*	11999	ROCHESTER BLDG & SAFETY DEPT	SATHER	GORDON J	1605 CASCADE ST NW	ROCHESTER	55901
*	16637	ROCHESTER CHAMBER OF COMMERCE	WELTY	LLOYD	212 FIRST ST SW	ROCHESTER	55902
*	16661	ROSEVILLE CITY OF	ANDRE	JAMES	2024 CLEVELAND AVE N	ROSEVILLE	55113
*	16682	SALO INC	SALO	JACK D	15 FIRST ST E	DULUTH	55802
*	6678	SCOTT CO HOUSING & REDEVEL AUTH			16049 FRANKLIN TR SE-RM 104	PRIOR LAKE	55372
*	16662	SOUTH ST PAUL CHAMBER OF COMMERCE	OLSEN	RICHARD A	LIVESTOCK EXCH BLDG-RM 217	S ST PAUL	55075
*	10681	SOUTHERN MINN MUNI POWER AGENCY	LANDWEHR	MARY ELLEN	21 FIRST ST SW-STE 400	ROCHESTER	55902
*	16880	SOUTHERN MINN REG LEGAL SERVICES	LANSDOWNE	PETER	MEDICAL ARTS BLDG-RM 310	ALBERT LEA	56007
*	60067	SOUTHWEST REG DEVEL COMM	SHORTEN	BRIAN	2524 BROADWAY AVE-BOX 265	SLAYTON	56172
*	10789	ST CLOUD AREA CHAMBER OF COMMERCE	CARLSON	GLENN	20 FOURTH AVE S-BOX 487	ST CLOUD	56302
*	16641	ST CLOUD STATE UNIV	BIXBY	ROBERT	STEWARD HALL-RM 301	ST CLOUD	56301
*	16640	ST LOUIS CO PLANNING & ZONING OFF	JOHNSON	MARK	COURTHOUSE	DULUTH	55802
*	8675	ST LOUIS PARK CITY OF	THIBAULT	WILLIAM	5005 MINNETONKA BLVD	ST LOUIS PK	55416
*	8518	ST PAUL CITY OF	ERICKSON	GLENN A	25 FOURTH ST W-RM 445	ST PAUL	55102
*	8565	ST PAUL PORT AUTHORITY	DZUGAN	KENNETH	25 FOURTH ST W-STE 1305	ST PAUL	55102
*	6683	ST PAUL PUB HOUSING AGENCY	GROSSMAN	BARB	BREMER BLDG-RM 380	ST PAUL	55107
*	7005	ST PAUL PUBLIC HOUSING AUTHORITY	HARJU	RUSS	419 ROBERT ST N-RM 380	ST PAUL	55101
*	5254	ST PAUL T V 1	MUCKENHIRN	FRANK A	235 MARSHALL ST	ST PAUL	55102
*	65319	STATE SERV GROUP	SAHAGUN	BETSY L	1015 15TH ST NW	WASHINGTON	20005
*	16840	STEARNS CO OFFICES	HOPKE	KENNETH	BOX 604	ST CLOUD	56301
*	16896	SUBURBAN ENGINEERING INC	PRICE	WILLIAM	12350 RIVER RIDGE BLVD	BURNSVILLE	55337
*	5565	SUN CONTROL PRODUCTS	KLAMPE	E J	431 FOURTH AVE SE	ROCHESTER	55904
*	16852	THIEF RIVER FALLS CITY OF	QUINLIVAN	JOHN	CITY HALL-BOX 528	THIEF RIVER FLS	56701
*	8461	TRI COUNTY COMM ACTION PROG	SEXTON	MARK G	404 SECOND AVE NE	LITTLE FALLS	56345
*	5885	TROMMALD CITY OF			RT 3-BOX 160	CROSBY	56441
*	8653	U OF M	SNYDER	ROBERT W	1994 BUFORD AVE-RM 248C	ST PAUL	55108
*	16787	U OF M-DULUTH POLITICAL SCIENCE DEP	OLSEN	DR DALE	HOME EC BLDG-RM 242	DULUTH	55812
*	16806	U OF M-FORESTRY DEPT	LEWIS	BERNARD J	GREEN HALL-RM 10	ST PAUL	55108
*	16811	U OF M-GEOLOGY DEPT	GREEN	JOHN C	10550 OLD NORTH SHORE RD	DULUTH	55812
*	16777	U OF M-SCHL OF BUSINESS & ECON	IRELAND	DR DONALD W		DULUTH	55812
*	8545	U S DEPT OF AG-FARMERS HOME ADM	BJORHUS	RUSS	316 ROBERT ST N-RM 252	ST PAUL	55101
*	16872	U S DEPT OF COMMERCE	MATSON	GLENN A	110 FOURTH ST S-RM 108	MPLS	55401
*	16922	U S DEPT OF INTERIOR-FISH &WILDLIFE	SMITH	JAMES L	333 SIBLEY ST-RM 570	ST PAUL	55101
*	16928	U S HOUSING & URBAN DEVEL	OLSON	ROGER	220 SECOND ST S	MPLS	55401
*	452	UNION OIL OF CALIFORNIA			1650 GOLF RD E	SCHAUMBURG	60196
*	121	UNITED POWER ASSN	HAUSCHULZ	BRUCE		ELK RIVER	55330
*	8673	UNITED POWER ASSN	RAHKO	REYNOLD S	HWY 10 E	ELK RIVER	55330
*	16739	UPPER MINN VALLEY REG DEVEL COMM	SCHMID	OTTO	323 SCHLIEMAN AVE W	APPLETON	56208
*	6687	VAN DOREN HAZARD STALLINGS	KOEGLER	MARK	3030 HARBOR LN N-STE 104	PLYMOUTH	55441
*	16741	WADENA AVTI	KINN	PAUL D	405 COLFAX AVE SW-BOX 566	WADENA	56482
*	16658	WASHINGTON CO PLANNING DEPT	ODONNELL	DENNIS	14900 61ST ST N	STILLWATER	55082
*	16913	WATERVILLE CITY OF	HANSEN	LAWRENCE D	BOX 9	WATERVILLE	56096
*	8637	WEST CENTRAL COMM SERV CTR INC	REARDON	HELEN J	1125 SIXTH ST SE-BOX 787	WILLMAR	56201

*	16762	MINN DEPT OF AGRICULTURE	HEIL	GERALD	90 PLATO BLVD W	ST PAUL	55107
*	16803	MINN DEPT OF HEALTH-COMM DEVEL			717 DELAWARE ST SE	MPLS	55440
*	16647	MINN DEPT OF HEALTH-COMM DEVEL OFF	SKUBIC	MARK	717 DELAWARE ST SE	MPLS	55440
*	6684	MINN DEPT OF REVENUE	HANSON	DOROTHY M	CENTENNIAL BLDG	ST PAUL	55145
*	16876	MINN DEPT OF TRANS-DRIVER%SERV	SWANSON	MARLENE	JOHN IRELAND BLVD-RM 161	ST PAUL	55155
*	6692	MINN GOVERMENT REPORT	DAWSON	JEAN	STATE CAPITAL BLDG-PRESS RM B2	ST PAUL	55155
*	16894	MINN HOUSING FINANCE AGENCY	SOLEM	JAMES	333 SIBLEY ST-RM 200	ST PAUL	55101
*	4742	MINN LEGIS AUDITOR	BAUMGARTEN	ALLAN	VETERANS SERVICE BLDG-RM 122	ST PAUL	55155
*	8502	MINN LEGIS COMM TO REVIEW ADMIN RUL	BURCH	BETTY ANN	CAPITOL BLDG-B 46	ST PAUL	55155
*	4651	MINN MULTI HOUSING ASSN	HORNER	JOHN	3100 LAKE ST W	MPLS	55416
*	8015	MINN PETROLEUM COUNCIL	BUNGE	DARREL	386 WABASHA ST N-RM 1025	ST PAUL	55102
*	16650	MINN PLANT FOOD & CHEM ASSN	SALLSTROM	CRAIG	1821 UNIVERSITY AVE-RM 253	ST PAUL	55104
*	10133	MINN POLLUTION CONTROL AGENCY	GARDENBRING	SANDRA S	1935 CO RD B2 W	ROSEVILLE	55113
*	8646	MINN POLLUTION CONTROL AGENCY	SCHADE	BARRY C	1935 CO RD B2 W	ROSEVILLE	55113
*	8671	MINN POWER CO	DEBEIR	ELAINE	30 SUPERIOR ST W	DULUTH	55802
*	16683	MINN POWER CO	HANSMEYER	LEN	30 SUPERIOR ST W	DULUTH	55802
*	8538	MINN POWER CO	ROBERTS	JAMES A	30 SUPERIOR ST W	DULUTH	55802
*	16978	MINN PROJECT-S E OFFICE	KEMP	LONI	BOX 4	PRESTON	55965
*	7390	MINN PUBLIC INTEREST RESEARCH GROUP	GOSTOVICH	JOHN	2412 UNIVERSITY AVE SE	MPLS	55414
*	16669	MINN RETAIL MERCHANTS ASSN	MORRIS	RANDY	121 SEVENTH ST E-STE 180	ST PAUL	55101
*	8505	MINN RURAL ELECTRIC ASSN	BARNIER	LEON	4901 77TH ST W	MPLS	55435
*	8568	MINN SERVICE STATION ASSN	ETTESVOLD	BRIAN	2700 RICE ST	ST PAUL	55113
*	12760	MINN STATE UNIV SYSTEM	STANTON	MARY E	555 PARK ST-STE 230	ST PAUL	55105
*	16817	MINN TOWNSHIPS ASSN OF	FRICKE	DAVID	BOX 246	ST MICHAEL	55376
*	8640	MINN TRANSPORT SERV ASSN	ROSENTHAL	ABE	1821 UNIVERSITY AVE-RM 310N	ST PAUL	55104
*	16858	MINN VOLUNTARY SOC SERV ASSN OF	KAUFMAN	BARBARA W	1821 UNIVERSITY AVE-RM 141S	ST PAUL	55104
*	800	MINNEGASCO			201 SEVENTH ST S	MPLS	55402
*	16951	MINNEGASCO	KOMAREK	LUKE R	201 SEVENTH ST S	MPLS	55402
*	16721	MONTEVIDEO CITY OF	BIFOSS	R BEN	BOX 676	MONTEVIDEO	56265
*	16728	MONTICELLO CITY OF	ELDEM	THOMAS	250 BROADWAY ST E	MONTICELLO	55362
*	8459	MOSS FLAHERTY CLARKSON & FLETCHER	AHERN	MICHAEL J	200 SIXTH ST S-STE 1200	MPLS	55402
*	8617	MOSTCA INC	AICHINGER	CLIFF	2225 WHITE BEAR AVE	MAPLEWOOD	55109
*	16795	MPLS ADMIN HEARING OFFICE	RUHLE	SAM	310 FOURTH AVE-RM 400	MPLS	55415
*	8536	MPLS BLDG OWNERS & MGRS ASSN	OLOFSON	ARTHUR W	105 FIFTH ST S-RM 927	MPLS	55402
*	16829	MPLS CITY COORDINATORS OFFICE	MEININGER	PHILIP G	350 FIFTH ST S-RM 210	MPLS	55415
*	16705	MPLS PUBLIC LIBRARY-ENVIRON CONSERV			300 NICOLLET MALL	MPLS	55401
*	16642	N A H R O-MINN CHAPTER	KEMP	WILLIAM A	14 FIFTH ST S-STE 300	ST CLOUD	56301
*	8667	N E C A	FRISON	FRANK	200 ROBERT ST S-RM 305	ST PAUL	55107
*	4723	NATIONAL HOMES MFG CO	PETTRY	SHELBY	BOX 7680	LAFAYETTE	47903
*	8591	NATIONAL SOCIAL WORKERS ASSN	INGRAM	ALAN W	614 PORTLAND AVE	ST PAUL	55102
*	16697	NEW HOPE CITY OF	DONAHUE	DANIEL J	4401 XYLON AVE N	NEW HOPE	55428
*	8482	NORTHERN STATES POWER	BIZZANO JR	JOSEPH D	414 NICOLLET MALL	MPLS	55401
*	8663	NORTHERN STATES POWER	WELK	G V	414 NICOLLET MALL	MPLS	55401
*	16764	NORTHERN STATES POWER CO	WIETECKI	KEITH H	414 NICOLLET MALL	MPLS	55403
*	16987	NORTHERN SUN ALLIANCE	FIELDSETH	HENRY	1519 FRANKLIN AVE E	MPLS	55404
*	16666	NORTHFIELD CITY OF	MARONEY	DAVID	801 WASHINGTON ST	NORTHFIELD	55057
*	60405	NORTHWEST REG DEVEL COMM	JORGENS	THOMAS	425 WOODLAND AVE	CROOKSTON	56716
*	8539	NORTHWEST REG DEVEL COMM	SCHARMER	PAT	425 WOODLAND AVE	CROOKSTON	56716
*	16822	OLMSTED CO PLANNING DEPT	MOORE	THOMAS O	1421 THIRD AVE SE	ROCHESTER	55901
*	8619	OTTERTAIL POWER CO	MYSTER	JAY D	215 CASCADE ST S	FERGUS FALLS	56537
*	88	OWATONNA PUBLIC UTILITIES	MARTIN	DAVID M	208 WALNUT AVE S-BOX 800	OWATONNA	55060
*	16988	PEOPLES NAT GAS CO	HAUBENSAK	RICHARD	25 MAIN PLACE	COUNCIL BLUFFS	51501
*	8628	PHILLIPS LEGISLATIVE SERVICE INC	PHILLIPS	WILLIAM L	459 RICE ST	ST PAUL	55103
*	4672	PILLSBURY CO	SMITH	CARL A	200 SIXTH ST S	MPLS	55402
*	16960	PLANNING & DEVEL CONST	REICHERT	ROBERT J	ALWORTH BLDG-RM 505	DULUTH	55802

*	6679	WEST CENTRAL INDUS IMPROVEMENT CORP			STEVENS CO COURTHOUSE	MORRIS	56267
*	8660	WHITE BEAR LAKE CITY OF			1281 HAMMOND RD	WHITE BEAR LK	55110
*	8474	WHITE EARTH RESERVATION	LANZ	JOHN	BOX 418	WHITE EARTH	56591
*	91	WHYT WATER HEATERS	LANNES	ERIC	BOX 60129	RENO	89506
*	16785	WILLMAR AVTI	WILDE	DENNIS L	BOX 1097	WILLMAR	56201
*	8588	WILLMAR CITY OF	HOGLUND	RICHARD C	333 SIXTH ST SW-BOX 755	WILLMAR	56201
*	16652	WINONA CITY HALL	MOCOL	DAVID L	FOURTH & LAFAYETTE ST-BOX 378	WINONA	55987
*	16898	WOODBURY CITY OF	PICHA	DWIGHT W	2100 RADIO DR	WOODBURY	55125
*	16710	YAGGY ASSOCIATES			717 THIRD AVE SE	ROCHESTER	55904
*	16980	YELLOW MEDICINE PLANNING OFFICE	HOLIEN	JERRY	BOX 675	CLARKFIELD	56223
*	16943	ZENK ENGINEERING	READ	LARRY A	BOX 689	ALBERT LEA	56007
*	16660	3 M COMPANY	LANGLOIS	WILLIAM J	2501 HUDSON RD-BOX 225 2N06	ST PAUL	55144

Notice: Any person may request notification of the date on which the Administrative Law Judge's report will be available, after which date the agency may not take any final action on the rule for a period of five working days. If you desire to be so notified, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the Administrative Law Judge. Any person may request notification of the date on which the rule was adopted and filed with the Secretary of State. The notice must be mailed on the same day that the rule is filed. If you want to be so notified you may so indicate at the hearing or send a request in writing to the agency at any time prior to the filing of the rule with the Secretary of State.

Minn. Stat. ch. 10A requires each lobbyist to register with the State Ethical Practices Board within five days after he or she commences lobbying. A lobbyist is defined in Minn. Stat. § 10A.01, Subd. 11 as an individual:

(a) engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250, not including his own travel expenses and membership dues in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) who spends more than $250, not including his own traveling expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota 55155, telephone (612) 296-5615.

One free copy of this notice and the proposed rule may be obtained by contacting Richard G. Gomstad, Department of Commerce, 500 Metro Square Building, St. Paul, Minnesota 55101 or by calling (612) 296-5689. Additional copies will be available at the door on the date of the hearing. Comments regarding the hearing may be directed to Richard G. Gomstad, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, Minnesota 55101.

May 2, 1985

Michael A. Hatch
Commissioner of Commerce

Rule as Proposed (all new material)

2791.0100 AUTHORIZATION TO ISSUE MEDICAL MALPRACTICE INSURANCE.

Pursuant to Minnesota Statutes, section 62F.04, the joint underwriting association is hereby authorized to issue medical malpractice insurance on a primary basis to physicians, hospitals, and other health care providers who are unable to obtain medical malpractice insurance coverage in the voluntary market.

Department of Energy and Economic Development Energy and Economic Development Authority

Proposed Rules Relating to Small Business Development; Special Assistance; Pollution Control Agency Finance

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Minnesota Energy and Economic Development Authority proposes to adopt the above-entitled rule without a public hearing following the procedures set forth in Minnesota Statutes, sections 14.22 to 14.28. The specific statutory authority to adopt the rule is Minnesota Statutes 116M.08, subd. 4.

Persons interested in this rule shall have 30 days in which to submit comment in support of or in opposition to the proposed rule or any part or subpart of the rule and comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

Any person may make a written request for a public hearing on the rule within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the agency will proceed pursuant to Minnesota Statutes, sections 14.131 to 14.20.

Persons who wish to submit comments or a written request for a public hearing must submit such comments or requests to:

Terry Brown
Financial Management Division
900 American Center Building
150 East Kellogg Boulevard
St. Paul, Minnesota 55101
Telephone: 612/297-1981

The proposed rule may be modified if the modifications are supported by data and views and do not result in a substantial change in the proposed rule.

These rules govern loan application procedures for the Minnesota Energy and Economic Development Authority's business financial assistance and pollution control financing assistance programs. The small business development loan program issues financial assistance in a form involving a guarantee or insurance from the economic development fund or any account thereof and revenue bonds to finance small business loans. The Minnesota fund loan program issues business loans for fixed-asset financing for new and existing businesses. The special assistance program provides financial assistance to businesses that are designated as being in need of special assistance.

(A copy of the rule is available for review from Terry Brown at the above address upon request.)

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from Terry Brown at the above address upon request.

If no hearing is required, upon adoption of the noncontroversial rule, the rule and the required supporting noncontroversial rule, the rule and the required supporting documents will be delivered to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the data of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as proposed for adoption, must submit the written request to Terry Brown at the above address.

May 6, 1985

Mark B. Dayton
Chairman, Minnesota
Energy and Economic
Development Authority

Rules as Proposed

8300.0050 SCOPE.

Parts 8300.0100 to 8300.3013 are general rules that apply to all applications for financial assistance made available by the authority under the act and under Minnesota Statutes, chapter 472.

8300.0100 DEFINITIONS.

Subpart 1. Statutory definitions. The terms defined in Minnesota Statutes, ~~section 116J.88 have the same meanings when used in~~ sections 116M.03 and 472.03 and this part apply to this chapter ~~8300 as ascribed to them in the act~~.

Subp. 2. Act. "Act" means Laws of Minnesota 1980, chapter 547.

Subp. 2a. Applicant. "Applicant" means a person, partnership, firm, corporation, or association that applies to the authority for financial assistance.

Subp. 2b. Authority. "Authority" means the Minnesota Energy and Economic Development Authority~~, formerly known as the small business finance agency~~.

Subp. 3. Commissioner. "Commissioner" means the commissioner of energy and economic development or his or her designee.

Subp. 4. Financial assistance. "Financial assistance" means loans, loan guarantees or insurance, and any other use of funds permitted by the act.

Subp. 5. Members. "Members" means the commissioner and those persons appointed to the authority under Minnesota Statutes, section ~~116J.89~~ 116M.09.

Subp. 6. Project. "Project" means that which is funded or secured, or is proposed to be funded or secured, by financial assistance.

Rules as Proposed (all new material)

8300.3011 PROCEDURES FOR FINANCIAL ASSISTANCE APPLICATIONS.

Subpart 1. In general. To apply for assistance from the authority, an applicant shall submit an application form to the commissioner on a form provided by the commissioner. An application must be completed, dated, and signed by an owner, general partner, or an authorized officer of the applicant. The commissioner shall follow the procedures under part 8300.3014.

Subp. 2. Contents. An application must contain at a minimum the following information:

A. A written history of the business.

B. The source and use of funds to finance the project.

C. Financial statements that include a balance sheet, an operating statement, a statement of the sources and uses of funds, and footnotes to the statements if available for the following time periods:

(1) Financial statements from the previous three years, if applicable. If unaudited, the statements must be signed by an authorized financial officer of the business making application.

(2) A current quarterly financial statement that was compiled within 90 days of the date the application was submitted, if quarterly financial statements are regularly prepared.

(3) Federal tax returns filed by the business for the previous three years if applicable, if the applicant is an individual or partnership.

(4) A proforma balance sheet and income statement for the 24 months following the financial assistance closing that shows the financial position of the applicant and that includes the proposed financing.

D. A marketing plan that describes:

(1) the industry the applicant is in;

(2) the economic outlook of that industry for the next three to five years;

(3) the major characteristics of the industry, names, locations, products, or services provided;

(4) the duration and conditions of the applicant's contracts currently in place; and

(5) the percentage of annual sales volume for each major customer over the previous three years.

E. Current resumes of key personnel and signed personal financial statements dated as of the date of the application for any person who owns 20 percent or more interest in the business.

F. A resolution of support or other comparable preliminary approval from the local government unit with respect to the project to be financed or secured with financial assistance.

G. A statement of informed consent by the applicant regarding the use and dissemination of the private data as provided in Minnesota Statutes, section 13.05, subdivision 4, paragraph (d). If the applicant is a corporation, then an authorized representative of the applicant shall provide a statement of informed consent in a form similar to that provided in Minnesota Statutes, section 13.05, subdivision 4, paragraph (d).

H. Certification that the employer does not discriminate in employment in a manner contrary to applicable federal or state laws and rules.

I. Certification of business compliance with all federal, state, or local laws or rules that affect the conduct of business in the state.

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Subp. 3. Business plan. As part of the application, the applicant shall submit to the commisioner a comprehensive business plan. The business plan must include, but is not limited to, the following:

A. a management summary of the plan including:

(1) name of the business;

(2) business location and plan description;

(3) discussion of the product, market, and competition;

(4) expertise of the management team;

(5) summary of financial projections;

(6) amount of financial assistance requested;

(7) form of and purpose for the financial assistance;

(8) purpose for undertaking the project; and

(9) business goals;

B. a description of the company including the following:

(1) date and state of incorporation, date and state of formation of partnership, or date and state of formation of sole proprietorship;

(2) history of the company; and

(3) principals and the roles they played in the evolution of the company;

C. a market analysis including:

(1) description of the current industry status and industry trends;

(2) effects of major social, economic, technological, or regulatory trends on the industry;

(3) description of the total market, principal market participants, and their performance; and

(4) discussion of the target market and competition;

D. a description of the product or product line including:

(1) list of patents, copyrights, licenses, or statement of the proprietary interest in the product or product line;

(2) discussion of technical and legal considerations;

(3) comparisons to competitors' products or product lines; and

(4) description of research and development and future plans for research and development;

E. a description of the marketing strategy including:

(1) overall strategy;

(2) pricing policy;

(3) sales channels and terms;

(4) method of selling, distributing, and servicing product;

(5) estimated sales and market share; and

(6) advertising, public relations, and promotion;

F. the management plan including:

(1) form of business organization;

(2) board of directors composition, if applicable;

(3) officers organization chart and responsibilities; and

(4) resumes of key personnel;

G. an operating plan including:

(1) schedule of upcoming work for the next one to two years;

(2) facilities plan or planned capital improvements for the next three years;

(3) manufacturing processes; and

(4) staffing plan (number of employees);

H. a schedule indicating the completion dates for realizing the significant aspects of the business plan;

I. a discussion of the risks and problems inherent to the business plan, including both the negative factors and plans to minimize the impact of those factors; and

J. financial data including:

(1) a funding request indicating the desired financing, capitalization, use of funds, and future financing;

(2) financial statements for the past three years, if applicable;

(3) current financial statements;

(4) monthly cash flow financial projections including the proposed financing for two years; and

(5) projected balance sheets, income statement, and statement of changes in financial position for two years including the proposed financing.

8300.3012 COLLATERAL REQUIREMENTS AND ADDITIONAL INFORMATION OR CERTIFICATIONS.

Subpart 1. Collateral requirements. The authority shall require collateral as it considers necessary in accordance with generally accepted commercial lending practices to protect the interests of the authority in the financial assistance. At a minimum, the collateral will take one or more of the following forms:

A. mortgage on real property;

B. security position on personal property;

C. security of its financial assistance with assets being financed by the financial assistance and other assets of the company to protect the interests of the state's financial participation;

D. letter of credit or equivalent instrument;

E. guarantees or other assurances of repayment of affiliates of the applicant or other interested parties with respect thereto;

F. guarantees or other assurances of repayment of shareholders or partners who have 20 percent or more ownership in the applicant;

G. bond insurance or other credit enhancements; and

H. assignments of leases or rents on property or equipment.

Subp. 2. Additional information or certifications. The following additional information, as applicable, is required by the authority prior to disbursing financial assistance, as well as any other information that the authority in its sole discretion considers advisable for prudent financial management of authority financial assistance:

A. a lease agreement on property or equipment;

B. a listing of property, including serial numbers for machinery and equipment, that will serve as collateral to the financial assistance;

C. certification of insurance for workers' compensation and employer's liability;

D. a statement provided by the Internal Revenue Service of tax clearance;

E. an appraisal of collateral offered to the authority for the financial assistance; and

F. a certificate of the insurers of all collateral that insurance is in force and effect. Prior to expiration of any insurance policy, the applicant shall furnish the commissioner with evidence that the policy has been renewed, replaced, or is no longer required.

8300.3013 PROCEDURES FOR APPLICATION PROCESSING.

Subpart 1. Deadline for submission. The applicant shall submit a complete application to the commissioner by the first business day of any month in order for the authority to consider it in that month. If an application is received after the first of the month and can

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be reviewed by the commissioner for eligibility and financial feasibility prior to the authority agenda deadline, the authority may consider the application at the meeting in that month.

Subp. 2. Completed applications. An application is complete when the commissioner receives all required documentation and exhibits.

Subp. 3. Incomplete applications. If an incomplete application is received, the commissioner shall notify the applicant of specific deficiencies in the application. The applicant has 60 days from the date of mailing of the commissioner's notification to complete the application. If the application is not completed and received by the commissioner within 60 days, the application is deemed to be rejected and the applicant shall reapply to be further considered.

Subp. 4. Review of eligibility of project and applicant. The commissioner shall review all completed applications to determine if the project and the applicant are eligible and meet the requirements of the act and any of parts 8300.3011 to 8300.3014 and any parts relating to the financial assistance for which the applicant has applied.

If the project and applicant are eligible, the commissioner shall review the application for economic feasibility as provided in subpart 6.

Subp. 5. Ineligible project or applicant. The commissioner shall notify the applicant in writing if the applicant or the project is ineligible. The applicant has 30 days from the date of the commissioner's notification to amend the application.

Upon receipt of an amended application, the commissioner shall review the amended application under subpart 4. The commissioner shall reject the amended application if the project or applicant are ineligible. If the project and applicant are eligible, the commissioner shall review the amended application for economic feasibility under subpart 6.

If the application is not amended within 30 days, the application must be rejected and will not receive any further consideration.

Subp. 6. Economic feasibility review. The commissioner shall review the application in accordance with generally accepted commercial lending practices, including the use of the standards as printed in the most current annually updated version of the Annual Statement Studies, issued by Robert Morris Associates, Philadelphia, PA.

The commissioner shall obtain any other credit information when available from private credit rating agencies including, but not limited to, Standard & Poors and Dun & Bradstreet. In accordance with generally accepted commercial lending practices, the commissioner may check personal references.

The commissioner shall determine if the applicant can generate sufficient cash flow and maintain a sound financial condition.

The commissioner shall determine if there is sufficient collateral for the financial assistance. The submission of the application by the commissioner to the authority at a board meeting shall be deemed conclusive evidence that the commissioner has made the determinations required pursuant to this subpart.

Subp. 7. Rejection of application based on economic feasibility. The commissioner shall notify the applicant in writing if the application is not economically feasible and the application is rejected.

If the application is rejected due to economic feasibility, the applicant may, within 30 days after written notification by the commissioner, request that the commissioner submit the rejected application to the authority for review at the next regularly scheduled meeting of the authority for which the agenda has not been established.

If so submitted, the authority must evaluate the application at its board meeting, in accordance with subpart 9.

Subp. 8. Certification of public purpose for small business and business loans. In addition to the economic feasibility review in subpart 6, the applicant must certify that the project assists in fulfilling the purposes of the act as expressed in Minnesota Statutes, section 116M.09, or assists in fulfilling one or more of the following criteria:

A. The applicant is located in an area of the state that is experiencing one of the most severe unemployment rates in the state.

B. The applicant is located in a border community that experiences a competitive disadvantage due to location and with this financial assistance the applicant would be induced to stay in Minnesota rather than to move to another state.

C. The applicant is likely to expand within the state and to create additional taxable property to local units of government.

D. The financial assistance applied for will help induce the applicant to locate in an area of economic distress or will help to provide jobs that would not otherwise be available to that area without the inducement of this financial assistance.

E. The financial assistance applied for will create or maintain sufficient numbers and types of jobs to justify participation in the financial assistance programs.

F. Energy sources and public facilities will be sufficient to support the successful operation of the project.

G. If the financial assistance will have the effect of a transfer of employment from one area of the state to another, that the

project is economically advantageous to the state or that the project is necessary to the continued operation of the business enterprise within the state.

Subp. 9. Authority evaluation procedure. Applications approved for processing by the commissioner must be presented to the authority for approval or disapproval. The authority shall review and consider approval of an application on the basis of effectuating the purposes of the act as expressed in Minnesota Statutes, section 116M.09 or assists in fulfilling one or more of the criteria listed in subpart 8. If the authority disapproves the application, the commissioner shall so notify the applicant. If the authority approves the financial assistance, it shall pass a preliminary or a final resolution giving approval to the project to be financed and stating in either the preliminary or final resolution or combination of both the name of the project owner; a brief description of the project; the maximum amount of bonds to be issued, or the maximum amount of the loan to be made, or the maximum amount of the loan to be guaranteed or insured, whichever is applicable; and other provisions as the authority in its sole discretion deems advisable for prudent financial management of authority financial assistance. The commissioner shall notify the applicant of the authority's approval and provide the applicant with a copy of the resolution passed. If the financial assistance is funded by bonds, then passage of a preliminary and a final resolution as provided in subpart 10 are required before financial assistance is approved. Throughout this process if the authority does not extend financial assistance, the authority has no liability to the applicant.

Subp. 10. Funding of financial assistance by bonds. If the authority intends to fund the financial assistance by issuing bonds, the authority shall first pass a preliminary resolution. The preliminary resolution must not obligate the authority to issue bonds or to fund financial assistance, but must only constitute an expression of current intention of the authority to issue bonds or to fund the financial assistance. If the authority subsequently determines that there are no adverse changes in the financial conditions or key personnel of the applicant, market conditions, availability of bond issuance authority, and other conditions that the authority deems necessary and the authority decides in accordance with generally accepted commercial lending practices to make financial assistance available, the authority shall pass a final resolution that authorizes the issuance and sale of bonds to extend financial assistance. The final resolution must specify the terms and conditions under which bonds will be issued. The preliminary resolution may contain a time limit with respect to the issuance of the bonds, may be revoked or amended by the authority at any time prior to the final resolution of the authority without liability to the authority, and may impose any conditions or requirements that the authority deems desirable. The commissioner shall notify the applicant of the authority's approval and provide the applicant with a copy of the resolution passed. Throughout this process, if the authority does not extend financial assistance, the authority has no liability to the applicant.

Subp. 11. Preparation of documents. The commissioner has the authority and responsibility to prepare or cause to be prepared all necessary documents and to execute them on behalf of the authority.

SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

8300.3020 PURPOSE OF SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

The small business development loan program issues financial assistance in a form involving a guarantee or insurance from the economic development fund or any account thereof and revenue bonds to finance small business loans.

8300.3021 ELIGIBLE APPLICANTS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Persons, partnerships, firms, or corporations engaged in and determined by the authority to constitute a small business as defined in the regulations of the United States Small Business Administration, Code of Federal Regulations, title 13, part 121, are considered eligible small businesses or eligible applicants.

8300.3022 ELIGIBLE LOANS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Subpart 1. In general. The authority shall make small business loans to applicants in compliance with the act and parts 8300.3011 to 8300.3024 in order to help create or retain jobs for the state.

Subp. 2. Purpose of loan. A small business loan must be used to provide interim or long-term financing for certain capital expenditures as provided in the act, and for expenditures that meet the requirements of federal industrial development bond laws, including:

A. acquisition costs of land, buildings, or both;

B. site preparation;

C. construction costs;

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D. engineering costs;

E. costs of equipment, machinery, or both;

F. bond issuance costs;

G. underwriting or placement fees;

H. trustee's fees;

I. fee of guarantor, insurer, or financial institution, other than the authority, who provides letters of credit, surety bonds, or equivalent security;

J. authority fees, including application and guaranty fees of the authority and administrative costs and expenses;

K. certain contingency costs;

L. interest costs during construction;

M. legal fees, including those of the authority's bond counsel; and

N. debt service reserve fund.

Working capital loans are not eligible for financial assistance under this loan program.

Subp. 3. Size of eligible loans. The principal amount of any financial assistance in the form of bonds to be financed by the authority may not be less than $250,000, unless the applicant agrees to pay all bond issuance costs, and may not exceed the maximum amount permitted to be loaned to an eligible small business as defined in the act for the total value of eligible items listed in subpart 2.

Subp. 4. Equity requirements. The maximum amount of a loan for project equipment is 75 percent of the cost of the equipment, and for all other authorized project expenses is 80 percent of the cost. The applicant must contribute at least 25 percent of the cost of project equipment and at least 20 percent of all other costs. Instead of a cash equity contribution the authority shall accept collateral which, if contributed to the financial assistance, would make the maximum loan percentage of the project costs for equipment equal to 75 percent and for all other authorized expenses equal 80 percent. The authority may require a lower loan to project percentage based upon the economic feasibility of the application. The authority may accept letters of credit or other credit enhancements as part of the equity contribution by the applicant.

Subp. 5. Maximum term. The maximum term of a small business development loan may not exceed the average useful life of the real property, or 80 percent of the useful life of the equipment or machinery, or the following limits, whichever is less:

A. for real property, land, or buildings, 21 years;

B. for equipment or machinery, 11 years;

C. for a combination of items A and B, a weighted average of those years will be used.

Subp. 6. Interest rate. The authority shall set interest rates at a negotiated rate that approximates the market rate of interest for securities of equivalent value at the time the bonds are initially sold.

Subp. 7. Security requirements. Financial assistance, either for real property or equipment, may be secured only with the best available security including one or more of the following:

A. A mortgage or other adequate security as determined by the authority on the real property to be financed.

B. A lien or other adequate security as determined by the authority on equipment to be financed by the authority.

C. Other security as determined by the commissioner to have a value at least equal to the principal amount to be financed by the authority less the value, as determined by the authority, of the security provided in items A and B, if any. Other security shall be in a form and kind satisfactory to the authority and may consist of some or all of the following:

(1) a senior, junior, or parity lien on other assets of the applicant;

(2) a senior, junior, or parity lien on assets of certain owners, officers, and affiliated persons of the applicant (including sole proprietors and their spouses, partners and their spouses, and major shareholders or corporate officers and their spouses);

(3) a guarantee of owners, officers, and affiliated persons of the applicant (including sole proprietors and their spouses, partners and their spouses, and major shareholders or corporate officers and their spouses), or other related entities such as subsidiaries or parent corporations of the applicant; or

(4) additional forms of security, if necessary to strengthen the authority's collateral position on the financial assistance.

D. In addition to or in substitution for any of the items A to C, any guarantee or other collateral or security, as required by insurers or other providers of collateral or security with respect to the bonds, other than the authority, or as required by the authority in accordance with generally accepted commercial lending practices.

8300.3023 DEBT SERVICE RESERVE FUND FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

In conjunction with each amount of financial assistance it extends, the authority shall establish and fund a debt service reserve fund sufficient to cover approximately 12 months' debt service or a lesser amount to ensure the tax exempt status of interest on the bonds if the bonds are intended to be tax exempt. The reserve must be funded through the proceeds of the bonds to be issued and sold in conjuction with each particular amount of financial assistance extended. The interest earned on the debt service reserve fund must accrue to the benefit of the applicant except to the extent necessary to ensure the tax exempt status of the interest on the bonds if the bonds are intended to be tax exempt. This amount must be applied to offset the principal and interest payments on an annual basis or to redeem bonds prior to maturity provided the financial assistance is current.

8300.3024 FINAL RESOLUTION FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM.

Subpart 1. Final resolution. After the authority passes a preliminary resolution, the authority may pass a final resolution that authorizes the issuance and sale of bonds to fund the financial assistance to the applicant, both as discussed in part 8300.3013, subpart 10. Whether the authority may pass the final resolution for an application under the program depends, in part, upon the following:

A. a determination that there are no adverse changes in the financial condition or key personnel of the applicant since the date of completion of the application;

B. market conditions;

C. availability of bond issuance authority; and

D. other conditions that the authority considers necessary in accordance with generally accepted commercial lending practices.

Subp. 2. Bond issuance. Upon passage of the final resolution, the authority shall commence to issue bonds in accordance with market conditions and the other legal conditions that govern the issuance of its bonds and notes. This issuance must be in accordance with the contents of any insurance contracts, agreements with lenders providing letters of credit, or other forms of financial assistance and other terms and conditions necessary to effectuate bond sale. Funds will not be disbursed at the loan closing until it has been determined by the commissioner that there are no adverse changes in the condition or key personnel of the business entity applying for the financial assistance in accordance with generally accepted commercial lending practices. After the bonds are issued and sold, there will be a loan closing at which the funds are transferred and documents are signed in accordance with the terms of the final resolution and the respective bond resolution.

POLLUTION CONTROL FINANCIAL ASSISTANCE

8300.3025 POLLUTION CONTROL FINANCIAL ASSISTANCE.

An applicant for pollution control financial assistance shall submit to the commissioner an application form approved by the commissioner and shall comply with parts 8300.3011 to 8300.3013. The application processing and evaluation shall be in accordance with the act and parts 8300.3011 to 8300.3013, 8300.3025, and 8300.3026.

8300.3026 ACCEPTANCE OF POLLUTION CONTROL FINANCIAL ASSISTANCE APPLICATIONS.

In determining whether to accept applications for pollution control financial assistance, the authority shall examine the following facts:

A. the probable eligibility of the pollution control financial assistance for a federal guarantee;

B. the nature of the pollution control facilities to be financed with the financial assistance;

C. the location of the proposed facilities;

D. the availability of bonding authority under the act; and

E. the extent to which the financial assistance will assist and encourage the establishment, maintenance, and growth of business in Minnesota and reduce to a manageable level the cost of the control of pollution and disposal of waste resulting from the operations of business.

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MINNESOTA FUND LOANS

8300.3030 PURPOSE FOR MINNESOTA FUND LOANS.

The Minnesota fund loan program issues business loans for fixed-asset financing for new and existing businesses. The authority shall make business loans for fixed asset financing for new and existing businesses from the Minnesota fund in compliance with the act, Minnesota Statutes, chapter 472, and parts 8300.3011 to 8300.3013 and 8300.3030 to 8300.3034. Under the act, Minnesota Statutes, section 472.11, subdivision 8, the local unit of government must pass and file a resolution in support for the project that stipulates the project's economic benefits to the local community.

8300.3031 ELIGIBILITY OF PROJECT FOR MINNESOTA FUND LOANS.

An applicant for financial assistance from the Minnesota fund established under Laws of Minnesota 1984, chapter 583, section 36, shall submit to the commissioner an application form approved by the authority. The amount applied for cannot exceed 20 percent of the eligible project costs, as defined in part 8300.3032. The applicant shall provide the commissioner with written verification that an amount at least equal to ten percent of the eligible project costs has been or will be committed by the applicant or local development agency to the project. The applicant shall provide the commissioner with a written commitment from the lender who provides the 70 percent financing. The project must meet the requirements of the act, Minnesota Statutes, chapter 472, and parts 8300.3011 to 8300.3013 and 8300.3030 to 8300.3034. If the money to be loaned is from a source other than the Minnesota fund, then the eligibility criteria required by the source will be imposed.

8300.3032 ELIGIBLE PROJECT COSTS FOR MINNESOTA FUND LOANS.

Eligible project costs for financing by the authority include the acquisition of land, buildings, or both land and buildings, site preparation, building construction or improvement, and architectural engineering, equipment, and machinery.

8300.3033 INTEREST RATE FOR MINNESOTA FUND LOANS.

The interest rate of financial assistance from the Minnesota fund is three percentage points below a full faith and credit obligation of the United States government of comparable maturity, at the time the financial assistance resolution is approved, or the authority shall set interest rates at a negotiated rate after reviewing market rates and comparable sources of financing available to the applicant at the time the financial assistance resolution is approved.

8300.3034 TERM OF FINANCIAL ASSISTANCE FOR MINNESOTA FUND LOANS.

The maximum term of financial assistance from the Minnesota fund is 20 years. The term of financial assistance will not exceed the maximum useful life of the project financed.

The commissioner may restructure the financial assistance at the request of the applicant or upon his or her own initiative if the commissioner determines that restructuring the financial assistance will increase the probability that the financial assistance will be repaid to the state.

If the applicant requests the commissioner to restructure the financial assistance and the financial assistance is restructured, the commissioner shall charge the applicant a fee in the amount of one-half percent on the outstanding principal amount of the financial assistance.

SPECIAL ASSISTANCE PROGRAM

8300.3039 PURPOSE OF SPECIAL ASSISTANCE.

The special assistance program provides financial assistance to businesses that are designated as being in need of special assistance.

8300.3040 PUBLIC PURPOSE.

To qualify for special assistance, an applicant shall submit an application on a form to be prepared by the commissioner. In addition, an applicant shall certify in writing that the special assistance will be used for the public purposes provided in Minnesota Statutes, section 116M.07, subdivision 11, paragraph (b).

8300.3041 FORM OF SPECIAL ASSISTANCE.

If an applicant requests special assistance in a form similar to that of the Small Business Development Loan Program, the applicant shall comply with parts 8300.3011 to 8300.3024 and 8300.3039 to 8300.3042, except the applicant need not comply with the requirement in part 8300.3022, subpart 3, and the application will be processed under parts 8300.3013 and 8300.3024.

If an applicant requests special assistance in a form other than that of the Small Business Development Loan Program, the applicant shall comply with parts 8300.3011 to 8300.3013 and 8300.3039 to 8300.3042, and the application evaluation will be performed in accordance with parts 8300.3013 and 8300.3039 to 8300.3042.

8300.3042 EXPENDITURES ELIGIBLE FOR SPECIAL ASSISTANCE.

Subpart 1. Eligible costs. Costs eligible for funding under the special assistance program are the expenditures set forth in the act, including but not limited to the following:

A. land and/or building acquisition costs;

B. site preparation;

C. construction costs;

D. engineering costs;

E. equipment and/or machinery;

F. bond issuance costs;

G. underwriting or placement fees;

H. trustee's fee;

I. fees of guarantor, fees or insurance contracts, letters of credit, municipal bond insurance, and surety bonds;

J. Small Business Administration processing and administration fee, if applicable;

K. authority fee and administrative costs and expenses;

L. certain contingency costs;

M. interest costs during construction;

N. legal fees, including those of authority's bond counsel; and

O. short-term costs of conducting an eligible business.

Subp. 2. Maximum term. The maximum term of a loan made under the special assistance program may not exceed the average useful life of the collateral.

Subp. 3. Interest rate. The authority shall set interest rates at a negotiated rate after reviewing market rates and comparable sources of financing available to the applicant at the time the loan is made.

Subp. 4. Loan servicing. The commissioner shall monitor the payment of the principal and interest as set out in the amortization schedule. The commissioner shall also monitor the applicant's compliance with the terms and conditions of the loan contract.

The commissioner may restructure the loan at the request of the borrower or upon his or her own initiative if he or she determines that restructuring the loan will increase the probability that the loan will be repaid to the state.

If the applicant requests the commissioner to restructure the loan and the loan is restructured, the commissioner shall charge the applicant a fee in the amount of one-half percent on the outstanding principal amount of the loan.

REPEALER. Minnesota Rules, parts 8300.1000, 8300.1100, 8300.1200, 8300.1500, 8300.1600, 8300.1700, 8300.1800, 8300.1900, 8300.2000, 8300.2100, and 8300.2200, are repealed.

Department of Energy and Economic Development Energy Division

Proposed Rules Revising the Minnesota Energy Code

Notice of Hearing

Notice is given that a public hearing will be held pursuant to Minn. Stat. § 14.14, subd. 1 (1984) in the above-entitled matter in the Large Hearing Room, 715 American Center Building, 150 East Kellogg Boulevard, St. Paul, Minnesota on June 20, 1985, at 9:30 a.m. and continuing until all interested persons and groups have had an opportunity to be heard concerning adoption of these proposed rules by submitting either oral or written data, statements or arguments. Statements or briefs may be submitted without appearing at the hearing by sending them to Administrative Law Judge Howard L. Kaibel, Jr., Fourth Floor, Summit Bank Build-

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

MEEDA RESOLUTION NO. 85-363
MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY

CERTIFICATE OF BOARD'S
RESOLUTION ADOPTING THE RULES

I, Mark B. Dayton, do hereby certify that I am a member and the Chairman of the Board of the Minnesota Energy and Economic Development Authority, a Board duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Board of Minnesota Energy and Economic Development Authority, duly and properly called and held on the 26th day of June, 1985, that a quorum was present at said meeting, that a majority of those present voted for the resolution, and that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

> "RESOLVED, that the rule relating to Loan Application Procedures, Small Business Development Loans, Special Assistance and Amending the Adopted Rules Governing Authority Procedures, Pollution Control Financial Assistance and Business Financial Assistance be and they hereby are approved and adopted, pursuant to authority vested in us by Minnesota Statutes 116M.08 Subd. 4 and Mark B. Dayton, the Chairman of the Board of Minnesota Energy and Economic Development Authority, be and hereby is authorized to sign an order adopting the rules and further is authorized to perform the necessary acts to provide that the rules shall have the force and effect of law."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 26th day of June, 1985.

Mark B. Dayton, Chairman
Minnesota Energy and Economic
Development Authority

ATTEST: _____
Member of the Authority

STATE OF MINNESOTA

MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY

In the Matter of the Proposed Rules Governing Loan Application Procedures, Small Business Development Loans, Minnesota Fund Loans, Special Assistance and Amending the Adopted Rules Governing Authority Procedures, and Business Financial Assistance

STATEMENT OF NEED AND REASONABLENESS

I. The Minnesota Energy and Economic Development Authority (Authority) presents herein facts and justifications establishing the need for reasonableness of its proposed rules governing loan application procedures, Small Business Development Loans, Minnesota Fund Loans, Special Assistance as well as amendments to the adopted rules governing Authority procedures, and Business Financial Assistance.

8300.0050 Scope

Parts 8300.0100 to 8300.3013 are general rules that apply to all applications for financial assistance made available by the authority under the act and under Minnesota Statutes, chapter 472.

8300.0050 Scope

This section reflects the need for procedural clarification. The authority is granted the authority to promulgate rules in order to implement its programs pursuant to Minnesota Statutes, §116M.08, subdivision 4. The scope explains the structure of the rules which includes standardized procedures and requirements governing application procedures, collateral requirements, application processing, and application fees for all applicants who apply to the authority for all financial assistance programs operated by the authority. In addition to the standardized procedures, program-specific rules are referenced so that applicants for each program operated by the authority know what the program-specific criteria and procedures are. This structure for the rules is reasonable because it permits the Authority to adopt additional programs and utilize the general procedures without having to make amendments to or to repeal the existing rules every time a new program is adopted. The authority can develop new program-specific criteria and procedures for new programs in a format similar to that of parts 8300.3020 to 8300.3042. These are not rules or prorams to regulate small business or businesses, these are rules to help small businesses as well as to promote economic development within Minnesota.

8300.0100 Definitions

Subpart 1. Statutory definitions. The terms defined in Minnesota Statutes, §116M.03 and §472.03 have the same meanings when used in chapter 8300 as ascribed to them in the act.

Subpart 2. Act. "Act" means Laws of Minnesota 1980, chapter 547, as now in effect and as amended from time to time.

Subpart 2a. Applicant. "Applicant" means a person, partnership, firm, cor-

poration, or association that applies to the authority for financial assistance.

Subpart 2b. Authority. "Authority" means the Minnesota Energy and Economic Development Authority.

Subpart 3. Commissioner. "Commissioner" means the Commissioner of Energy and Economic Development or a designee.

Subpart 4. Financial assistance. "Financial assistance" means loans, loan guarantees or insurance, and any other use of funds permitted by the act.

Subpart 5. Members. "Members" means the Commissioner and those persons appointed to the Authority under Minnesota Statutes, §116M.09.

Subpart 6. Project. "Project" means that which is funded or secured, or is proposed to be funded or secured, by financial assistance.

8300.0100 DEFINITIONS

Definitions in this section provide common terminology and meaning to terms used in discussing and understanding the substantive provisions of these proposed rules. The definition project provides clarification for persons reading these rules.

8300.3011. PROCEDURES FOR FINANCIAL ASSISTANCE APPLICATIONS.

Subpart 1. In general. To apply for assistance from the authority, an applicant shall submit an application form to the commissioner on a form provided by the commissioner. An application must be completed, dated, and signed by an owner, general partner, or an authorized officer of the applicant. The commissioner shall follow the procedures under part 8300.3014.

Subpart 2. Contents. An application must contain at a minimum the following information:

A. a written history of the business entity;

B. the source and use of funds to finance the project;

C. financial statements that include a balance sheet, an operating statement, a statement of the sources and uses of funds, and footnotes to the statements if available for the following time periods:

(1) Financial statements from the previous three years, if applicable. If unaudited, the statements must be signed by an authorized financial officer of the business making application.

(2) A current quarterly financial statement that was compiled within 90 days of the date the application was submitted, if quarterly financial statements are regularly prepared.

(3) Federal tax returns filed by the business for the previous three years if applicable, if the applicant is an individual or partnership.

(4) A proforma balance sheet and income statement for the 24 months following the financial assistance closing that shows the financial position of the applicant and that includes the proposed financing.

D. A marketing plan that describes:

(1) the industry the applicant is in;

(2) the industry outlook for the next three to five years; and

(3) the major characteristics of the industry, names, locations, products or services provided.

(4) the duration and conditions of the applicant's contracts currently in place; and

(5) the percentage of annual sales volume for each major customer over the previous three years.

E. Current resumes of key personnel and signed personal financial state-

ments dated as of the date of the application for any person who owns 20 percent or more interest in the business.

F. A resolution of support or other comparable preliminary approval from the local government unit with respect to the project to be financed or secured with financial assistance.

G. A statement of informed consent by the individual subject regarding the use and dissemination of the private data as provided in Minnesota §13.05, subdivision 4, paragraph (d). If the subject of the data is a corporation, then an authorized representative shall provide a statement of informed consent in a form similar to that provided in Minnesota Statutes, §13.05, subdivision 4, paragraph (d).

H. Certification that the employer does not discriminate in employment, in a manner contrary to applicable federal or state laws and regulations.

I. Certification of business compliance with all Federal, State or local laws or regulations that affect the conduct of business in the state.

Subpart 3. Business Plan.

As part of the application, the applicant shall submit to the commissioner a comprehensive business plan. The business plan must include, but is not limited to, the following:

A. A management summary of the plan including:

(1) Name of the business;

(2) Business location and plan description;

(3) Discussion of the product, market and competition;

(4) Expertise of management team;

(5) Summary of financial projections;

(6) Amount of financial assistance requested;

(7) Form of and purpose for the financial assistance; and

(8) Purpose for undertaking the project; and

(9) Business goals.

B. A description of the company including the following:

(1) Date and state of incorporation, date and state of formation of partnerships, or date and state of formation of sole-proprietorship

(2) History of the company; and

(3) Principals and the roles they played in the evolution of the company.

C. A market analysis including:

(1) Description of the current industry status and industry trends;

(2) Effects of major social, economic, technological or regulatory trends on the industry;

(3) Description of the total market, principal market participants and their performance; and

(4) Discussion of the target market and competition.

D. A description of the product line including:

(1) List of patents, copyrights, licenses, or statement of the proprietory interest in the product or product line;

(2) Discussion of technical and legal considerations;

(3) Comparisons to competitors' products or product lines; and

(4) Description of current research and development and future plans for research and development.

E. A description of the marketing strategy including:

(1) Overall strategy;

(2) Pricing policy;

(3) Sales channels and terms;

(4) Method of selling, distributing and servicing product;

(5) Estimated sales and market share; and

(6) Advertising, public relations and promotion.

F. The management plan including:

(1) Form of business organization;

(2) Board of directors composition if applicable;

(3) Officers organization chart and responsibilities; and

(4) Resumes of key personnel.

G. An operating plan including;

(1) Schedule of upcoming work for the next one to two years;

(2) Facilities plan or planned capital improvements for the next three years;

(3) Manufacturing processes; and

(4) Staffing plan (number of employees).

H. A schedule indicating the completion dates for realizing the significant aspects of the business plan.

I. A discussion of the risks and problems inherent to the business plan, including both the negative factors and plans to minimize the impact of those factors.

J. Financial data that includes the following:

(1) A funding request indicating the desired financing, capitalization, use of funds and future financing;

(2) Financial Statements for the past three years, if applicable;

(3) Current financial Statements;

(4) Monthly cash flow financial projections including the proposed

financing for two years; and

(5) Projected balance sheets, income statement, and statement of changes in financial position for two years including the proposed financing.

8300.3011 PROCEDURES FOR FINANCIAL ASSISTANCE APPLICATIONS.

This section provides an overview of the application procedures in general, some detail about the minimum contents of an application, and a description of a required business plan to be included as part of an application. The purpose of this section is to tell applicants and potential applicants what is expected from them in order to complete an application for financial assistance. It is reasonable to inform the public about the type of information required of all applicants in order to apply to the authority for financial assistance. At the same time, it is reasonable for the commissioner to maintain the ability to request applicants for additional types of information, if the commissioner determines that the applicant or the project warrant something special in order to determine the economic feasibility or eligibility of the applicant or project. It is necessary to require that the applicant provide the necessary financial information in order for the authority to make prudent lending decisions.

8300.3012 COLLATERAL REQUIREMENTS AND ADDITIONAL INFORMATION OR CERTIFICATIONS.

Subpart 1. Collateral requirements. The authority shall require collateral in accordance with generally accepted commercial lending practices as it deems necessary to protect the interests of the authority in the financial assistance. At a minimum, the collateral will take one or more of the following forms:

A. mortgage on real property;

B. security position on personal property;

C. security of its financial assistance with assets being financed by th financial assistance and other assets of the company to protect the interests the state's financial participation;

D. letter of credit or equivalent instrument;

E. guarantees or other assurances of repayment of affiliates of the applicant; or other interested parties with respect thereto;

F. guarantees or other assurances of repayment of shareholders or partne who have 20 percent or more ownership in the applicant; and

G. bond insurance or other credit enhancements.

H. assignments of leases or rents on property or equipment.

Subpart 2. Additional information or certifications. The following additional information is required by the authority, if applicable, prior to disbursing financial assistance and other information that the authority in it sole discretion deems advisable for prudent financial management of authority financial assistance:

A. a lease agreement on property or equipment;

B. a listing of collateral, including serial numbers for machinery and equipment that will serve as collateral to the financial assistance;

C. certification of insurance for workers' compensation and employer's liability;

D. a statement provided by the Internal Revenue Service of tax clearance

E. an appraisal of collateral offered to the authority for the financial assistance; and

F. a certificate of the insurers of all collateral that insurance is in force and effect. Prior to expiration of any insurance policy, the applicant shall furnish the commissioner with evidence that the policy has been renewed, replaced, or is no longer required.

8300.3012 COLLATERAL REQUIREMENTS AND ADDITIONAL INFORMATION OR CERTIFICATIONS.

It is necessary for the authority to protect its financial exposure pursuant to Minnesota Statutes, §116M.08. It is reasonable for the authority to require collateral in accordance with generally accepted commercial lending practices to protect its interests in the financial assistance. The specified forms of acceptable collateral are permitted by Minnesota Statutes, §116M.08 and are also generally accepted forms by commercial lending practices and standards. The discretion to require additional information or certifications is reasonable because it permits the Authority to enter into various types of financial assistance agreements pursuant to Minnesota Statutes, §116M.08, subdivision 1a and at the same time tailor the required information to support an application based on prudent financial management decisions pursuant to Minnesota Statutes, §116M.

8300.3013 PROCEDURES FOR APPLICATION PROCESSING.

Subpart 1. Deadline for submission. The applicant shall submit a complete application to the commissioner by the first business day or any month in order for the authority to consider it in that month. After the first of the month and can be reviewed by the commissioner for eligibility and financial feasibility prior to the authority agenda deadline, the authority may consider the application at the meeting in that month.

Subpart 2. Completed applications. An application is complete when the commissioner receives all required documentation and exhibits.

Subpart 3. Incomplete applications. If an incomplete application is received, the commissioner shall notify the applicant of specific deficiencies in the application. The applicant has 60 days from the date of mailing of the

commissioner's notification to complete the application. If the application is not completed and received by the commissioner within 60 days, the application is deemed to be rejected and the applicant shall reapply to be further considered.

Subpart 4. Review of eligibility of project and applicant. The commissioner shall review all completed applications to determine if the project and the applicant are eligible and meet the requirements of the act and any of parts 8300.3010 to 8300.3014 [Emergency] and any parts relating to the financial assistance for which the applicant has applied.

If the project and applicant are eligible, the commissioner shall review the application for economic feasibility as provided in subpart 6.

Subpart 5. Ineligible project or applicant. The commissioner shall notify the applicant in writing if the applicant or the project is ineligible. The applicant has 30 days from the date of the commissioner's notification to amend the application.

Upon receipt of an amended application, the commissioner shall review the amended application under subpart 4. The commissioner shall reject the amended application if the project or applicant are ineligible. If the project and applicant are eligible, the commissioner shall review the amended application for economic feasibility under subpart 6.

If the application is not amended within 30 days, the application must be rejected and will not receive any further consideration.

Subpart 6. Economic feasibility review. The commissioner shall review the application in accordance with generally accepted commercial lending practices, including the use of the standards as printed in the most current annually updated version of the Annual Statement Studies, issued by Robert Morris

Associates, Philadelphia, PA.

The commissioner shall obtain any other credit information when available from private credit rating agencies including, but not limited to, Standard & Poors and Dun & Bradstreet. In accordance with generally accepted commercial lending practices, the commissioner may check personal references.

The commissioner shall determine if the applicant can generate sufficient cash flow and maintain a sound financial condition.

The commissioner shall determine if there is sufficient collateral for the financial assistance. The submission of the application by the Commissioner to the authority at a board meeting shall be deemed conclusive evidence that the Commissioner has made the determinations required pursuant to this subpart.

Subpart 7. Rejection of application based on economic feasibility. The commissioner shall notify the applicant in writing if the application is not economically feasible and the application is rejected.

If the application is rejected due to economic feasibility, the applicant may, within 30 days after written notification by the commissioner, request that the commissioner submit the rejected application to the authority for review at the next regularly scheduled meeting of the authority for which the agenda has not been established.

If so submitted the authority must evaluate the application at its board meeti application will be treated in accordance with subpart 9.

Subpart 8. Findings of public purpose for small business and business loans. In addition to the economic feasiblity review in subpart 6, the applicant must certify that the project assists in fulfilling the purposes of the act, including the applicable preferences and priorities in Minnesota Statutes, or one or more of the following criteria:

A. The applicant is located in an area of the state that is experiencing one of the most severe unemployment rates in the state.

B. The applicant is located in a border community that experiences a competitive disadvantage due to location and with this financial assistance the applicant would be induced to stay in Minnesota rather than to move to another state.

C. The applicant is likely to expand within the state and to create additional taxable property to local units of government.

D. This financial assistance will help induce the applicant to locate in ean area of economic distress or to provide jobs that would not otherwise be available to that area without the inducement of this financial assistance.

E. This financial assistance will create or maintain sufficient numbers and types of jobs to justify participation in the financial assistance programs.

F. Energy sources and public facilities will be sufficient to support the successful operation of the project.

G. If the financial assistance shall have the effect of a transfer of employment from one area of the state to another, that the project is economically advantageous to the state or that the project is necessary to the continued operation of the business enterprise within the state.

Subpart 9. Authority evaluation procedure. Applications approved for processing by the commissioner must be presented to the authority for approval or disapproval. If the authority disapproves the application, the commissioner shall so notify the applicant. If the authority approves the financial assistance, it shall pass a preliminary or a final resolution giving approval to the project to be financed and stating in either the preliminary or final resolution or combination of both the name of the owner; a brief description of the

project, the maximum amount of bonds to be issued or the maximum amount of the loan to be made or the maximum amount of the loan to be guaranteed or insured, whichever is applicable; and other provisions as the authority in its sole discretion deems advisable for prudent financial maangement of authority financial assistance. The commissioner shall notify the applicant of the authority's approval and provide the applicant with a copy of the resolution passed. If the financial assistance is funded by bonds, then passage of a preliminary and a final resolution as provided in subpart 10 are required before financial assistance is approved. Throughout this process if the authority does not extend financial assistance, the authority shall remain without liability to the applicant.

Subpart 10. Funding of financial assistance by bonds. If the authority intends to fund the financial assistance by issuing bonds, the authority shall first pass a preliminary resolution. The preliminary resolution must not obligate the Authority to issue bonds or to fund financial assistance, but must only constitute an expression of current intention of the authority to issue bonds or to fund the financial assistance. If the authority subsequently determines that there are no adverse changes in the financial conditions or key personnel of the applicant, market conditions, availability of bond issuance authority, and other financial conditions that the authority deems necessary and the authority decides to fund the financial assistance, the authority shall pass a final resolution that authorizes the issuance and sale of bonds to fund the financial assistance. The final resolution must specify the terms and conditions under which bonds will be issued. The preliminary resolution may contain a time limit with respect to the issuance of the bonds, may be revoked or amended by the authority at any time prior to the final resolution of the

authority without liability to the authority, and may impose any conditions or requirements that the authority deems desirable. The commissioner shall notify the applicant of the authority's approval and provide the applicant with a copy of the resolution passed. Throughout this process, if the authority does not extend financial assistance, the authority shall remain without liability to the applicant.

Subpart 11. Preparation of documents. The commissioner has the authority and responsibility to prepare or cause to be prepared all necessary documents and to execute them on behalf of the authority.

8300.3013 PROCEDURES FOR APPLICATION PROCESSING.

Pursuant to Laws of Minn. Stat. 116J.10(e), the Commissioner has the power to administer statewide programs of the Authority. It is reasonable to inform the public of the expected time frame involved in processing loan applications, of the various steps in the evaluation process itself, and of the procedures for approval and disapproval processes for clarification and understanding of what is expected from an applicant, the commissioner and the authority.

Subpart 1 is an overview of the deadline to submit a completed application in order for an application to be forwarded to the authority, given that an application meets eligibility and feasibility requirements. Subpart 2 discusses what is meant by a completed application to provide clarification for persons reading these rules. Subpart 3 provides a reader with the procedures concerning the handling of incomplete applications. Subpart 4 describes the first review step for completed applications based on a comparision of the project and applicant to the requirements set forth in the law, general application rules and program-specific rules. Eligible projects proceed through the evaluation pro-

cess for economic feasibility as discussed in subpart 6. Subpart 5 clarifies the procedures for ineligible projects or applicants so as to provide an understanding of the time frame in order to resubmit an ineligible application, and of what is expected of the applicant, the commissioner and the authority. Subpart 6 provides the reader information concerning the standards used for comparative purposes to evaluate an application for economic feasibility. Subpart 7 provides the reader of these rules with procedures and the associated time frame for the handling of applications which are rejected on the grounds of economic feasibility. Subpart 8 provides the reader with information concerning public purpose guidelines. Pursuant to Minnesota Statutes, §116M.06 , Subd. 6 all financial assistance awards must fulfill a public purpose. It is reasonable to refer readers to the preferences and priorities set forth in the legislation, in addition to the criteria which is examined during the application evaluation process. Subpart 9 provides the applicant with an overview of when the authority receives an application for authority approval or disapproval. The procedures for both approval and disapproval processes are described. It is reasonable to tell the reader of these rules how the process works and what the possible outcomes of the process may be. Subpart 10 provides the reader information concerning the approval process of an application when the financial assistance is funded by bonds. This particular funding mechanism has more approval steps than other mechanisms. It is reasonable to tell readers that additional steps are involved in this type of process. Subpart 11 provides the commissioner with the authority and responsibility to prepare or cause to be prepared all necessary documents and execute them for the authority. It is necessary and reasonable for the commissioner to have these powers and duties since he has the power to administer a statewide program for the authority under

the Laws of Minnesota 1983, chapter 289, §45, subdivision h.

SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

8300.3020 PURPOSE OF SMALL BUSINESS DEVELOPMENT LOANS

The small business development loan program issues financial assistance in a form involving a guarantee or insurance from the economic development fund or any account thereof and revenue bonds to finance small business loans.

8300.3020 PURPOSE OF SMALL BUSINESS DEVELOPMENT LOANS

Parts 8300.3020 to 8300.3023 pertain to the Small Business Development Loan Program. Under Minnesota Statutes 116M.08, subdivision 4, the authority can adopt rules. These program-specific rules outline the parameters and requirements unique to this program. The program is defined as the issuance of financial assistance in a form involving a guarantee or insurance from the economic development fund or any account thereof and revenue bonds to finance small business loans.

8300.3021 ELIGIBLE APPLICANTS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

Persons, partnerships, firms, or corporations engaged in and determined by the authority to constitute a small business as defined in the regulations of the United States Small Business Administration, Code of Federal Regulations, title 13, part 121, are considered eligible small businesses or eligible applicants.

8300.3021 ELIGIBLE APPLICANTS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

For convenience of potential applicants it is reasonable to tell readers of these rules what the eligibility criteria are for the program. The criteria in the rule are established by Minn. Stat. §116M.03 Subd. 4.

8300.3022 ELIGIBLE LOANS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

Subpart 1. In general. The authority shall make small business loans to applicants in compliance with the act and parts 8300.3010 to 8300.3024 in order to help create or retain jobs for the state.

Subpart 2. Purpose of loan. A small business loan must be used to provide interim or long-term financing for certain capital expenditures as provided in the act, and for expenditures that meet the requirements of federal industrial development bond laws, including:

A. acquisition costs of land, buildings, or both;

B. site preparation;

C. construction costs;

D. engineering costs;

E. costs of equipment, machinery, or both;

F. bond issuance costs;

G. underwriting or placement fees;

H. trustee's fees;

I. fee of guarantor, insurer, or financial institution, other than the authority, who provides letters of credit, surety bonds, or equivalent security;

J. authority fees, including application and guaranty fees of the authority and administrative costs and expenses;

K. certain contingency costs;

L. interest costs during construction;

M. legal fees including those of the authority's bond counsel; and

N. debt service reserve fund.

Working capital loans are not eligible for financial assistance under this loan program.

Subpart 3. Size of eligible loans. The principal amount of any financial assistance in the form of bonds to be financed by the authority may be greater than $250,000, but may not exceed the maximum amount permitted to be loaned to an eligible small business as defined in the act for the total value of eligible items listed in sub-part 2.

Subpart 4. Equity requirements. The maximum loan percentage of the project costs for equipment is 75 percent and for all other authorized expenses is 80 percent. Instead of an equity contribution, the authority shall accept adequate collateral to serve as an equity requirement which if contributed to the financial assistance would make the maximum loan percentage of the project costs for equipment equal 75 percent and for all other authorized expense equal 80 percent. The authority may require a lower loan to project percentage based upon the economic feasibility of the application. The authority may accept letters of credit or other credit enancements as part of the equity contribution by the applicant.

Subpart 5. Maximum term. The maximum term of a small business development loan may not exceed the average useful life of the real property, or 80 percent of the useful life of the equipment or machinery, of the following limits, whichever is less:

A. real property, land or buildings, 21 years;

B. equipment or machinery, 11 years;

C. combination of items A and B, weighted average.

Subpart 6. Interest rate. The authority shall set interest rates at a negotiated rate that approximates the market rate of interest for securities of

equivalent value at the time the bonds are initially sold.

Subpart 7. Security requirements. Financial assistance, either for real property or equipment, must be secured with the best available security including one or more of the following:

A. A mortgage or other adequate security as determined by the authority on the real property to be financed.

B. A lien or other adequate security as determined by the authority on equipment to be financed by the authority.

C. Other security as determined by the commissioner to have a value at least equal to the principal amount to be financed by the authority less the value, as determined by the authority, of the security provided in items A and B, if any. Such other security shall be in form and kinds satisfactory to the authority and may consist of some or all of the following:

(1) a senior, junior, or parity lien on other assets of the applicant; or

(2) a senior, junior, or parity lien on assets of certain owners, officers, and affiliated persons of the applicant (including sole proprietors and their spouses, partners and their spouses, and major shareholders or corporate officers and their spouses); or

(3) a guarantee of owners, officers, and affiliated persons of the applicant (including sole proprietors and their spouses, partners and their spouses, and major shareholdrs or corporate officers and their spouses), or other related entities such as subsidiaries or parent corporations of the applicant.

(4) additional forms of security, if necessary to strengthen the authority's collateral position on the financial assistance.

D. In addition to or in substitution for any of the items A to C, any

guarantee or other collateral or security, as required by insurers or other providers of collateral or security with respect to the bonds other than the authority, or as required by the authority in accordance with generally accepted commercial lending practices.

8300.3022 ELIGIBLE LOANS FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

It is reasonable to outline what types of expenditures qualify for financial assistance under this program. Subpart 1 is an overview of the program that states that eligible loans are small business loans which comply with the Act and the rules of the program as well as create or retain jobs for Minnesota. Subpart 2 actually lists the types of loan expenditures that can be made under this program. The list of expenditures is reasonable since it is consistent with state (M.S. Chapter 474) and federal legislation governing industrial development bonds and the types of financial assistance allowable under the Act. The Authority cannot fund working capital loans under the Internal Revenue Code 26 USC, 103b. Subpart 3 describes the size of eligible loans. The minimum size of a loan under the program is reasonable because the transaction costs of smaller loans are proportionally too high to be economically feasible. The maximum size of a loan is whatever is permitted by the Act. This is reasonable since the maximum limit may change over time. Subpart 4 provides the equity requirements and subpart 5 discusses the maximum term of a small business development loan. Both subparts are rea-sonable because they are the parameters that the underwriters have deemed necessary in order to sell bonds. The terms set forth in these subparts will ensure sufficient collateral and competition to meet with market conditions to be able to fund the loans. Subpart 6 pertains to the interest rate of a loan. The rate is reasonable because it is determined by

the market rate of interest at the time the bonds are issued. Subpart 7 provides information about security requirements. The requirements are reasonable because they are in accordance with generally accepted commercial lending practices and prudent financial management to protect the Authority's interest in the financial assistance.

8300.3023 DEBT SERVICE RESERVE FUND FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

In conjunction with each amount of financial assistance it extends, the authority shall establish and fund a debt service reserve fund sufficient to cover approximately 12 months'debt service or such lesser amount to ensure the tax exempt status of interest on the bonds if such bonds are intended to be tax exempt. The reserve must be funded through the proceeds of the bonds to be issued and sold in conjunction with each particular amount of financial assistance extended. The interest earned on the debt service reserve fund must accrue to the benefit of the applicant except to the extent necessary to ensure the tax exempt status of the interest on the bonds if such bonds are intended to be tax exempt. This amount must be applied to offset the principal and interest payments on an annual basis or to redeem bonds prior to maturity provided the financial assistance is current.

8300.3023 DEBT SERVICE RESERVE FUND FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

The debt service reserve fund is needed in order to enhance the marketability of the bonds. It is reasonable to provide approximately 12 months' debt service because by the end of the time period the authority will have had enough time to undertake default proceedings against a delinquent borrower. At the same time, a period longer than 12 months would commit too

much of the economic development fund than is warranted in light of statistics available concerning Small Business Administration default rates on small business loans. At the end of fiscal 1984, the Minneapolis SBA office had 211 business loans and 33 disaster loans in liquidation status. SBA records show 160 liquidation cases were closed in fiscal 1984.

8300.3024 FINAL RESOLUTION FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

Subpart 1. Final resolution. After the authority passes a preliminary resolution, the authority may pass a final resolution that authorizes the issuance and sale of bonds to fund the financial assistance to the applicant, both as discussed in part 8300.3013, subpart 10. Whether the authority may pass the final resolution for an application under the program depends, in part, upon the following:

A. a determination that there are no adverse chanes in the financial condition or key personnel of the applicant since the date of completion of the application;

B. market conditions;

C. availability of bond issuance authority; and

D. other conditions that the authority considers necessary in accordance with generally accepted commercial lending practices.

Subp. 2. Bond issuance. Upon passage of the final resolution, the authority shall commence to issue bonds in accordance with market conditions and other legal conditions that govern the issuance of its bonds and notes. This issuance must be in accordance with the contents of any insurance contracts, agreements with lenders providing letters of credit, or other forms of financial assistance and other terms and conditions necessary to effectuate bond sale.

Funds will not be disbursed at the loan closing until it has been determined by the commissioner that there are no adverse changes in the condition or key personnel of the business entity applying for the financial assistance in accordance with generally accepted commercial lending practices. After the bonds are issued and sold, there will be a loan closing at which the funds are transferred and documents are signed in accordance with the terms of the final resolution and the respective bond resolution.

8300.3024 FINAL RESOLUTION FOR SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

The mechanism to fund financial assistance under this program is through revenue bonds. The procedures as discussed in part 8300.3013, subpart 10 indicate that a final resolution is necessary. It is reasonable to determine that there are no adverse changes in the applicant's financial condition and the other conditions set forth before passage of a final resolution, again before closing on a loan, and again before disbursing any funds. The purpose of these processes is to protect the interests of the authority.

POLLUTION CONTROL FINANCIAL ASSISTANCE

8300.3025 POLLUTION CONTROL FINANCIAL ASSISTANCE.

An applicant for pollution control financial assistance shall submit to the commissioner an application form approved by the commissioner and shall comply with parts 8300.3011 to 8300.3013. The application processing and evluation shall be in accordance with the act and parts 8300.3011 to 8300.3013, 8300.3025, and 8300.3026.

8300.3026 ACCEPTANCE OF POLLUTION CONTROL FINANCIAL ASSISTANCE APPLICATIONS.

In determing whether to accept applications for pollution control financial

parts 8300.3011 to 8300.3013 and 8300.3030 to 8300.3034. Under the act, Minnesota Statutes, section 472.11, subdivision 8, the local unit of government must pass and file a resolution in support for the project that stipulates the project's economic benefits to the local community.

8300.3030 PURPOSE OF MINNESOTA FUND LOANS.

Purpose of Minnesota Loan Funds, Parts 8300.3030 to 8300.3034 pertain to Minnesota Fund Loans under Minnesota Statutes, §116M.08, subdivision 4, by which the Authority can adopt rules. These program-specific rules outline the parameters and requirements unique to this program. The program issues loans for fixed-asset financing for new and existing business.

8300.3031 ELIGIBILITY OF PROJECT FOR MINNESOTA FUND LOANS.

An applicant for financial assistance from the Minnesota Fund established under Laws of Minnesota 1984, chapter 583, section 12, shall submit to the commissioner an application form approved by the authority. The amount applied for cannot exceed 20 percent of the eligible project costs. The applicant shall provide the commissioner with written verification that an amount at least equal to ten percent of the eligible project costs has been or will be committed by the applicant or loan development agency to the project. The applicant shall provide the commissioner with a written commitment from the lender who provides the 70 percent financing. The project must meet the requirements of the act, Minnesota Statutes, chapter 427, as now in effect and as amended from time to time and parts 8300.3010 to 8300.3014 and 8300.3030 to 8300.3035. If the money to be loaned is from a source other than the Minnesota Fund, then the eligibility criteria required by the source will be imposed.

8300.3031 ELIGIBILITY OF PROJECT FOR MINNESOTA FUND LOANS

The eligibility requirements are needed to inform readers of the rules concerning funding under the program. The parameters are reasonable because under Minn. Stat. 472.11 (1984), the participation of the authority is 20% of the project costs coupled with a minimum equity requirement of 10% ensures the collateral behind a project and provides the incentive for an outside lender to participate in the financing of a project. It is possible that money is available from other sources than state appropriated to make fixed-asset loans. For example from time to time grants are available from the U.S. Economic Development Administration When that is the case it is reasonable that the project also comply with any additional eligibility criteria required by the funding source.

8300.3032 ELIGIBLE PROJECT COSTS FOR MINNESOTA FUND LOANS

Eligible project costs for financing by the authority include land or building acquisition, site preparation, building construction or improvement, and architectural engineering costs, equipment, and machinery.

8300.3032 ELIGIBLE PROJECT COSTS FOR MINNESOTA FUND LOANS

Minn. Stat. ch. 472 does not authorize working capital financing, accordingly, It is necessary and reasonable to define for the readers of these rules what is specifically meant by fixed-asset financing as permitted under the program. The financing of land, building, equipment and their related costs are reasonable fixed assets. All of the assets listed should provide adequate collateral for our participation and for an outside lender's participation in the project financing.

8300.3033 INTEREST RATE FOR MINNESOTA FUND LOANS

The interest rate of financial assistance from the Minnesota Fund is three percentage points below a full faith and credit obligation of the United States government of comparable maturity, and of five working days before closing or the authority shall set interest rates at a negotiated rate after reviewing market rates and comparable sources of financing available to the applicant at the time the financial assistance is extended.

8300.3033 INTEREST RATE FOR MINNESOTA FUND LOANS

It is necessary to tell readers of the rules and what they can expect in terms of interest rates. An interest rate that is three percentage points below a full faith and credit obligation of the United States Government of comparable maturity, and of five working days from closing, is reasonable because the program provides a credit product which is not currently available through the market place. The program fills a void that helps promote economic development in the state and helps to fulfill the purposes of the Act.

8300.3034 TERM OF FINANCIAL ASSISTANCE FOR MINNESOTA FUND LOANS

The maximum term of financial assistance from the Minnesota Fund is 20 years. The term of financial assistance will not exceed the maximum useful life of the project financed.

The commissioner may restructure the financial assistance at the request of the applicant or upon his or her own initiative if the commissioner determines that restructuring the financial assistance will increase the probability that the financial assistance will be repaid to the state.

If the applicant requests the commissioner to restructure the financial

assistance and the financial assistance is restructured, the commissioner shall charge the applicant a fee in the amount of one-half percent on the outstanding principal amount of the financial assistance.

8300.3034 TERM OF FINANCIAL ASSISTANCE FOR MINNESOTA FUND LOANS

The indication of the term of a loan issued under the program is necessary in order to inform readers of these rules about the terms. The maximum term of 20 years or the useful life of the project financed, whichever is shorter is reasonable because long-term financing is not available for fixed assets; in the market place; therefore, the authority's program is not in competition with other lenders in the market place. In addition, the long-term financing provides further incentive for an outside lender to participate in financing projects.

SPECIAL ASSISTANCE PROGRAM

8300.3039 PURPOSE OF SPECIAL ASSISTANCE.

The special assistance program provides financial assistance to businesses that are designated as being in need of special assistance.

8300.3039 PURPOSE OF SPECIAL ASSISTANCE

Parts 8300.3040 to 8300.3043 pertain to thE Special Assistance Program. These program-specific rules are necessary in order to implement the program as created by Laws of Minnesota 1984, chapter 583, §14, subdivisions 5a to 5c. It is also within the Authority's power to promulgate rules for its programs under Minnesota Statutes, §116M.08, subdivision 4.

8300.3040 PUBLIC PURPOSE.

To qualify for special assistance, an applicant shall submit an application on a form to be prepared by the commissioner. In addition, an applicant shall certify in writing that the special assistance will be used for the public purposes provided in Minnesota Statutes, section 116M.07, subdivision 11, paragraph (b).

8300.3040 PUBLIC PURPOSE OF SPECIAL ASSISTANCE

It is necessary for a program applicant to be designated as being in need of special assistance under Section 116, §14, subdivision 5b. It is reasonable to cite the legislation pertaining to the Special Assistance designation since Minnesota Statutes, Chapter 14 requires that statutory language not be duplicated in rules.

8300.3042 FORM OF SPECIAL ASSISTANCE

If an applicant requests special assistance in a form similar to that of the Small Business Development Loan Program, the applicant shall comply with parts 8300.3011 to 8300.3024 and 8300.3039 to 8300.3042, except the applicant need not comply with the requirement in part 8300.3022, subpart 3, and the application will be procesed under parts 8300.3013 and 8300.3024.

If an applicant requests special assistance in a form other than that of the Small Business Development Loan Program, the applicant shall comply with parts 8300.3011 to 8300.3013 and 8300.3039 to 8300.3042, and the application evaluation will be performed in accordance with parts 8300.3013 and 8300.3039 to 8300.3042.

8300.3042 FORM OF SPECIAL ASSISTANCE

It is necessary to inform readers of these rules of the program-specific criteria. If financial assistance under this program is provided by a form similar to that of the Small Business Development Loan Program, it is reasonable that the applicant meet the eligibility and underwriting criteria of that program except for the small business eligibility requirement as well as the size of the loan requirement. If financial assistance is in a form other than that provided under the Small Business Development Loan Program, then it is reasonable that the applicant and project meet another set of eligibility criteria.

8300.3043 EXPENDITURES ELIGIBLE FOR SPECIAL ASSISTANCE

Subpart 1. Eligible costs. Costs eligible for funding are the expenditures set forth in the act, including but not limited to the following:

A. land and/or building acquisition costs;

B. site preparation;

C. construction costs;

D. engineering costs;

E. equipment and/or machinery;

F. bond issuance costs;

G. underwriting or placement fees;

H. trustee's fee;

I. fees of guarantor, fees or insurance contracts, letters of credit municipal bond insurance, and surety bonds;

J. Small Business Administration processing and administration fee, if

applicable;

K. authority fee and administrative costs and expenses;

L. certain contingency costs;

M. interest costs during construction;

N. legal fees, including those of authority's bond counsel; and

O. short-term costs of conducting a small business or a business, if permitted by the act.

Subpart 2. Maximum term. The maximum term of financial assistance extended under special assistance may not exceed the average useful life of the project financed.

Subpart 3. Interest rate. The authority shall set interest rates at a negotiated rate after reviewing market rates and comparable sources of financing available to the applicant at the time the financial assistance is extended.

Subpart 4. Loan servicing. The commissioner shall monitor the payment of the principal and interest as set out in the amortization schedule. The commissioner shall also monitor the applicant's compliance with the terms and conditions of the loan contract.

The commissioner may restructure the loan at the request of the borrower or upon his or her own initiative if he or she determines that restructuring the loan will increase the probability that the loan will be repaid to the state.

If the applicant requests the commissioner to restructure the loan and the loan is restructured, the commissioner shall charge the applicant a fee in the amount of one-half percent on the outstanding principal amount of the loan.

8300.3043 EXPENDITURES ELIGIBLE FOR SPECIAL ASSISTANCE

It is necessary to tell the readers of the rules what financial assistance can be used for under this program. Subpart 1 contains the eligible costs

permitted under the program. It is reasonable that the eligible costs be all those items that are permitted to be financed under the Act, Minn. Stat. 116M.03 Sub. 11, Sub. 19, M.S. 116.Mo7 Sub. 11. Subpart 2 indicates the maximum term of financing under the program. It is reasonable that the term of the loan not exceed the average useful life of the project financed to ensure adequate collateral for the financial assistance. Subpart 3 describes the interest rate. It is reasonable that the authority negotiate an interest rate that takes market rates as well as other available comparable sources of financing to the applicant into account in order to fulfill the purposes of the Act. Subpart 4, Financial Assistance Monitoring, authorizes the the commissioner to perform the monitoring process which is reasonable because of the responsibilities granted the commissioner under Laws of Minnesota 1982, M.S. 116J.10 (E) chapter 289, §45, subdivision h. It is reasonable for the commissioner to have the ability to restructure the loan if the commissioner determines that the restructuring will increase the probability of loan repayment. It is reasonable for the applicant to pay a fee if the applicant requests that the loan be restructured because of the staff time involved in the process.

REPEALER. Minnesota Rules, parts 8300.1000 to 8300.1100, 8300.1200,8300.1500, 8300.1600, 8300.1700, 8300.1800, 8300.1900, 8300.2000, 8300.2100, and 8300.2200, are repealed.

REPEALER. It is necessary to repeal portions of the currently existing rules governing the authority to avoid conflicts in meaning. It is reasonable to adopt these new rules over the existing rules because these rules provide more details about what is expected of the applicant, commissioner, and the

authority in order to obtain financial assistance under the programs of the authority.

II. IMPACT ON SMALL BUSINESS

Impact on small business. The authority's authorizing legislation directs that their powers be used for small business purposes. Laws of Minnesota 1983, chapter 289 reorganizes the Small Business Finance Agency in the Minnesota Energy and Economic Development Authority. The authority manages several loan programs and is able to help qualified small businesses through the loan guarantees or outright loans. Since the original rules were formulated for small business, and the 1983 legislative session expanded the range of alternatives available to assist small businesses, there is no need to enumerate special provisions or exceptions to minimize the impact on small businesses. The proposed amendments do not establish a regulatory compliance or reporting program with mandatory application to a particular small business sector. The rules prescribe policy and procedures for the operation of a benefit program, and the decision to participate is voluntary. A small business can elect to participate in a financial assistance program, and that decision can be made for an individual transaction.

In terms of compliance and reporting requirements, because the authority operates benefit programs, rather than regulatory programs, it operates on eligibility requirements rather than compliance requirements. However, the authority has adopted the least stringent eligibility requirements consistent with statutory authorizations of the programs. For example "applicant" is defined broadly so that a small business need not be in a particular line of business. "Financial assistance", similarly, is defined to be inclusive rather than exclusive.

The proposed rules do not contain any design or operational standards.

Exemption of Small business from Rule Requirements. As previously discussed, the financial assistance programs are aimed at small business. All of the proposed rule requirements are promulgated with the capabilities and needs of smaller businesses in mind. The requirements adopted in the rules are those minimal and necessary to fulfillment of statutory requirements and standards; further exemptions are neither appropriate nor authorized.

In the Matter of the Proposed Adoption of the permanent Rules of the Minnesota Energy and Economic Development Authority governing the loan application procedures, Small Business Development Loans, Special Assistance and Amending the adopted rules governing Authority procedures, pollution control financial assistance and business financial assistance.

STATEMENT OF COMPLIANCE

WITH RULEMAKING PROCEDURES

I, Christie B. Eller, do hereby declare that I have examined the rules and all related documents and that, based on my examination and my personal familiarity with the applicable procedures, the Administrative Procedure Act, the rules of the Office of Administrative Hearings, and the rules of the Attorney General have been followed. Any exceptions are noted below.

Dated: July 8, 1985

Christie B Eller

Christie B. Eller
Special Assistant
Attorney General